




See a Social Security Number? Say Something!
Report Privacy Problems to <https://public.resource.org/privacy>
Or call the IRS Identity Theft Hotline at 1-800-908-4490



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)	OMB No 1545-0047 <div> <div>2012</div> <div>Open to Public Inspection</div> </div>
	▶ The organization may have to use a copy of this return to satisfy state reporting requirements	

A For the 2012 calendar year, or tax year beginning 01-01-2012 , 2012, and ending 12-31-2012

B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization ST MARY'S REGIONAL MEDICAL CENTER		D Employer identification number 01-0211551
	Doing Business As		
	Number and street (or P O box if mail is not delivered to street address) CAMPUS AVENUE PO BOX 0291	Room/suite	E Telephone number (207) 777-8546
	City or town, state or country, and ZIP + 4 LEWISTON, ME 042430291		
			G Gross receipts \$ 153,776,122
	F Name and address of principal officer LEO MYLES CAMPUS AVENUE PO BOX 0291 LEWISTON, ME 042430291		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No" attach a list (see instructions)

I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () <input type="checkbox"/> (Insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		H(c) Group exemption number <input type="text"/>	
J Website: <input type="text"/> WWW.STMARYSMAINE.COM			
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other <input type="text"/>		L Year of formation 1967	M State of legal domicile ME

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities ST MARY'S REGIONAL MEDICAL CENTER IS A 233-BED ACUTE CARE FACILITY THAT OFFERS THE BEST OF MEDICAL TECHNOLOGY, PREVENTIVE SERVICES AND A "WHOLE PERSON APPROACH" IN MEETING THE NEEDS OF THE ANDROSCOGGIN COUNTY AREA			
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets			
	3	Number of voting members of the governing body (Part VI, line 1a)	15	
	4	Number of independent voting members of the governing body (Part VI, line 1b)	11	
	5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	1,547	
Activities & Governance	6	Total number of volunteers (estimate if necessary)	268	
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	90,974	
	7b	Net unrelated business taxable income from Form 990-T, line 34	40,770	
Revenue	8	Contributions and grants (Part VIII, line 1h)	661,698	775,621
	9	Program service revenue (Part VIII, line 2g)	156,798,268	151,160,968
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	521,952	1,693,872
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	235,274	130,840
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	158,217,192	153,761,301
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	84,317,673	87,080,673
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b	Total fundraising expenses (Part IX, column (D), line 25)	168,432	
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	70,966,574	67,929,721
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	155,284,247	155,010,394
	19	Revenue less expenses Subtract line 18 from line 12	2,932,945	-1,249,093
Net Assets or Fund Balances			Beginning of Current Year	End of Year
	20	Total assets (Part X, line 16)	157,535,163	144,269,676
	21	Total liabilities (Part X, line 26)	64,526,953	62,166,964
	22	Net assets or fund balances Subtract line 21 from line 20	93,008,210	82,102,712

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			2013-07-16 Date	
	LEO MYLES CEO PRESIDENT & CEO Type or print name and title				
Paid Preparer Use Only	Prnt/Type preparer's name WILLIAM G STEELE JR CPA		Preparer's signature		Date
	Check <input type="checkbox"/> if self-employed			PTIN P00233103	
	Firm's name ▶ WILLIAM STEELE & ASSOCIATES PC			Firm's EIN ▶ 02-0383073	
	Firm's address ▶ 40 STARK STREET MANCHESTER, NH 03101			Phone no (603) 622-8881	

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

☐

☒

1 Briefly describe the organization's mission

ST MARY'S REGIONAL MEDICAL CENTER IS A 233 BED ACUTE CARE FACILITY THAT OFFERS THE BEST OF MEDICAL TECHNOLOGY, PREVENTIVE SERVICES AND A "WHOLE PERSON APPROACH" TO MEETING THE NEEDS OF THE ANDROSCOGGIN COUNTY AREA ST MARYS REGIONAL MEDICAL CENTER OFFERS A FULL RANGE OF INPATIENT AND OUTPATIENT SERVICES TO MEET THE GROWING AND CHANGING NEEDS OF THE COMMUNITY OUR PROFESSIONAL, QUALIFIED STAFF ARE ABLE TO DELIVER CARDIOPULMONARY, LABORATORY, NURSING, PHYSICAL THERAPY, RADIOLOGY, SOCIAL AND SURGICAL SERVICES WITH THE PERSONALIZED TOUCH DESIGNED TO MAKE OUR PATIENTS FEEL MORE RELAXED AND AT HOME

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

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

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

4a (Code) (Expenses \$ 9,311,891 including grants of \$) (Revenue \$ 25,386,078)
SURGICAL CARE PROVIDES ALL SERVICES (EXCEPT OPEN HEART) TO PATIENTS RANGING FROM INFANT TO GERIATRICS WHO NEED SURGICAL INTERVENTION
TOTAL HOURS = 5,255

4b (Code) (Expenses \$ 7,806,200 including grants of \$) (Revenue \$ 10,751,060)
BEHAVIORAL HEALTH ST MARY'S OFFERS THE MOST ADVANCED BEHAVIORAL HEALTHCARE DIAGNOSTIC AND TREATMENT SERVICES FOR CHILDREN, ADOLESCENTS AND ADULTS IN BOTH INPATIENT AND OUTPATIENT PROGRAMS INPATIENT AND OUTPATIENT TREATMENTS INCLUDE COMPREHENSIVE PSYCHIATRIC ASSESSMENT AND EVALUATIONS, EDUCATION, INDIVIDUAL AND GROUP THERAPY, INDIVIDUALIZED BIO-PSYCHOSOCIAL TREATMENT PLAN AND DISCHARGE AND AFTERCARE PLANNING TOTAL PATIENT DAYS = 17,130

4c (Code) (Expenses \$ 9,340,276 including grants of \$) (Revenue \$ 9,296,363)
EMERGENCY CARE ST MARY'S REGIONAL MEDICAL CENTER OFFERS A 24-HOUR PER DAY LEVEL II EMERGENCY CARE FACILITY SERVICES PROVIDED INCLUDE MEDICAL, SURGICAL, ETC TOTAL VISITS = 28,657
























(Code) (Expenses \$ 103,648,218 including grants of \$) (Revenue \$ 105,727,467)

4d Other program services (Describe in Schedule O)
(Expenses \$ 103,648,218 including grants of \$) (Revenue \$ 105,727,467)

4e Total program service expenses 130,106,585

Part IV

Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

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

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

			Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	0	
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0	
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	2a	1,547	
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes	
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a		No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b		
7	Organizations that may receive deductible contributions under section 170(c).			
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d		
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h		
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8		
9	Sponsoring organizations maintaining donor advised funds.			
a	Did the organization make any taxable distributions under section 4966?	9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b		
10	Section 501(c)(7) organizations. Enter			
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a		
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b		
11	Section 501(c)(12) organizations. Enter			
a	Gross income from members or shareholders.	11a		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.			
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b		
c	Enter the amount of reserves on hand.	13c		
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a		No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b		

Part VI

Governance, Management, and Disclosure

For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	15	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	11	
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
7b	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		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a	No
10b	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
11b	Describe in Schedule O the process, if any, used by the organization to review this Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes
13	Did the organization have a written whistleblower policy?	13	Yes
14	Did the organization have a written document retention and destruction policy?	14	Yes
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
15a	The organization's CEO, Executive Director, or top management official	15a	Yes
15b	Other officers or key employees of the organization	15b	Yes
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	No
16b	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. <input checked="" type="checkbox"/> Own website <input checked="" type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)	
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization	CAROLYN M KASABIAN 96 CAMPUS AVE LEWISTON, ME (207) 777-8546

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 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 organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) JUDITH ANDRUCKI ESQ DIRECTOR	2 00	X						0	0	0
(2) MARK ANTHOINE DIRECTOR	2 00	X						0	0	0
(3) MARTIN EISENSTEIN DIRECTOR	2 00	X						0	0	0
(4) JOHN ISAACSON DIRECTOR	2 00	X						0	0	0
(5) JOYCE GIBSON DIRECTOR	2 00	X						0	0	0
(6) CAROLYN KASABIAN TREASURER/SECRETARY	40 00	X		X				254,744	0	26,328
(7) DONALD FOURNIER DIRECTOR	2 00	X						0	0	0
(8) JAMES PLACEMD DIRECTOR	2 00	X						0	0	0
(9) SIDNEY STEINKELER MD DIRECTOR	40 00	X						412,855	0	35,694
(10) WILLIAM SCHULTZ DIRECTOR THRU 9/2012	2 00	X						0	0	0
(11) MICHAEL KELLEY MD DIRECTOR	40 00	X						0	412,304	23,011
(12) CRAIG GUNDERSON VICE CHAIR	2 00	X		X				0	0	0
(13) LEO MYLES PRESIDENT/CEO	40 00	X		X				331,825	0	26,690
(14) DONNA STECKINO CHAIR	3 00	X		X				0	0	0
(15) CAROLYN LEPAGE DIRECTOR	2 00	X						0	0	0
(16) ANNE SCHUETTINGER DIRECTOR	2 00	X						0	0	0
(17) JUSTIN CLARK MD DIRECTOR	40 00	X						299,909	0	19,697

Part VII

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) SUSAN KEILER COO	40 00				X			251,481	0	28,528
(19) IRA SHAPIRO PHYSICIAN	40 00				X			0	292,917	30,104
(20) KAREN CLARK VP PATIENT CARE SERVICES	40 00				X			162,639	0	25,602
(21) MARC CHRISTENSEN PHYSICIAN	40 00					X		1,219,083	0	26,776
(22) WAYNE MOODY PHYSICIAN	40 00					X		898,567	0	31,579
(23) MICHAEL PARKER PHYSICIAN	40 00					X		877,431	0	10,078
(24) MARIA IKOSSI PHYSICIAN	40 00					X		635,952	0	15,904
(25) BRUCE HAMILTON-DICK PHYSICIAN	40 00					X		620,360	0	15,150
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								5,964,846	705,221	315,141

2

Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization▶96

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		No

Section B. Independent Contractors

1	Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year		
(A) Name and business address		(B) Description of services	(C) Compensation
COVENANT HEALTH SYSTEM INC 100 AMES POND ROAD TEWKSBURY MA 01876		MANAGEMENT SERVICES	2,329,321
VISTA STAFFING FILE 50834 1000 W TEMPLE ST LOS ANGELES CA 900121514		STAFFING AGENCY	1,675,091
SOUND PHYSICIANS OF MAINE PO BOX 742936 LOS ANGELES CA 900742936		STAFFING AGENCY	1,301,360
ST MARY'S ANESTHESIA PO BOX 1823 LEWISTON ME 04240		HEALTH CARE PROFESSIONAL	1,022,134
D'YOUVILLE 100 CAMPUS AVE LEWISTON ME 04240		LAUNDRY SERVICE	610,008
2	Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶27		

Part VIII

Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	775,621			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f		775,621			
Program Service Revenue	2a	NET PATIENT SERVICE RE	Business Code				
			621300	142,499,081	142,499,081		
	b	OTHER OPERATING INCOME	621300	8,661,887	8,661,887		
	c						
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f		151,160,968			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		622,841		622,841	
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
	6a	Gross rents	(i) Real	(ii) Personal			
			63,504				
	b	Less rental expenses	23,638				
	c	Rental income or (loss)	39,866				
	d	Net rental income or (loss)		39,866		39,866	
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
			1,062,214				
	b	Less cost or other basis and sales expenses	0	-8,817			
	c	Gain or (loss)	1,062,214	8,817			
	d	Net gain or (loss)		1,071,031		1,071,031	
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18					
		a					
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities See Part IV, line 19					
		a					
	b	Less direct expenses	b				
c	Net income or (loss) from gaming activities						
10a	Gross sales of inventory, less returns and allowances						
	a						
b	Less cost of goods sold	b					
c	Net income or (loss) from sales of inventory						
	Miscellaneous Revenue	Business Code					
11a	LAB REVENUE	621500	90,974	90,974			
b							
c							
d	All other revenue						
e	Total. Add lines 11a-11d		90,974				
12	Total revenue. See Instructions		153,761,301	151,160,968	90,974	1,733,738	

Part IX

Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.				
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	1,550,814	712,765	838,049	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	69,582,025	61,538,372	8,043,653	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	1,018,241	900,533	117,708	
9	Other employee benefits.	14,929,593	13,138,042	1,791,551	
10	Payroll taxes.				
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	182,702	17,785	164,917	
c	Accounting.	77,435		77,435	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).				
12	Advertising and promotion.				
13	Office expenses.				
14	Information technology.				
15	Royalties.				
16	Occupancy.	2,192,071	1,274,101	917,970	
17	Travel.	68,098	66,186	1,912	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	328,205	234,637	93,568	
20	Interest.	2,399,862		2,399,862	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	5,255,609	2,910,451	2,345,158	
23	Insurance.	2,652,442	2,693,298	-40,856	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	SUPPLIES	18,240,251	17,575,840	664,411	
b	PURCHASED SERVICES	8,097,685	7,461,495	467,758	168,432
c	BAD DEBT EXPENSE	6,313,450	6,313,450		
d	OUTSIDE LABOR	5,279,768	4,711,666	568,102	
e	All other expenses	16,842,143	10,557,964	6,284,179	
25	Total functional expenses. Add lines 1 through 24e.	155,010,394	130,106,585	24,735,377	168,432
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing			1	-1
	2	Savings and temporary cash investments		2,893,612	2	2,110,758
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		14,748,578	4	12,954,947
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		1,172,520	8	1,256,515
	9	Prepaid expenses and deferred charges		1,227,355	9	1,109,015
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	109,659,957		
	b	Less accumulated depreciation	10b	51,590,581	59,336,263	10c 58,069,376
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		78,156,835	15	68,769,066
	16	Total assets. Add lines 1 through 15 (must equal line 34)		157,535,163	16	144,269,676
Liabilities	17	Accounts payable and accrued expenses		12,980,100	17	14,429,628
	18	Grants payable			18	
	19	Deferred revenue		432,638	19	305,395
	20	Tax-exempt bond liabilities		22,913,516	20	21,631,656
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		28,200,699	23	25,800,285
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D			25	
	26	Total liabilities. Add lines 17 through 25		64,526,953	26	62,166,964
Net Assets or Fund Balances		Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
	27	Unrestricted net assets		90,616,251	27	79,863,519
	28	Temporarily restricted net assets		1,695,930	28	1,542,164
	29	Permanently restricted net assets		696,029	29	697,029
		Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		93,008,210	33	82,102,712
	34	Total liabilities and net assets/fund balances		157,535,163	34	144,269,676

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	153,761,301
2	Total expenses (must equal Part IX, column (A), line 25)	2	155,010,394
3	Revenue less expenses Subtract line 2 from line 1	3	-1,249,093
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	93,008,210
5	Net unrealized gains (losses) on investments	5	1,151,071
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-10,807,476
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	82,102,712

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

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization ST MARY'S REGIONAL MEDICAL CENTER	Employer identification number 01-0211551
---	--

Part I

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

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

- 1

☐

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

☐

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

☒

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

☐

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

☐

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

☐

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

☐

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

☐

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

☐

An organization that normally receives (1) more than 33¹/₃% 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 33¹/₃% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

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

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated
- e

☐

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

☐

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

☐

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

(i)

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

(ii)

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

(iii)

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

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 monetary support |
|------------------------------------|----------|--|--|----|---|----|--|----|----------------------------------|
| | | | Yes | No | Yes | No | Yes | No | |
| | | | | | | | | | |
| | | | | | | | | | |
| Total | | | | | | | | | |
- For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990EZ.

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2012

Part II

Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage						
14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2011 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2012. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
b 33 1/3% support test—2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
17a 10%-facts-and-circumstances test—2012. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
b 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions						▶

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

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage			
15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15		
16 Public support percentage from 2011 Schedule A, Part III, line 15	16		

Section D. Computation of Investment Income Percentage			
17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17		
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18		
19a 33 1/3% support tests—2012. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶			
b 33 1/3% support tests—2011. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶			
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶			

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

Facts And Circumstances Test

Explanation

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.
▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization ST MARY'S REGIONAL MEDICAL CENTER	Employer identification number 01-0211551
---	--

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

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

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

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b	If “Yes,” describe in Part IV	

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

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

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

Part II-A

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

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

		(a)	(b)	
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		15,443
j	Total. Add lines 1c through 1i.			15,443
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	ST MARY'S REGIONAL MEDICAL CENTER IS A MEMBER OF THE MAINE HOSPITAL ASSOCIATION AND A PORTION OF THE DUES PAID IN THE AMOUNT OF \$15,443 IS USED FOR LOBBYING

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization ST MARY'S REGIONAL MEDICAL CENTER	Employer identification number 01-0211551
---	--

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? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	

Part II

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

1

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

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

2

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

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

3

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

4

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

5

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

☐ Yes☐ No

6

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

7

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

8

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

☐ Yes☐ No

9

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

Part III

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

1a

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

b

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

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

▶\$ _____

(ii) Assets included in Form 990, Part X

▶\$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶\$ _____

b

Assets included in Form 990, Part X

▶\$ _____

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

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

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

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

	Amount
1c	
1d	
1e	
1f	

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

2a

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

☐ Yes

☐ No

b

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

☐

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	2,391,960	1,969,636	1,877,705	3,069,142	3,353,022
b Contributions	695,209	570,518	469,782	656,993	1,539,784
c Net investment earnings, gains, and losses		14,238	24,648	24,713	17,453
d Grants or scholarships					
e Other expenditures for facilities and programs	847,976	162,432	402,501	1,873,143	1,841,117
f Administrative expenses					
g End of year balance	2,239,193	2,391,960	1,969,634	1,877,705	3,069,142

2

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

a

Board designated or quasi-endowment

0 %

b

Permanent endowment

31 000 %

c

Temporarily restricted endowment

69 000 %

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

3a

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

(i) unrelated organizations

3a(i)

☐ Yes

☐ No

(ii) related organizations

3a(ii)

☐ Yes

☐ No

b

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

☐ Yes

☐ No

4

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

Part VI

Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		922,346		922,346
b Buildings		68,217,759	22,846,792	45,370,967
c Leasehold improvements		1,193,978	364,686	829,292
d Equipment		38,310,489	28,379,103	9,931,386
e Other		1,015,385		1,015,385
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				58,069,376

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

1	Total revenue, gains, and other support per audited financial statements	1	147,903,715
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	1,151,072
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII)	2d	-6,313,450
e	Add lines 2a through 2d	2e	-5,162,378
3	Subtract line 2e from line 1	3	153,066,093
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	695,208
c	Add lines 4a and 4b	4c	695,208
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)	5	153,761,301

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	148,696,944
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII)	2d	
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	148,696,944
4	Amounts included on Form 990, Part IX, line 25, but not on line 1 :		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	6,313,450
c	Add lines 4a and 4b	4c	6,313,450
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)	5	155,010,394

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

Identifier	Return Reference	Explanation
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	CONTINUING EDUCATION CAPITAL PURCHASES FOR SPECIFIC SPECIALITIES
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X, LINE 2	INCLUDED IN THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS IS THE FOLLOWING, "THE SYSTEM HAS EVALUATED THE POSITIONS TAKEN ON ITS FILED TAX RETURNS. THE SYSTEM HAS CONCLUDED NO UNCERTAIN INCOME TAX POSITIONS EXIST AT DECEMBER 31, 2012."
PART XI, LINE 2D - OTHER ADJUSTMENTS		BAD DEBT EXPENSE -6,313,450
PART XI, LINE 4B - OTHER ADJUSTMENTS		NET TRANSFERS FROM RESTRICTED FUNDS 695,208
PART XII, LINE 4B - OTHER ADJUSTMENTS		BAD DEBT EXPENSE 6,313,450

SCHEDULE F
(Form 990)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

► Complete if the organization answered "Yes" to Form 990,
Part IV, line 14b, 15, or 16.
► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

2012

Open to Public
Inspection

Name of the organization
ST MARY'S REGIONAL MEDICAL CENTER

Employer identification number
01-0211551

Part I

General Information on Activities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

- 1 For grantmakers. 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 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of grant funds outside the United States.
- 3 Activites per Region (The following Part I, line 3 table can be duplicated if additional space is needed)

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
NORTH AMERICA		1			81,260
3a Sub-total	0	1			81,260
b Total from continuation sheets to Part I	0	0			0
c Totals (add lines 3a and 3b)	0	1			81,260

Part II **Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Part II can be duplicated if additional space is needed.

[illegible]

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter ►

3 Enter total number of other organizations or entities ►

Part III **Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 16.
Part III can be duplicated if additional space is needed.

[illegible]

Part IV Foreign Forms

- 1

Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)*

☐ Yes

☒ No
- 2

Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)*

☐ Yes

☒ No
- 3

Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations. (see Instructions for Form 5471)*

☐ Yes

☒ No
- 4

Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)*

☐ Yes

☒ No
- 5

Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with Respect to Certain Foreign Partnerships. (see Instructions for Form 8865)*

☐ Yes

☒ No
- 6

Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713).*

☐ Yes

☒ No

Supplemental Information
Complete this part to provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information (see instructions).

[illegible]

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
ST MARY'S REGIONAL MEDICAL CENTER

Employer identification number
01-0211551

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a Yes	
b	If "Yes," was it a written policy?	1b Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year <input type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>25000 0000000000 %</u> b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ % c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	3a Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	3b	No
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	4	No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5a Yes	
6a	Did the organization prepare a community benefit report during the tax year?	5b Yes	
b	If "Yes," did the organization make it available to the public?	5c	No
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H	6a Yes	
		6b Yes	

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			6,281,163		6,281,163	4 050 %
b Medicaid (from Worksheet 3, column a)			31,044,965	24,315,768	6,729,197	4 340 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			37,326,128	24,315,768	13,010,360	8 390 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			336,961		336,961	0 210 %
f Health professions education (from Worksheet 5)			809,654	31,982	777,672	0 500 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			367,494		367,494	0 240 %
j Total. Other Benefits			1,514,109	31,982	1,482,127	0 950 %
k Total. Add lines 7d and 7j			38,840,237	24,347,750	14,492,487	9 340 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing		4,423	41,455		41,455	0.030 %
2Economic development						
3Community support		870	68,384		68,384	0.040 %
4Environmental improvements						
5Leadership development and training for community members		23	16,567		16,567	0.010 %
6Coalition building		466	17,879		17,879	0.010 %
7Community health improvement advocacy		17	3,995		3,995	0.030 %
8Workforce development			1,104,662		1,104,662	0.710 %
9Other						
10Total		5,799	1,252,942		1,252,942	0.830 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?

1Yes

Yes

2Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

26,313,450

3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

3126,269

4Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

Section B. Medicare

5Enter total revenue received from Medicare (including DSH and IME).

543,942,831

6Enter Medicare allowable costs of care relating to payments on line 5.

649,015,679

7Subtract line 6 from line 5. This is the surplus (or shortfall).

7-5,072,848

8Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.

☐ Cost accounting system

☒ Cost to charge ratio

☐ Other

Section C. Collection Practices

9aDid the organization have a written debt collection policy during the tax year?

9aYes

Yes

bIf "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI.

9bYes

Yes

Part IVManagement Companies and Joint Ventures

(owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
11 UNITED AMBULANCE	AMBULANCE SERVICE	50.000 %	0 %	0 %
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V

Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
1

Name, address, and primary website address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	ST MARY'S REGIONAL MEDICAL CENTER 93 CAMPUS AVE LEWISTON, ME 042430291	X									

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

ST MARY'S REGIONAL MEDICAL CENTER

Name of hospital facility or facility reporting group

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A)

1

	Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1 Yes	
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>11</u>		
3 In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3 Yes	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	No
5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5 Yes	
a <input checked="" type="checkbox"/> Hospital facility's website		
b <input checked="" type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input checked="" type="checkbox"/> Execution of the implementation strategy		
c <input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d <input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
e <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input type="checkbox"/> Prioritization of health needs in its community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	No
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	No
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>250 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u> </u> % If "No," explain in Part VI the criteria the hospital facility used		11	No
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
a <input checked="" type="checkbox"/> Income level			
b <input checked="" type="checkbox"/> Asset level			
c <input type="checkbox"/> Medical indigency			
d <input type="checkbox"/> Insurance status			
e <input type="checkbox"/> Uninsured discount			
f <input type="checkbox"/> Medicaid/Medicare			
g <input type="checkbox"/> State regulation			
h <input type="checkbox"/> Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?		13	Yes
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a <input type="checkbox"/> The policy was posted on the hospital facility's website			
b <input checked="" type="checkbox"/> The policy was attached to billing invoices			
c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f <input checked="" type="checkbox"/> The policy was available upon request			
g <input checked="" type="checkbox"/> Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		17	No
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

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

☒

Notified individuals of the financial assistance policy on admission
- b

☒

Notified individuals of the financial assistance policy prior to discharge
- c

☒

Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d

☒

Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

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

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

20	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input checked="" type="checkbox"/> Other (describe in Part VI)		
21	During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI		No
22	During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Part VI		No

Part V

Facility Information (continued)

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, from largest to smallest)

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

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

Part VII Supplemental Information

Complete this part to provide the following information

- 1 Required descriptions. Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2 Needs assessment. Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3 Patient education of eligibility for assistance. Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4 Community information. Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5 Promotion of community health. Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.)
- 6 Affiliated health care system. If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7 State filing of community benefit report. If applicable, identify all states with which the organization, or a related organization, files a community benefit report
- 8 Facility reporting group(s). If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
		PART II, ST. MARY'S REGIONAL MEDICAL CENTER OPERATES THE NUTRITION CENTER OF MAINE WHICH WAS CREATED AS A RESPONSE TO THE SIGNIFICANT NEEDS AROUND NUTRITION, POVERTY AND FOOD ACCESS FOR THE COUNTY. THE CENTER IS A LOCAL AND STATEWIDE RESOURCE, PROMOTING OVERALL COMMUNITY WELLNESS THROUGH NUTRITION, YOUTH DEVELOPMENT AND SUSTAINABLE URBAN AGRICULTURE PROGRAMS. MANY OF THE CONSTITUENTS ARE AT HIGH RISK FOR HUNGER, OBESITY AND NUTRITION-RELATED DISEASES. IN 2012 THE FOOD PANTRY DISTRIBUTED 9,710 BOXES OF FOOD, PROVIDING ENOUGH FOOD FOR 19,656 PEOPLE AND PROVIDED NUTRITIONAL SNACKS TO DAYCARE AND SCHOOL-BASED HEALTH CENTERS IN LEWISTON. IN 2012 THE FOOD PANTRY TWELVE COMMUNITY GARDENERS SUPPORTED 100 COMMUNITY GARDENERS IN GROWING THEIR OWN FOOD. ONE HUNDRED TWENTY-TWO CHILDREN PARTICIPATED IN THE WEEKLY KIDS COOKING CLUB. FORTY-SIX TEENAGERS CONTRIBUTED 4,716 HOURS TO THEIR COMMUNITY AND THEIR OWN DEVELOPMENT AS YOUTH GARDENERS PARTICIPATING IN UNIQUE LEADERSHIP, EDUCATION AND TRAINING PROGRAMS. ONE HUNDRED THIRTY-SIX CHILDREN PARTICIPATED IN THE WEEKLY KIDS COOKING CLUBS AT THE LEWISTON PUBLIC LIBRARY. THREE HUNDRED AND ELEVEN CHILDREN PARTICIPATED IN GARDEN-BASED LEARNING PROGRAMS. WE HAD OUR FIRST FULL YEAR AS AN INCLUSIVE HEALTH CARE SITE AND SUPPORTED A SCHOOL GARDEN AND CLASSROOM EDUCATION AT THE LONGLEY ELEMENTARY SCHOOL, WHERE 98% OF STUDENTS QUALIFY FOR FREE AND REDUCED MEALS. FIVE HUNDRED EIGHTY-EIGHT TEENS AND ADULTS PARTICIPATED IN HANDS-ON COOKING AND NUTRITION EDUCATION CLASSES AND COOKING DEMONSTRATIONS. THIS INCLUDED 90 SOMALI WOMEN WHO PARTICIPATED IN A NUTRITION EDUCATION SERIES DESIGNED TO BE CULTURALLY RELEVANT AND TAUGHT IN SOMALI. IN ADDITION, LEADERSHIP MEMBERS SERVE ON THE LOCAL CHAMBER OF COMMERCE AND OTHER COMMUNITY COALITIONS RELATED TO COMMUNITY HEALTH SUCH AS THE MAINE HEALTHCARE ACTION TEAM AND THE MAINE HEALTH ELDER CARE TEAM, AS WELL AS WORKFORCE DEVELOPMENT PROGRAMS SUCH AS THE COLLEGE FOR ME STEERING COMMITTEE, AND THE HEALTHCARE WORKFORCE FORUM WHICH REPORTS ITS EFFORTS TO ASSURE AVAILABILITY OF A HEALTHCARE WORKFORCE TO THE STATE LEGISLATURE.
		PART III, LINE 4 FOOTNOTE 3, PAGE 17 OF THE AUDITED FINANCIAL STATEMENTS FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS (WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL), THE SYSTEM RECORDS A PROVISION FOR BAD DEBTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE. THE DIFFERENCE BETWEEN THE STANDARD RATES (OR THE DISCOUNTED RATES IF NEGOTIATED) AND THE AMOUNTS ACTUALLY COLLECTED AFTER THE REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS. PART III, LINE 2 THIS AMOUNT REPRESENTS ACCOUNTS SENT TO THE COLLECTION AGENCY MINUS PAYMENTS THAT HAVE BEEN COLLECTED PLUS A FACTOR ESTIMATING THE SELF-PAY AMOUNTS IN ACCOUNTS RECEIVABLE THAT WILL BE UNCOLLECTIBLE. PART III, LINE 3 WE HAVE ESTIMATED THAT 2% OF OUR BAD DEBT MAY POTENTIALLY BE CHARITY CARE ACCOUNTS. HOWEVER THIS HAS NOT BEEN INCLUDED IN PART I OR PART II.
		PART III, LINE 8 APPROXIMATELY 30% OF MEDICARE PATIENTS ALSO QUALIFY FOR MEDICAID. COSTING ON LINE 6 IS BASED ON RATIO OF COST TO CHARGE FROM WORKSHEET 2.
		PART III, LINE 9B ST. MARY'S REGIONAL MEDICAL CENTER WILL MAKE A REASONABLE EFFORT TO DETERMINE WHETHER AN INDIVIDUAL QUALIFIES FOR FINANCIAL ASSISTANCE PRIOR TO INITIATING ANY COLLECTION ACTIVITY.
ST. MARY'S REGIONAL MEDICAL CENTER		PART V, SECTION B, LINE 3 IN ORDER TO ENSURE OUR EFFORTS ADDRESS IDENTIFIED NEEDS IN THE COMMUNITY, ST. MARY'S ELICITED THE VOICE OF THE COMMUNITY IN SEVERAL WAYS. THE INSTITUTION HOSTED NUMEROUS FOCUS GROUPS AND COMMUNITY FORUMS WHICH FOCUSED ON SPECIFIC DISEASE PROCESSES, SPECIFIC PATIENT POPULATIONS (SUCH AS HIGH SCHOOL STUDENTS OR THE ELDERLY), TYPES OF MEDICAL CARE AND PATIENT RESIDENT AND FAMILY-CENTERED CARE. ST. MARY'S ALSO CONDUCTED A STRATEGIC PLANNING PROCESS IN 2011 AND IDENTIFIED COMMUNITY NEED AND COMMUNITY BENEFIT PLANNING WAS INCLUDED IN THESE SESSIONS. ST. MARY'S LEADERS SERVE ON BOARDS IN MANY COMMUNITY HEALTH ORGANIZATIONS, INCLUDING HEALTHY ANDROSCOGGIN WITH EXPERTS IN PUBLIC HEALTH. BOARD MEMBERS INVITED TO SERVE WITH ST. MARY'S ARE STRATEGICALLY SELECTED. PATIENT SATISFACTION SURVEYS ALSO PROVIDE VALUABLE INFORMATION IN COMMUNITY BENEFIT PLANNING. A FEEDBACK LOOP HAS BEEN ESTABLISHED FOR EMPLOYEES TO IDENTIFY UNMET NEEDS OF PATIENTS.
ST. MARY'S REGIONAL MEDICAL CENTER		PART V, SECTION B, LINE 7 ST. MARY'S DID NOT SPECIFICALLY ADDRESS TEEN PREGNANCY IN OUR COMMUNITY BENEFIT PLAN. THERE ARE SEVERAL COMMUNITY AGENCIES WHO ADDRESS THIS, INCLUDING NEW BEGINNINGS (SHELTER AND SUPPORT FOR TEENS), CATHOLIC CHARITIES, HOPE HOUSE (SUPPORT FOR PREGNANT WOMAN) AND THE MAINE CENTER FOR DISEASE CONTROL THROUGH LOCAL CLINICS.
ST. MARY'S REGIONAL MEDICAL CENTER		PART V, SECTION B, LINE 14G ST. MARY'S WEBSITE PROVIDES ACCESS TO THE FREE CARE APPLICATION AS WELL AS CONTACT INFORMATION FOR ASSISTANCE IN ANSWERING ANY QUESTIONS OR IN COMPLETING THE APPLICATION.
ST. MARY'S REGIONAL MEDICAL CENTER		PART V, SECTION B, LINE 20D ST. MARY'S REGIONAL MEDICAL CENTER OFFERS FREE CARE FOR INDIVIDUALS UP TO 250% OF FPG.
		PART VI, LINE 2 IN ORDER TO DEVELOP THIS ASSESSMENT, WE UTILIZED DATA THAT IDENTIFIES KEY POPULATION HEALTH ISSUES FOR THE DEMOGRAPHIC AREA WE SERVE. DATA WAS COMPILED FROM A VARIETY OF SOURCES INCLUDING 2010 CENSUS BUREAU DATA, 2010 COUNTY PROFILE PUBLIC HEALTH STATISTICS, 2010 ONEMAINE HEALTH COLLABORATIVE, HEALTHY MAINE 2010 GOALS, STATEWIDE INITIATIVES FROM THE MAINE HOSPITAL ASSOCIATION, A LOCAL PUBLIC HEALTH SYSTEM ASSESSMENT CONDUCTED IN 2009 BY THE MAINE CENTER FOR PUBLIC HEALTH AND COMMUNITY PARTNERSHIPS SUCH AS THE UNITED WAY, LEWISTON-AUBURN PUBLIC HEALTH INITIATIVE AND HEALTHY ANDROSCOGGIN. WE ALSO CONDUCT HEALTH CARE RISK SCREENINGS THROUGH OUR TAKE CHARGE PROGRAM AND THIS DATA SUPPORTS THE CONCERNS IDENTIFIED FROM OTHER ORGANIZATIONS. IN 2010 ONEMAINE HEALTH COLLABORATIVE IS A STATEWIDE COMMUNITY HEALTH NEEDS ASSESSMENT PUBLISHED IN 2011. THE ASSESSMENT STARTED WITH A COMPREHENSIVE EPIDEMIOLOGICAL-BASED HEALTH PROFILE ORGANIZED BY HEALTH CONDITION (INCLUDING A HOUSEHOLD SURVEY QUESTIONNAIRE.) THIS RESULTED IN A LIST OF PRIORITY HEALTH ISSUES WHICH COINCIDE WITH THE MAINE HEALTH INDEX MEASURE PRIORITIES. AREAS NOTED AS HIGH PRIORITIES INCLUDE PREVALENCE OF OBESITY, CARDIOVASCULAR DEATHS, CANCER DEATHS AND PREVENTABLE HOSPITALIZATIONS. IN ADDITION, HEALTHY PEOPLE 2020 (FROM THE NATIONAL DEPARTMENT OF HEALTH AND HUMAN SERVICES, IN CONJUNCTION WITH THE INSTITUTE OF MEDICINE) IDENTIFIED 12 TOPIC PRIORITIES FOR IMPROVING PUBLIC HEALTH IN THE NEXT DECADE. THESE INCLUDE ACCESS TO CARE, HEALTHY BEHAVIORS (INCLUDING BEHAVIORS RELATED TO OBESITY), CHRONIC DISEASE, MENTAL HEALTH, SUBSTANCE ABUSE AND TOBACCO USE. THERE IS ALSO A NATIONAL IMPERATIVE TO ADDRESS AND REDUCE RACIAL AND ETHNIC HEALTH DISPARITIES, AS WELL AS HEALTH CARE DISPARITIES IN ORDER TO ENSURE OUR EFFORTS ADDRESS IDENTIFIED NEEDS. IN THE COMMUNITY, ST. MARY'S ELICITED THE VOICE OF THE COMMUNITY IN SEVERAL WAYS. THE INSTITUTION HOSTED NUMEROUS FOCUS GROUPS AND COMMUNITY FORUMS WHICH FOCUSED ON SPECIFIC DISEASE PROCESSES, SPECIFIC PATIENT POPULATIONS (SUCH AS HIGH SCHOOL STUDENTS OR THE ELDERLY), TYPES OF MEDICAL CARE AND PATIENT, RESIDENT AND FAMILY-CENTERED CARE. ST. MARY'S ALSO CONDUCTED A STRATEGIC PLANNING PROCESS IN 2011 AND IDENTIFIED COMMUNITY NEED AND COMMUNITY BENEFIT PLANNING WAS INCLUDED IN THESE SESSIONS. ST. MARY'S LEADERS SERVE ON BOARDS IN MANY COMMUNITY HEALTH ORGANIZATIONS AND THE BOARD MEMBERS INVITED TO SERVE WITH ST. MARY'S ARE STRATEGICALLY SELECTED. PATIENT SATISFACTION SURVEYS ALSO PROVIDE VALUABLE INFORMATION IN COMMUNITY BENEFIT PLANNING. A FEEDBACK LOOP HAS BEEN ESTABLISHED FOR EMPLOYEES TO IDENTIFY UNMET NEEDS OF PATIENTS. IN 2012, ST. MARY'S AND THE OTHER LOCAL COMMUNITY HOSPITAL BEGAN A COMMUNITY STAKEHOLDERS GROUP OF COMMUNITY HEALTH-CARE RELATED AGENCIES TO REVIEW THE COMMUNITY HEALTH NEEDS ASSESSMENT. WE ANALYZED THE DATA WITH ASSISTANCE FROM A PUBLIC HEALTH EXPERT FROM THE UNIVERSITY OF NEW ENGLAND AND DID A GAP ANALYSIS. THE GROUP WILL MEET ON AN ON-GOING BASIS TO ANALYZE COMMUNITY HEALTH NEEDS ASSESSMENT DATA, COLLABORATE ON APPROPRIATE INITIATIVES AND NETWORK ABOUT EXISTING COMMUNITY RESOURCES. THE COMMUNITY BENEFIT PLAN WAS DEVELOPED IN CONJUNCTION WITH THE COMMUNITY BENEFIT STAFF, MISSION ADVISORY COMMITTEE, SYSTEM LEADERSHIP, SENIOR LEADERSHIP AND IN COORDINATION WITH LOCAL COMMUNITY AGENCIES SUCH AS LEWISTON-AUBURN PUBLIC HEALTH, HEALTHY ANDROSCOGGIN AND THE WESTERN MAINE DISTRICT PUBLIC HEALTH COORDINATING COUNCIL. AS A CATHOLIC HEALTH FACILITY, WE ALSO USED THE ETHICAL AND RELIGIOUS DIRECTIVES FOR CATHOLIC HEALTH CARE SERVICES AS A GUIDE IN OUR PLAN. THE PLAN WAS ENDORSED BY THE ST. MARY'S HEALTH SYSTEM BOARD OF DIRECTORS.
		PART VI, LINE 3 ST. MARY'S REGIONAL MEDICAL CENTER PROVIDES FINANCIAL EDUCATION AT THE POINT OF REGISTRATION BY HAVING BROCHURES AVAILABLE. THESE BROCHURES PROVIDE INFORMATION ABOUT THE HOSPITAL BILL AND VARIOUS OPTIONS ON FINANCIAL ASSISTANCE. ON THE BACKSIDE OF THE MONTHLY PATIENT STATEMENTS ALSO PROVIDES EDUCATION OF THE FINANCIAL ASSISTANCE AVAILABILITY AND OPTIONS TO THOSE WHO NEED IT.
		PART VI, LINE 4 ST. MARY'S SERVICE AREA INCLUDES MOST OF ANDROSCOGGIN COUNTY IN CENTRAL MAINE, WHICH IS APPROXIMATELY 43,490 HOUSEHOLDS (JUST OVER 107,000 PEOPLE) ACCORDING TO THE 2010 CENSUS BUREAU, THE DEMOGRAPHIC DISTRIBUTION IS AGE GROUP 0 TO 18 YEARS 29% 18 TO 24 YEARS 57% 65 YEARS AND OVER 14% 15% OF THE POPULATION LIVE AT THE POVERTY LEVEL (IN LEWISTON THE FIGURE IS 25% AND FOR CHILD POVERTY IN LEWISTON THE FIGURE IS 41%) RACE/ETHNICITY WHITE 87.7% BLACK/AFRICAN-AMERICAN 8.7% OTHER 3.6% LANGUAGE SPOKEN AT HOME ENGLISH 85% OTHER THAN ENGLISH 15%
		PART VI, LINE 5 COMMUNITY BENEFIT REPORT 2012 COMMUNITY HEALTH IMPROVEMENT SERVICES (CATEGORY A) OBJECTIVES 1, 2 AND 3 ST. MARY'S PROVIDED MANY COMMUNITY HEALTH IMPROVEMENT SERVICES TO ADDRESS THE PUBLIC HEALTH NEEDS IDENTIFIED IN ANDROSCOGGIN COUNTY. THESE INCLUDED HEALTH SCREENINGS AND SELF-HELP PROGRAMS FOR SMOKING CESSATION AND WEIGHT LOSS. WE ALSO HOSTED AND/OR FACILITATED COMMUNITY SUPPORT GROUPS FOR HEALTH SERVICES SUCH AS CANCER SUPPORT AND TARGETED GROUPS AS WELL AS EXERCISE PROGRAMS TRIGGERED FOR WELLNESS AND PREVENTION. COMMUNITY EDUCATION ABOUT IDENTIFIED PUBLIC HEALTH NEEDS IS AN INTEGRAL PART OF THIS CATEGORY. IN 2012 WE SPONSORED THREE CANCER PREVENTION EDUCATION SEMINARS ON LUNG CANCER, PROSTATE CANCER AND BREAST CANCER (AMONG THE TOP 5 CANCERS IN MAINE.) WE ALSO SPONSORED 6 SKIN CANCER SCREENINGS IN 2012. IN ORDER TO ENSURE ACCESS TO CARE, ST. MARY'S ALSO OFFERS ASSISTANCE FOR PEOPLE TO ENROLL IN PUBLIC PROGRAMS THROUGH FIRST SOURCE. OUR CASE MANAGEMENT PROGRAM FOR HIV OFFERS SERVICES BEYOND ROUTINE CASE MANAGEMENT TO ENSURE THAT CLIENTS' BASIC NEEDS ARE MET, AS WELL AS SUPPORT IN COPING WITH THEIR DISEASE. ONE OF OUR MAIN GOALS IN 2012 WAS TO PARTICIPATE IN A HEALTHY EATING/PHYSICIAN EXERCISE CAMPAIGN. LET'S GO 5-2-1-0 PROGRAM. ST. MARY'S PARTICIPATED AS A PHYSICIAN OFFICE SITE (WE PROVIDED EDUCATION ABOUT THE 5-2-1-0 RECOMMENDATIONS FOR EATING AND EXERCISE), AN AFTER-SCHOOL SITE THROUGH OUR NUTRITION CENTER AND A SCHOOL SITE THROUGH SCHOOL-BASED HEALTH CENTERS. IN ADDITION WE HELD A COMMUNITY EVENT FOR SCHOOL AGE CHILDREN AND THEIR FAMILIES IN MAY 2012. ACTIVITIES INCLUDED DEMONSTRATIONS FOR PHYSICIAN EXERCISE OPTIONS SUCH AS KARATE, ZUMBA, CARDIO KICKBOXING AND YOGA, PLUS COOKING DEMONSTRATIONS SUCH AS HEALTHY SNACK OPTIONS. DOZENS OF FAMILIES PARTICIPATED IN THE EVENT. ST. MARY'S PARTICIPATED IN A UNIQUE PROJECT FOR FLU SHOT VACCINES. IN 2012 WE PARTNERED WITH THE OTHER LOCAL HOSPITAL TO HOLD A FLU SHOT CLINIC AT A LOCAL HOMELESS OUTREACH CENTER. ST. MARY'S PROVIDED THE VACCINE FOR FREE (OVER \$2000 IN VACCINE VIALS), AND THE OTHER HOSPITAL PROVIDED STUDENT NURSES TO ADMINISTER THE VACCINES. A LOCAL PHYSICIAN PROVIDED MEDICAL OVERSIGHT. 28 PEOPLE TOOK ADVANTAGE OF THIS AND MANY OF THEM DO NOT NORMALLY GET FLU SHOTS BECAUSE OF A FEAR OF HAVING TO SIGN DOCUMENTS (AND BECAUSE THEY DO NOT HAVE THE MONEY TO PAY FOR THE SHOTS). WE OFFERED A SIMILAR FLU SHOT CLINIC (WITH FREE SHOTS) AT THE LOCAL ISLAMIC CENTER IN ORDER TO REACH OUT TO ONE OF THE MINORITY COMMUNITIES IN TOWN. WE ALSO SUBSIDIZE A COMMUNITY SCHOOL COOPERATING WITH LEWISTON AND AUBURN SCHOOL SYSTEMS TO SERVE AT RISK YOUTH WITH EDUCATION, OCCUPATIONAL THERAPY AND SPEECH PATHOLOGY. HEALTH PROFESSIONS EDUCATION (CATEGORY B) OBJECTIVE 2 HELP PREPARE FUTURE HEALTHCARE PROFESSIONALS IS A DISTINGUISHING CHARACTERISTIC OF NOT-FOR-PROFIT HEALTH CARE. ST. MARY'S IS PROUD TO SERVE AS A CLINICAL SITE FOR UNDERGRADUATE TRAINING AND INTERNSHIPS FOR HEALTH CARE DISCIPLINES. THE TIME EMPLOYEES SPEND MENTORING THESE STUDENTS IS INCLUDED IN THIS CATEGORY. SOME OF THE STAFF INVOLVED IN THIS SUPERVISION HAVE BEEN INVITED TO SERVE AS ADJUNCT FACULTY FOR ST. JOSEPH'S COLLEGE AND OTHER LOCAL COLLEGES IN RESPONSE TO THE FEEDBACK FROM STUDENTS. IN 2012 WE PARTICIPATED IN A UNIQUE OPPORTUNITY FOR SECOND YEAR MEDICAL STUDENTS THROUGH TUFTS MEDICAL SCHOOL. IT WAS A LONGITUDINAL CURRICULUM WHERE MEDICAL STUDENTS ACTUALLY LIVED ON ST. MARY'S CAMPUS FOR 9 MONTHS AND FOLLOWED WITH PATIENTS FOR THE LENGTH OF THEIR STUDIES. SO THEY EXPERIENCED A VERY COMPREHENSIVE VIEW OF HEALTH CARE. ST. MARY'S HOUSED AND FED THE TWO STUDENTS IN THIS PROGRAM. CASH AND IN-KIND CONTRIBUTIONS (CATEGORY E) OBJECTIVES 1, 2, 3 AND 4 THIS CATEGORY INCLUDES FUNDS AND IN-KIND SERVICES DONATED TO INDIVIDUALS, COMMUNITY GROUPS AND OTHER NOT-FOR-PROFIT ORGANIZATIONS NOT AFFILIATED WITH THE ORGANIZATIONS. IN-KIND CONTRIBUTIONS INCLUDE HOURS CONTRIBUTED BY STAFF TO THE COMMUNITY WHILE ON HEALTH CARE ORGANIZATION WORK TIME, OVERHEAD EXPENSES OF SPACE DONATED TO NOT-FOR-PROFIT COMMUNITY GROUPS AND THE DONATION OF FOOD, EQUIPMENT AND SUPPLIES. EXAMPLES OF A CASH DONATION INCLUDE MONIES TO THE LOCAL COMMUNITY COLLEGE TO SUPPORT SCHOLARSHIPS (THEY HAVE AN EXCELLENT NURSING PROGRAM, THE LOCAL DOMESTIC ABUSE AGENCY AND THE AMERICAN RED CROSS. LEADERSHIP SERVES ON MANY COMMUNITY HEALTH-RELATED BOARDS SUCH AS THE UNITED WAY, THE RED CROSS, THE LOCAL HOPE AND LEWISTON-AUBURN PUBLIC HEALTH. ST. MARY'S IS ALSO GENEROUS IN OFFERING HOSPITALITY FOR LOCAL COMMUNITY GROUPS BY PROVIDING MEETING ROOMS AT NO CHARGE FOR OTHER NOT-FOR-PROFIT ORGANIZATIONS. COMMUNITY-BUILDING ACTIVITIES (CATEGORY F) OBJECTIVE 4 ST. MARY'S IS VERY ACTIVE IN PROGRAMS THAT ADDRESS THE ROOT CAUSES OF HEALTH PROBLEMS, SUCH AS POVERTY, HOMELESSNESS AND ENVIRONMENTAL PROBLEMS. LEADERSHIP IS INVOLVED IN LOCAL ECONOMIC DEVELOPMENT AND COALITION BUILDING TO ADDRESS THESE ISSUES. SINCE LEWISTON, ME IS A FERALLY DESIGNATED MEDICALLY UNDERSERVED AREA, PHYSICIAN RECRUITMENT IS A SIGNIFICANT PART OF THIS CATEGORY. SUBSIDIES TO THE COMMUNITY GARDENING PROGRAMS AND YOUTH LEADERSHIP PROGRAMS AT THE NUTRITION CENTER ARE INCLUDED IN THE THIS CATEGORY. COMMUNITY PARTNERSHIPS: AMERICAN CANCER SOCIETY, ANDROSCOGGIN CHAMBER OF COMMERCE, ANDROSCOGGIN HOME CARE AND HOSPICE, ANDROSCOGGIN WELLNESS COUNCIL, BATES COLLEGE, CENTRAL MAINE COMMUNITY COLLEGE, COMMON TIES, COMMUNITY CONCEPTS, HEALTH ANDROSCOGGIN, LANGUAGE ACCESS FOR NEW AMERICANS (LANA), LEWISTON/AUBURN ALLIANCE FOR SERVICES TO THE HOMELESS, LEWISTON-AUBURN PUBLIC HEALTH INITIATIVE, MAINE OFFICE FOR MINORITY HEALTH, TRI-COUNTY MENTAL HEALTH COMMUNITY BENEFIT OPERATIONS (CATEGORY G) OBJECTIVE 4 COMMUNITY BENEFIT OPERATIONS INCLUDED COSTS ASSOCIATED WITH ASSIGNED STAFF AND COMMUNITY HEALTH NEEDS, COMMUNITY BENEFIT STRATEGY AND OPERATIONS. ST. MARY'S USES LYONS SOFTWARE TO RECORD AND REPORT COMMUNITY BENEFIT EFFORTS. THIS IS THE SOFTWARE SYSTEM RECOMMENDED BY THE CATHOLIC HEALTH ASSOCIATION. COST FOR FUNDRAISING FOR HOSPITAL-SPONSORED COMMUNITY BENEFIT PROGRAMS (SUCH AS OUR NUTRITION CENTER) ARE INCLUDED IN THIS CATEGORY. THE TIME SPENT FOR DEVELOPING THE COMMUNITY HEALTH NEEDS ASSESSMENT AND IMPLEMENTATION STRATEGY IS INCLUDED IN THIS CATEGORY AS WELL.
		PART VI, LINE 6 ST. MARY'S HEALTH SYSTEM, A MEMBER OF COVENANT HEALTH SYSTEMS, INCLUDES ST. MARY'S REGIONAL MEDICAL CENTER, A 233-BED ACUTE CARE FACILITY, ST. MARY'S PHYSICIAN NETWORK, WITH PRIMARY CARE AND SPECIALTY PHYSICIANS, PHYSICIAN ASSISTANTS, NURSE PRACTITIONERS, AND MIDWIVES, COMMUNITY CLINICAL SERVICES, WITH PRIMARY CARE AND BEHAVIORAL PHYSICIANS AND NURSE PRACTITIONERS. ST. MARY'S D'YOUILLE PAVILION, ONE OF THE LARGEST NURSING HOMES NORTH OF BOSTON, WITH 210 BEDS DEDICATED TO LONG-TERM CARE, A SECURE ALZHEIMERS UNIT, AND A REHAB CENTER, ST. MARY'S RESIDENCES, AN INDEPENDENT LIVING CENTER, AND ST. MARY'S WORKMED, OCCUPATIONAL HEALTH SERVICES, WHICH PROVIDES COMPREHENSIVE WORKSITE SERVICES TO BUSINESSES IN ANDROSCOGGIN COUNTY AND BEYOND. OUR MISSION IS TO CONTINUE THE HEALING MINISTRY OF THE CATHOLIC CHURCH IN THE SPIRIT OF ST. MARGUERITE D'YOUILLE BY PROVIDING PREVENTIVE, CURATIVE, RESTORATIVE, AND SUPPORTIVE SERVICES WITH COMPASSION AND RESPECT FOR EVERYONE WE TAKE SERIOUSLY. THE PREVENTIVE ASPECT OF THE MISSION STATEMENT BY OFFERING PREVENTION AND WELLNESS PROGRAMS FOR THE COMMUNITY, OFFER HEALTH SCREENINGS AND WORKING TO PROVIDE ACCESS TO HEALTHY FOOD THROUGH THE NUTRITION CENTER. THE NURSING HOME OFFERS EDUCATION TO THE COMMUNITY ABOUT FALL PREVENTION, GRIEF SUPPORT AND CAREGIVER SUPPORT. HEALTH SYSTEM LEADERSHIP PARTICIPATE IN VARIOUS COMMUNITY GROUPS TO CONDUCT HEALTH CARE NEEDS ASSESSMENTS AND TO DEVELOP COMMUNITY INTERVENTIONS TO IMPROVE HEALTH.

OMB No 1545-0047

Open to Public Inspection

▶ Attach to Form 990. ▶ See separate instructions.

01-0211551

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table								

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 1A	THE PRESIDENT/CEO OR THE CFO MAY AUTHORIZE PAYMENT OF SPOUSAL TRAVEL EXPENSES. THE PAYMENT OF SUCH AMOUNTS ARE TREATED AS TAXABLE COMPENSATION AND REPORTED ON FORM W-2 OR 1099 AS REQUIRED.
	PART I, LINE 7	IN CONJUNCTION WITH ITS SOLE MEMBER, COVENANT HEALTH SYSTEMS, THE ORGANIZATION MAINTAINS AN INCENTIVE COMPENSATION PLAN FOR EXECUTIVES THAT IS ADMINISTERED BY COVENANT HEALTH SYSTEM'S COMPENSATION COMMITTEE. THE PLAN PROVIDES EXECUTIVES WITH THE OPPORTUNITY TO EARN REASONABLE INCENTIVE COMPENSATION BASED ON THE PERFORMANCE OF THE INDIVIDUAL EXECUTIVE, AS MEASURED AGAINST GOALS THAT ARE SET AT THE BEGINNING OF THE YEAR.

Software ID:
Software Version:
EIN: 01-0211551
Name: ST MARY'S REGIONAL MEDICAL CENTER

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
CAROLYN KASABIAN	(i) (ii)	233,889 0	0 0	20,855 0	7,184 0	19,144 0	281,072 0	0 0
SIDNEY STEINKELER MD	(i) (ii)	372,355 0	18,000 0	22,500 0	7,500 0	28,194 0	448,549 0	0 0
MICHAEL KELLEY MD	(i) (ii)	0 305,983	0 100,696	0 5,625	0 2,613	0 20,398	0 435,315	0 0
LEO MYLES	(i) (ii)	311,346 0	0 0	20,479 0	7,500 0	19,190 0	358,515 0	0 0
JUSTIN CLARK MD	(i) (ii)	299,909 0	0 0	0 0	0 0	19,697 0	319,606 0	0 0
SUSAN KEILER	(i) (ii)	236,481 0	0 0	15,000 0	7,499 0	21,029 0	280,009 0	0 0
IRA SHAPIRO	(i) (ii)	0 262,299	0 8,618	0 22,000	0 6,896	0 23,208	0 323,021	0 0
KAREN CLARK	(i) (ii)	145,639 0	0 0	17,000 0	4,866 0	20,736 0	188,241 0	0 0
MARC CHRISTENSEN	(i) (ii)	1,202,083 0	0 0	17,000 0	4,943 0	21,833 0	1,245,859 0	0 0
WAYNE MOODY	(i) (ii)	848,225 0	27,842 0	22,500 0	7,500 0	24,079 0	930,146 0	0 0
MICHAEL PARKER	(i) (ii)	837,931 0	0 0	39,500 0	2,093 0	7,985 0	887,509 0	0 0
MARIA IKOSSI	(i) (ii)	613,452 0	0 0	22,500 0	7,500 0	8,404 0	651,856 0	0 0
BRUCE HAMILTON-DICK	(i) (ii)	540,360 0	80,000 0	0 0	0 0	15,150 0	635,510 0	0 0

Schedule K (Form 990)	<div>Supplemental Information on Tax Exempt Bonds</div> <div>▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.</div> <div>▶ Attach to Form 990. ▶ See separate instructions.</div>	OMB No 1545-0047
		2012
		Open to Public Inspection

Department of the Treasury Internal Revenue Service	Name of the organization ST MARY'S REGIONAL MEDICAL CENTER	Employer identification number 01-0211551
--	---	--

Part I

Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	MHHEFA REVENUE BOND SERIES 2004A	01-0314384	560425TL4	06-03-2004	17,835,000	ADVANCED REFUNDING		X		X		X
B	MHHEFA REVENUE BOND SERIES 2007A	01-0314384	560425V80	11-01-2007	6,685,000	CONSTRUCTION		X		X		X
C	MHHEFA REVENUE BOND SERIES 2010B	01-0314384	560427JA5	06-24-2010	7,825,000	REFINANCE OF 2001 AND 2004 TAX-EXEMPT BONDS		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds legally defeased								
3	Total proceeds of issue	20,770,203		6,853,065		9,077,696			
4	Gross proceeds in reserve funds	1,615,380		444,500		603,175			
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	237,062		89,925		96,465			
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	6,318,640		6,318,640					
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion	2004		2009		2004			
14	Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No	Yes	No	Yes	No
		X			X	X			
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		
16	Has the final allocation of proceeds been made?	X		X		X			
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X			

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

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

Part IV

Arbitrage (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?	X		X		X			
b	Name of provider	FSA		FSA		FSA			
c	Term of GIC	30 0000000000000		30 0000000000000		20 0000000000000			
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X		X		X			
6	Were any gross proceeds invested beyond an available temporary period?		X		X		X		
7	Has the organization established written procedures to monitor the requirements of section 148?		X		X		X		

Part V

Procedures To Undertake Corrective Action

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

Part VI

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

Identifier	Return Reference	Explanation
------------	------------------	-------------

efile GRAPHIC print - DO NOT PROCESS

As Filed Data -

DLN: 93493210000103

SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
ST MARY'S REGIONAL MEDICAL CENTER

Employer identification number
01-0211551

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 6	THE ORGANIZATION HAS A SOLE CORPORATE MEMBER
	FORM 990, PART VI, SECTION A, LINE 7A	THE SOLE CORPORATE MEMBER WHO MAY APPOINT OR REMOVE ONE OR MORE OF THE BOARD OF DIRECTORS
	FORM 990, PART VI, SECTION A, LINE 7B	CERTAIN DECISIONS OF THE BOARD OF DIRECTORS ARE SUBJECT TO APPROVAL BY THE MEMBERS
	FORM 990, PART VI, SECTION B, LINE 11	FORM 990 IS PROVIDED TO THE BOARD MEMBERS AND REVIEWED AT THE JUNE MEETING
	FORM 990, PART VI, SECTION B, LINE 12C	THIS PROCESS IS THE RESPONSIBILITY OF ORGANIZATIONAL INTEGRITY OFFICER A FORM IS USUALLY SUBMITTED TO ALL BOARD MEMBERS, BOARD COMMITTEE MEMBERS, AND CERTAIN EMPLOYEES IN KEY POSITIONS ANNUALLY TO BE COMPLETED REMINDERS ARE USUALLY SENT TO MAKE CERTAIN ALL CONFLICT OF INTEREST FORMS ARE RETURNED
	FORM 990, PART VI, SECTION B, LINE 15	EVERY TWO TO THREE YEARS THE COMPENSATION COMMITTEE OF THE COVENANT HEALTH SYSTEMS' BOARD OF DIRECTORS ENGAGES AN EXTERNAL CONSULTANT TO PROVIDE COMPETITIVE MARKET DATA FROM VARIOUS SURVEY SOURCES, WHICH IS USED TO DEVELOP RECOMMENDATIONS FOR CHANGES TO THE COMPENSATION PROGRAM SINCE 2003, THE COMPENSATION COMMITTEE HAS ENGAGED MERCER HUMAN RESOURCES CONSULTING TO CONDUCT THIS ANALYSIS OBJECTIVES ARE TO ASSESS THE COMPOSITENESS OF THE CURRENT TOTAL CASH COMPENSATION LEVELS OF THE SENIOR LEADERSHIP TEAM, DEVELOP MARKET BASED COMPETITIVE SALARY RANGES FOR ALL EXECUTIVE POSITIONS AND ENSURE THAT THE ANNUAL INCENTIVE OPPORTUNITIES, IF THERE ARE ANY, ARE COMPETITIVE AND REASONABLE
	FORM 990, PART VI, SECTION C, LINE 18	FORM 990 IS AVAILABLE ON OUR WEBSITE
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION PROVIDES FORM 990, FORM 990-T AND FORM 1023 TO THE PUBLIC UPON REQUEST THE ORGANIZATION DOES NOT CURRENTLY PROVIDE ACCESS TO GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY OR FINANCIAL STATEMENTS
ALL OTHER FUNCTIONAL EXPENSES	FORM 990, PART IX, LINE 24E	EQUIPMENT RENTAL & MAINTENANCE PROGRAM SERVICE EXPENSES 2,349,537 MANAGEMENT AND GENERAL EXPENSES 1,389,610 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 3,739,147 GROSS RECEIPTS TAX PROGRAM SERVICE EXPENSES 3,103,648 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 3,103,648 DUES PROGRAM SERVICE EXPENSES 100,888 MANAGEMENT AND GENERAL EXPENSES 2,342,474 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 2,443,362 OUTSIDE WORK PROGRAM SERVICE EXPENSES 1,794,452 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 1,794,452 COMPUTER SERVICES PROGRAM SERVICE EXPENSES 247,072 MANAGEMENT AND GENERAL EXPENSES 892,784 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 1,139,856 RECRUITMENT PROGRAM SERVICE EXPENSES 975,047 MANAGEMENT AND GENERAL EXPENSES 115 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 975,162 ADMIN FEES PROGRAM SERVICE EXPENSES 484,125 MANAGEMENT AND GENERAL EXPENSES 468,083 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 952,208 ADVERTISING & MARKETING PROGRAM SERVICE EXPENSES 275 MANAGEMENT AND GENERAL EXPENSES 478,689 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 478,964 TELEPHONE PROGRAM SERVICE EXPENSES 362,073 MANAGEMENT AND GENERAL EXPENSES 537 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 362,610 PROFESSIONAL FEES PROGRAM SERVICE EXPENSES 303,176 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 303,176 CONSULTANTS PROGRAM SERVICE EXPENSES 117,065 MANAGEMENT AND GENERAL EXPENSES 114,766 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 231,831 POSTAGE & SHIPPING PROGRAM SERVICE EXPENSES 26,333 MANAGEMENT AND GENERAL EXPENSES 203,635 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 229,968 BANK CHARGES & FINANCE FEES PROGRAM SERVICE EXPENSES 0 MANAGEMENT AND GENERAL EXPENSES 224,324 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 224,324 LAUNDRY PROGRAM SERVICE EXPENSES 210,023 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 210,023 SUNDRY PROGRAM SERVICE EXPENSES 127,601 MANAGEMENT AND GENERAL EXPENSES 46,136 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 173,737 STAFFING AGENCIES PROGRAM SERVICE EXPENSES 149,509 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 149,509 PRINTING AND PUBLICATIONS PROGRAM SERVICE EXPENSES 59,833 MANAGEMENT AND GENERAL EXPENSES 76,448 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 136,281 MICROFILMING PROGRAM SERVICE EXPENSES 46,902 MANAGEMENT AND GENERAL EXPENSES 44,700 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 91,602 CERTIFICATION PROGRAM SERVICE EXPENSES 76,268 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 76,268 LICENSES PROGRAM SERVICE EXPENSES 16,555 MANAGEMENT AND GENERAL EXPENSES 1,878 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 18,433 PROFICIENCY TESTS PROGRAM SERVICE EXPENSES 17,477 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 17,477 UBI TAXES PAID OR ACCRUED PROGRAM SERVICE EXPENSES -9,895 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES -9,895
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	NET TRANSFERS -10,807,476
AUDIT COMMITTEE	FORM 990 PART XI, LINE 2C	THE AUDIT COMMITTEE OF COVENANT HEALTH SYSTEM ASSUMES RESPONSIBILITY FOR OVERSIGHT OF THE AUDIT AND SELECTION OF THE INDEPENDENT AUDITOR

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
ST MARY'S REGIONAL MEDICAL CENTER

Employer identification number
01-0211551

Part I

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

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

Part II

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) ST MARY'S HEALTH SYSTEM PO BOX 7291 CAMPUS AVENUE LEWISTON, ME 04240 22-2504349	PARENT COMPANY	ME	501(C)(3)	509(A)(3)	COVENANT HEALTH SYSTEMS		No
(2) COMMUNITY CLINICAL SERVICES PO BOX 7291 CAMPUS AVENUE LEWISTON, ME 04240 01-0409788	PHYSICIAN PRACTICE	ME	501(C)(3)	509(A)(2)	ST MARY'S HEALTH SYSTEM		No
(3) ST MARY D'YOUVILLE PAVILION 102 CAMPUS AVE LEWISTON, ME 04240 01-0211558	NURSING HOME	ME	501(C)(3)	509(A)(2)	ST MARY'S HEALTH SYSTEM		No
(4) ST MARY'S RESIDENCES PO BOX 7291 CAMPUS AVENUE LEWISTON, ME 04240 22-2504356	LOW INCOME HOUSING	ME	501(C)(3)	509(A)(2)	ST MARY'S HEALTH SYSTEM		No
(5) NEIGHBORHOOD HOUSING INITIATIVE PO BOX 7291 CAMPUS AVENUE LEWISTON, ME 04240 01-0539730	AFFORDABLE HOUSING	ME	501(C)(3)	509(A)(1)	ST MARY'S HEALTH SYSTEM		No
(6) COVENANT HEALTH SYSTEMS 100 AMES POND DRIVE TEWKSBURY, MA 01876 22-2484505	HEALTHCARE MANAGEMENT AND RESOURCE ADMINISTRATION	MA	501(C)(3)	509(A)(2)			No

Part III

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

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

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end- of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) CAMPUS HOLDING PO BOX 7291 CAMPUS AVENUE LEWISTON, ME 04240 01-0406049	HOLDING COMPANY	ME	ST MARY'S HEALTH SYSTEM	C					No

Part V

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

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

1

During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a

Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

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

Dividends from related organization(s)

g

Sale of assets to related organization(s)

h

Purchase of assets from related organization(s)

i

Exchange of assets with related organization(s)

j

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

k

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

l

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

m

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

n

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

o

Sharing of paid employees with related organization(s)

p

Reimbursement paid to related organization(s) for expenses

q

Reimbursement paid by related organization(s) for expenses

r

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

s

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

Yes

No

1a

Yes

1b

No

1c

No

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

Yes

1k

Yes

1l

Yes

1m

Yes

1n

No

1o

Yes

1p

No

1q

Yes

1r

Yes

1s

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-s)	(c) Amount involved	(d) Method of determining amount involved
See Additional Data Table			

Schedule R (Form 990) 2012

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

[illegible]

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation
------------	------------------	-------------

Software ID:

Software Version:

EIN: 01-0211551

Name: ST MARY'S REGIONAL MEDICAL CENTER

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	(g) Section 512 (b)(13) controlled organization
(1) ST MARY'S HEALTH SYSTEM PO BOX 7291 CAMPUS AVENUE LEWISTON, ME 04240 22-2504349	PARENT COMPANY	ME	501(C)(3)	509(A)(3)	COVENANT HEALTH SYSTEMS	No
(2) COMMUNITY CLINICAL SERVICES PO BOX 7291 CAMPUS AVENUE LEWISTON, ME 04240 01-0409788	PHYSICIAN PRACTICE	ME	501(C)(3)	509(A)(2)	ST MARY'S HEALTH SYSTEM	No
(3) ST MARY D'YOUVILLE PAVILION 102 CAMPUS AVE LEWISTON, ME 04240 01-0211558	NURSING HOME	ME	501(C)(3)	509(A)(2)	ST MARY'S HEALTH SYSTEM	No
(4) ST MARY'S RESIDENCES PO BOX 7291 CAMPUS AVENUE LEWISTON, ME 04240 22-2504356	LOW INCOME HOUSING	ME	501(C)(3)	509(A)(2)	ST MARY'S HEALTH SYSTEM	No
(5) NEIGHBORHOOD HOUSING INITIATIVE PO BOX 7291 CAMPUS AVENUE LEWISTON, ME 04240 01-0539730	AFFORDABLE HOUSING	ME	501(C)(3)	509(A)(1)	ST MARY'S HEALTH SYSTEM	No
(6) COVENANT HEALTH SYSTEMS 100 AMES POND DRIVE TEWKSBURY, MA 01876 22-2484505	HEALTHCARE MANAGEMENT AND RESOURCE ADMINISTRATION	MA	501(C)(3)	509(A)(2)		No

--> **Form 990, Schedule R, Part V - Transactions With Related Organizations**

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
ST MARY'S D'YOUVILLE PAVILION	L	165,169	FAIR MARKET VALUE
ST MARY'S D'YOUVILLE PAVILION	M	4,238,327	ACTUAL EXPENSE
ST MARY'S D'YOUVILLE PAVILION	O	894,612	ACTUAL EXPENSE
COMMUNITY CLINICAL SERVICES	J	482,568	FAIR MARKET VALUE
COMMUNITY CLINICAL SERVICES	M	576,118	ACTUAL EXPENSE
COMMUNITY CLINICAL SERVICES	O	1,004,388	ACTUAL EXPENSE
ST MARY'S HEALTH SYSTEM	Q	1,591,691	ACTUAL EXPENSE
ST MARY'S HEALTH SYSTEM	M	2,427,360	ACTUAL EXPENSE
ST MARY'S HEALTH SYSTEM	O	136,481	ACTUAL EXPENSE
ST MARY'S HEALTH SYSTEM	R	145,655	ACTUAL EXPENSE
ST MARY'S HEALTH SYSTEM	K	422,882	FAIR MARKET VALUE
COVENANT HEALTH SYSTEMS	L	2,329,321	ACTUAL EXPENSE
ST MARY'S RESIDENCES	K	81,364	FAIR MARKET VALUE
ST MARY'S RESIDENCES	O	366,120	ACTUAL EXPENSE
ST MARY'S RESIDENCES	Q	122,635	ACTUAL EXPENSE

**Covenant Health Systems, Inc.
and Subsidiaries**

**Audited Consolidated Financial Statements
and Additional Information**

*Years Ended December 31, 2012 and 2011
With Independent Auditors' Report*

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

Audited Consolidated Financial Statements and Additional Information

Years Ended December 31, 2012 and 2011

CONTENTS

Independent Auditors' Report	1
Audited Consolidated Financial Statements:	
Consolidated Balance Sheets	3
Consolidated Statements of Operations	5
Consolidated Statements of Changes in Net Assets	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8
Additional Information:	
Independent Auditors' Report on Other Financial Information December 31, 2012:	33
Covenant Health Systems, Inc.:	
Consolidating Balance Sheets	34
Consolidating Statements of Operations	38
St. Joseph Hospital of Nashua, NH:	
Consolidating Balance Sheets	40
Consolidating Statements of Operations	42
St. Joseph Hospital Corporate Services, Inc.:	
Consolidating Balance Sheets	43
Consolidating Statements of Operations	45
Mary Immaculate Health Care Services, Inc.:	
Consolidating Balance Sheets	46
Consolidating Statements of Operations	48
St. Joseph Healthcare Foundation:	
Consolidating Balance Sheets	49
Consolidating Statements of Operations	51
St. Mary's Health System:	
Consolidating Balance Sheets	52
Consolidating Statements of Operations	54

BAKER NEWMAN NOYES

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Covenant Health Systems, Inc.

We have audited the accompanying consolidated financial statements of Covenant Health System, Inc. and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Covenant Health Systems Insurance, Ltd., Souhegan Home and Hospice Care, Inc., St. Mary's Villa Nursing Home, Inc., and Mary Immaculate Residential Community, Inc. I – III, wholly-owned subsidiaries, which statements reflect total assets constituting 10% of consolidated total assets at December 31, 2012 and 2011, and total revenues constituting 5% of consolidated total revenues for the years then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the report of other auditors. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The Board of Directors
Covenant Health Systems, Inc.

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

Opinion

In our opinion, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Covenant Health Systems, Inc. and Subsidiaries as of December 31, 2012 and 2011, and the results of their operations, changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Paul J. McNamee".

Boston, Massachusetts
April 25, 2013

Limited Liability Company

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2012 and 2011
(In thousands)

ASSETS

	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and cash equivalents	\$ 52,792	\$ 42,115
Accounts receivable, net of allowance for doubtful accounts of \$30,683 in 2012 and \$30,836 in 2011 (note 6)	47,170	51,947
Investments (note 4)	65,618	99,139
Inventories	4,251	3,744
Prepaid expenses and other current assets	16,315	21,912
Estimated third-party payor settlements (note 3)	23,334	432
Current portion of assets whose use is limited or restricted (note 4)	<u>4,532</u>	<u>3,845</u>
Total current assets	214,012	223,134
Assets whose use is limited or restricted, less current portion (note 4):		
Funds held by trustees, less current portion (note 6)	45,641	17,955
Deferred compensation	10,819	10,107
Board-designated funds and other long-term investments	203,781	149,245
Replacement reserve	5,099	4,410
Donor-restricted funds	<u>15,659</u>	<u>15,778</u>
Total assets whose use is limited or restricted, less current portion	280,999	197,495
Other assets:		
Other assets	6,526	10,221
Estimated third-party payor settlements (note 3)	—	23,510
Investments in joint ventures (note 10)	<u>9,701</u>	<u>8,294</u>
Total other assets	16,227	42,025
Property, plant and equipment (note 6):		
Land and improvements	20,747	20,696
Buildings and improvements	349,377	345,090
Equipment	182,650	182,994
Construction in progress	<u>6,107</u>	<u>5,225</u>
	558,881	554,005
Less accumulated depreciation	<u>(316,504)</u>	<u>(304,878)</u>
Total property, plant and equipment	<u>242,377</u>	<u>249,127</u>
Total assets	\$ <u>753,615</u>	\$ <u>711,781</u>

LIABILITIES AND NET ASSETS

	<u>2012</u>	<u>2011</u>
Current liabilities:		
Line of credit (note 6)	\$ —	\$ 1,039
Accounts payable	10,956	8,581
Accrued expenses and other liabilities	53,829	54,293
Estimated third-party payor settlements (note 3)	9,044	11,222
Current portion of long-term debt and capital leases (note 6)	<u>8,654</u>	<u>8,178</u>
Total current liabilities	82,483	83,313
Long-term debt and capital leases, less current portion (note 6)	222,141	197,073
Other liabilities	19,481	21,861
Long-term pension obligation (note 7)	15,036	16,463
Professional liability loss reserves (note 2)	<u>20,588</u>	<u>33,129</u>
Total liabilities	359,729	351,839
Net assets:		
Unrestricted	372,189	339,448
Temporarily restricted (note 8)	15,705	13,354
Permanently restricted (note 8)	<u>5,992</u>	<u>7,140</u>
Total net assets	393,886	359,942
Total liabilities and net assets	<u>\$ 753,615</u>	<u>\$ 711,781</u>

See accompanying notes.

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended December 31, 2012 and 2011
(In thousands)

	<u>2012</u>	<u>2011</u>
Operating revenue:		
Patient service revenue, net of contractual allowances and discounts	\$577,333	\$587,724
Less provision for bad debt	<u>(24,106)</u>	<u>(28,315)</u>
Patient service revenue, net (note 3)	553,227	559,409
Other revenue	26,315	23,869
Net assets released from restrictions for operations	<u>1,113</u>	<u>1,473</u>
Total operating revenue	580,655	584,751
Operating expenses (note 5):		
Salaries and wages	284,979	277,873
Employee benefits (notes 2 and 7)	63,659	60,956
Supplies and other (note 9)	179,539	176,406
Interest	10,003	10,263
Provider tax (note 3)	17,227	17,477
Depreciation and amortization	<u>25,229</u>	<u>24,744</u>
Total operating expenses	580,636	567,719
Income from operations	19	17,032
Nonoperating gains, net (notes 4, 6 and 13)	<u>32,102</u>	<u>10,078</u>
Excess of revenue over expenses before discontinued operations and loss on refinancing of debt	32,121	27,110
Loss on refinancing of debt (note 6)	(1,763)	-
Discontinued operations (note 12)	<u>(73)</u>	<u>(1,994)</u>
Excess of revenue over expenses	\$ <u>30,285</u>	\$ <u>25,116</u>

See accompanying notes.

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Years Ended December 31, 2012 and 2011
(In thousands)

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Permanently Restricted Net Assets</u>	<u>Total Net Assets</u>
Balances at January 1, 2011	\$324,114	\$ 14,137	\$ 7,318	\$345,569
Excess of revenue over expenses	25,116	—	—	25,116
Net change in unrealized gains on investments (note 4)	—	1	—	1
Restricted contributions and investment income	—	1,140	5	1,145
Net assets released from restrictions	451	(1,924)	—	(1,473)
Adjustment to long-term pension liability (note 7)	(10,233)	—	—	(10,233)
Change in fair value of beneficial interest in perpetual trusts	<u>—</u>	<u>—</u>	<u>(183)</u>	<u>(183)</u>
	<u>15,334</u>	<u>(783)</u>	<u>(178)</u>	<u>14,373</u>
Balance at December 31, 2011	339,448	13,354	7,140	359,942
Excess of revenue over expenses	30,285	—	—	30,285
Net change in unrealized gains on investments (note 4)	—	100	—	100
Restricted contributions and investment income	—	2,735	1	2,736
Net assets released from restrictions	601	(1,834)	—	(1,233)
Adjustment to long-term pension liability (note 7)	1,855	—	—	1,855
Reclassification	—	1,350	(1,350)	—
Change in fair value of beneficial interest in perpetual trusts	<u>—</u>	<u>—</u>	<u>201</u>	<u>201</u>
	<u>32,741</u>	<u>2,351</u>	<u>(1,148)</u>	<u>33,944</u>
Balance at December 31, 2012	<u>\$372,189</u>	<u>\$ 15,705</u>	<u>\$ 5,992</u>	<u>\$393,886</u>

See accompanying notes.

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

December 31, 2012 and 2011
(In thousands)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ 33,944	\$ 14,373
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Net realized and change in unrealized appreciation on investments	(19,540)	4,325
Net gain from joint ventures	(1,407)	(1,161)
Restricted contributions and investment income	(2,736)	(1,145)
Depreciation and amortization	25,502	25,282
Provision for bad debts	24,106	28,315
Loss on refinancing of debt	1,763	-
Adjustment to long-term pension liability	(1,855)	10,233
Loss (gain) on sale of property, plant and equipment	176	(237)
Changes in operating assets and liabilities:		
Accounts receivable	(19,329)	(29,275)
Inventories, prepaid expenses and other current assets	5,090	(8,925)
Other assets	4,075	(5,736)
Accounts payable, accrued expenses and other liabilities	(41)	(7,859)
Estimated third-party payor settlements, net	(1,570)	4,515
Professional liability loss reserves	<u>(12,541)</u>	<u>10,829</u>
Net cash provided by operating activities	35,637	43,534
Cash flows from investing activities:		
Purchases of investments and assets whose use is limited or restricted	(129,284)	(141,781)
Sales of investments and assets whose use is limited or restricted	98,154	130,712
Proceeds from sale of property, plant and equipment	504	1,167
Purchases of property, plant and equipment	<u>(19,352)</u>	<u>(28,994)</u>
Net cash used by investing activities	(49,978)	(38,896)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	73,916	1,470
Payments on long-term debt	(8,228)	(7,975)
Payments on line of credit	(1,039)	(111)
Amounts paid to refinance debt	(42,027)	-
Bond premium	899	-
Bond issuance costs	(1,239)	-
Restricted contributions and investment income	<u>2,736</u>	<u>1,145</u>
Net cash provided (used) by financing activities	<u>25,018</u>	<u>(5,471)</u>
Increase (decrease) in cash and cash equivalents	10,677	(833)
Cash and cash equivalents, beginning of year	<u>42,115</u>	<u>42,948</u>
Cash and cash equivalents, end of year	\$ <u>52,792</u>	\$ <u>42,115</u>
Supplemental disclosure:		
Cash paid for interest (including capitalized interest of \$674 and \$494 in 2012 and 2011, respectively)	\$ <u>10,746</u>	\$ <u>10,887</u>

See accompanying notes.

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011
(In thousands)

1. Organization

Covenant Health Systems, Inc. (Covenant) is organized to coordinate the corporate, administrative, clinical and service strengths and potentials of its member organizations. Covenant functions as the parent company to its member organizations which include St. Joseph Hospital of Nashua NH (Nashua), St. Mary's Health System, St. Joseph Healthcare Foundation and Subsidiaries (Bangor), Youville Lifecare, Inc., Youville House, St. Andre Health Care Facility, Mary Immaculate Health Care Services, Inc., Fanny Allen Corporation, Fanny Allen Holdings, St. Joseph Manor Health Care, Inc., CHS of Waltham, Inc. d/b/a Maristhill (Maristhill), CHS of Worcester, Inc. d/b/a St. Mary Health Care Center, St. Mary's Villa Nursing Home, Inc., Covenant Health Systems Insurance Ltd. (CHSIL), Providentia Prima Trust (Providentia Prima), Youville Place and Helping Hands of St. Marguerite. All member organizations are providers of health care services except CHSIL, which is licensed to write professional and general liability insurance for the other member organizations; Fanny Allen Corporation and Fanny Allen Holdings, foundations; and Providentia Prima, which is a unitized investment trust. Covenant and its member organizations, and their various related entities are collectively referred to herein as the "System." The System provides acute, long-term and other health care services to patients and residents in New England and Pennsylvania.

In 2011, St. Joseph Hospital of Nashua, New Hampshire discontinued operations of three of its divisions. In 2012, Helping Hands of St. Marguerite was discontinued.

2. Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates are made in the areas of accounts receivable, estimated third-party payor settlements, professional liability loss reserves and self-insurance reserves (included in accrued expenses and other liabilities).

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011
(In thousands)

2. Significant Accounting Policies (Continued)

Concentration of Credit Risk

Financial instruments which subject the System to credit risk consist of cash and cash equivalents, accounts receivable, investments and estimated third-party payor settlements. At December 31, 2012 and 2011, the System had cash balances in several financial institutions that exceeded federal depository insurance limits; however, management believes the credit risk related to these financial instruments is minimal. The risk with respect to cash equivalents is minimized by the System's policy of investing in financial instruments with short-term maturities issued by highly rated financial institutions. Estimated third-party payor settlements are primarily comprised of amounts due from state and federal agencies as well as commercial insurers. The System does not expect any credit losses from net recorded amounts. Net accounts receivable represent net receivables from patients and third-party payors for services provided by the System. Patient accounts receivable from the Medicare and Medicaid programs comprise approximately 44% and 45% of receivables at December 31, 2012 and 2011, respectively. The System's investments consist of diversified investments and, while subject to market risk, are not subject to concentrations in any sectors. Revenues from the Medicare and Medicaid programs accounted for approximately 55% and 53% of the System's gross patient service revenues for the years ended December 31, 2012 and 2011, respectively, and revenues with Anthem accounted for approximately 15% of gross patient service revenues for 2012 and 2011.

Income Taxes

Covenant and its member organizations are considered not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code, except as noted below.

St. Joseph Hospital Corporate Services, Inc., a wholly-owned subsidiary of Nashua, is a for-profit organization, which is subject to federal and state income taxes.

CHSIL, a wholly-owned subsidiary, is subject to taxation in the Cayman Islands. No income taxes are levied in the Cayman Islands and CHSIL has been granted an exemption for any taxes that might be introduced. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Tax-exempt organizations could be required to record an obligation for income taxes as the result of a tax position they have historically taken on various tax exposure items including unrelated business income or tax status. The System has evaluated the positions taken on its filed tax returns. The System has concluded no uncertain income tax positions exist at December 31, 2012.

Principles of Consolidation

The consolidated financial statements of the System include the accounts of Covenant and its member organizations. Significant intercompany accounts and transactions have been eliminated in consolidation.

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011
(In thousands)

2. Significant Accounting Policies (Continued)

Temporarily and Permanently Restricted Net Assets

Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as either net assets released from restrictions for operations (for noncapital-related items) or net assets released from restrictions for property, plant and equipment (for capital-related items). Permanently restricted net assets have been restricted by donors to be maintained by the System in perpetuity.

Statement of Operations

Transactions deemed by management to be ongoing, major or central to the provision of the services offered by the System are reported as operating revenue and operating expenses. Other transactions, which primarily include certain types of investment income and unrestricted contributions, are reported as nonoperating gains.

Management has determined that the net result of the CHSIL insurance operations should be reported in the consolidated nonoperating portion of the income statement and the actuarially determined premium paid by the insured (member organization) should remain as an operating expense. The operating results of Providentia Prima are the net result of investment operations and are reported in the consolidated nonoperating portion of the income statement. The operations of Fanny Allen Corporation and Fanny Allen Holdings are that of a foundation and have been included in nonoperating gains on the consolidated statement of operations.

Excess of Revenue over Expenses

The consolidated statements of operations include excess of revenue over expenses. Changes in unrestricted net assets which are excluded from excess of revenue over expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which, by donor restriction, were to be used for the purpose of acquiring such assets) and pension liability adjustments other than net periodic pension cost.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors due to future audits, reviews and investigations. Retroactive adjustments are accrued in the period the related services are rendered and adjusted in future periods as final settlements are determined. Changes in estimated settlements from third-party payors and other changes from prior years resulted in a net increase of \$3,645 and \$3,600 to net patient service revenue for the years ended December 31, 2012 and 2011, respectively.

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011
(In thousands)

2. Significant Accounting Policies (Continued)

Charity Care

The System has a formal charity care policy under which patient care is provided to patients who meet certain criteria without charge or at amounts less than its established rates. The System does not pursue collection of amounts determined to qualify as charity care, therefore, they are not reported as revenue.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid instruments which have a maturity of three months or less when purchased.

Beneficial Interest in Perpetual Trust

The System is the beneficiary of several trust funds administered by trustees or other third parties. Trusts, wherein the System has an irrevocable right to receive the income earned on the trust assets in perpetuity, are recorded as permanently restricted net assets at the fair value of the trust at the date of receipt and are included in donor-restricted funds in the consolidated balance sheet. Income distributions from the trusts are reported as investment income that increase unrestricted net assets, unless restricted by the donor. Annual changes in market value of the trusts are recorded as increases or decreases to permanently restricted net assets.

Accounts Receivable

The allowance for doubtful accounts is provided based on an analysis by management of the collectibility of outstanding balances. Management considers the age of outstanding balances and past collection efforts in determining the reserve for doubtful accounts. Accounts deemed uncollectible are charged off against the established reserve.

Inventories

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

Property, Plant and Equipment

Property, plant and equipment is stated at cost, or if donated, at fair market value at time of donation, less accumulated depreciation. The System's policy is to capitalize expenditures for major improvements and charge maintenance and repairs currently for expenditures which do not extend the lives of the related assets. The provision for depreciation is determined by the straight-line method at rates intended to amortize the cost of related assets over their estimated useful lives.

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011
(In thousands)

2. Significant Accounting Policies (Continued)

The System reviews its long-lived assets when events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. Upon determination that an impairment has occurred, these assets are reduced to fair value. No such impairment losses have been recognized to date. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less the cost to dispose.

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

Depreciation expense for the years ended December 31, 2012 and 2011 was \$25,422 and \$25,305, respectively.

Conditional Asset Retirement Obligations

The System recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which the obligation is incurred, in accordance with the Accounting Standards (the Standards) for *Accounting for Asset Retirement Obligations* (ASC 410-20). When the liability is initially recorded, the cost of the asset retirement obligation is capitalized by increasing the carrying amount of the related long lived asset. The liability is accreted to its present value each period, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the statement of operations.

As of December 31, 2012 and 2011, \$7,640 and \$7,695, respectively, of conditional asset retirement obligations are included within other liabilities on the consolidated balance sheet.

Deferred Financing Costs/Original Issue Discount

Deferred financing costs and the original issue discount and premium related to the System's bonds payable are being amortized by the effective interest method over the repayment period of the bonds. The original issue discount or premium is presented as a reduction or increase, respectively, of the face amount of bonds payable.

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011
(In thousands)

2. Significant Accounting Policies (Continued)

Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted include certain assets set aside by the Board of Directors to provide for the future replacement of property, plant and equipment. These assets are reported as Board-designated funds and other long-term investments. Also, under certain debt agreements, the System is required to maintain assets which have been segregated as externally designated trustee funds. Donor-restricted and other long-term investments include amounts donated for endowments, other special purpose funds and certain internal designations by members of the System.

Investments and Investment Income

Investments in equity securities with readily determinable market values and all investments in debt securities are recorded at fair market value. At December 31, 2012 and 2011, the System held interests in certain funds and common trusts, which are also referred to as alternative investments. Interests in the alternative investments are generally recorded at fair market value based on the System's ownership share and rights of the investments.

The valuation of the alternative investments is estimated by management based on fair values provided by external investment managers. Covenant reviews and evaluates the valuations provided by the investment managers and believes that these valuations are a reasonable estimate of fair value at December 31, 2012 and 2011, but are subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed and such differences could be material. The amount of gain or loss associated with these investments is reflected in the accompanying financial statements based on information provided by the management of the fund.

Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the excess of revenue over expenses unless the income or loss is restricted by donor or law. Realized gains or losses on the sale of investment securities are determined by the specific identification method.

Investment income earned on unrestricted investments is reported as nonoperating gains. Investment income on restricted investments is reported as nonoperating gains unless specifically restricted by the donor or state law, in which case it is reported as an increase in temporarily or permanently restricted net assets.

Donor-Restricted Gifts

Unconditional promises to give that are expected to be collected within one year are recorded at estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value at the date the promise is received based on the present value of their estimated future cash flows. The discount on those amounts is computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue.

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011
(In thousands)

2. Significant Accounting Policies (Continued)

Conditional promises to give and indications of intentions to give are not recognized until the related conditions have been met. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of operations as net assets released from restrictions.

Professional Liability Loss Contingencies

CHSIL is a wholly-owned captive insurance company incorporated and based in the Cayman Islands for the purpose of providing professional and general liability insurance. The System insures its professional risks on a claims made basis and general liability risks on an occurrence basis through CHSIL.

Estimated liability costs, as calculated by the System's consulting actuaries, consist of specific reserves to cover the estimated liability resulting from medical or general liability incidents or potential claims which have been reported, as well as a provision for claims incurred but not reported. Estimated malpractice liabilities include estimates of future trends in loss severity and frequency and other factors that could vary as the claims are ultimately settled. Although it is not possible to measure the degree of variability inherent in such estimates, management believes the reserves for claims are adequate. These estimates are periodically reviewed, and necessary adjustments are reflected in the consolidated statement of operations in the year the need for such adjustments becomes known. Management is unaware of any claims that would cause the final expense for medical malpractice risks to vary materially from the amounts provided.

In accordance with Accounting Standards Update (ASU) No. 2010-24, *Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries* (ASU 2010-24), the System recorded a liability of \$1,746 and \$6,094 related to estimated professional liability losses at December 31, 2012 and 2011, respectively. The System also recorded a receivable of \$1,746 and \$6,094 related to estimated recoveries under insurance coverage for recoveries of the potential losses at December 31, 2012 and 2011, respectively.

The System estimates that the expected claims liabilities at December 31, 2012 and 2011 are \$20,588 and \$33,129, respectively. The System maintains malpractice insurance coverage on a claims made basis. At December 31, 2012, there were no known malpractice claims outstanding which, in the opinion of management, will be settled for amounts in excess of insurance coverage, nor were there any unasserted claims or incidents which require loss accrual. The System intends to renew coverage on a claims made basis and anticipates that such coverage will be available.

Self-Insurance Reserves

Certain members of the System are self-insured for workers' compensation and employee healthcare benefits. These costs are accounted for on an accrual basis to include estimates of future payments on claims incurred.

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011
(In thousands)

2. Significant Accounting Policies (Continued)

Retirement Plans

The System's members sponsor several defined contribution retirement plans which cover substantially all employees who have met certain eligibility requirements of the respective plans. Contributions to the defined contribution plans are discretionary and are based upon certain percentages of eligible income. Expenses related to the defined contribution plans were \$3,365 and \$3,085 for 2012 and 2011, respectively. In addition, Nashua and Bangor have defined benefit pension plans. See Note 7 for further information on the defined benefit plans. The System maintains a supplemental executive retirement plan (SERP) for certain executives. Expenses related to the SERP were approximately \$402 and \$390 for the years ended December 31, 2012 and 2011, respectively.

Deferred Compensation

The System has recorded its obligations under deferred compensation agreements with certain physicians and employees of \$10,694 and \$10,557 at December 31, 2012 and 2011, respectively, at the net present value of benefits earned.

Fair Value of Financial Instruments

The carrying amounts of the System's financial instruments as reported in the accompanying consolidated balance sheets, other than long-term debt, approximate fair value.

New Accounting Standards

In 2012, the System adopted the provisions of Accounting Standards Updates (ASU) 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. ASU 2011-07 requires health care entities to change the presentation of the statement of operations by reclassifying the provision for doubtful accounts from an operating expense to a deduction from patient service revenues.

Subsequent Events

Events occurring after the balance sheet date are evaluated by management to determine whether such events should be recognized or disclosed in the financial statements. Management has evaluated subsequent events through April 25, 2013 which is the date the financial statements were available to be issued.

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011

(In thousands)

3. Net Patient Service Revenue

The System maintains contracts with Medicare and several State agencies (Medicaid). The System is paid a prospectively determined fixed price for each inpatient and outpatient service depending on the type of illness and the patient's applicable diagnostic classification. The System also receives some minor level of payments from Medicare and Medicaid for services which are settled upon filing and audit of its annual cost reports.

The System has also entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment to the System under these agreements includes discounts from established charges and per diem daily rates.

The System recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. On the basis of historical experience, a significant portion of the System's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the System records a significant provision for bad debts related to uninsured patients in the period the services are provided.

Revenues from third-party payors and the uninsured are summarized as follows at December 31:

	<u>2012</u>	<u>2011</u>
Medicare	\$220,420	\$227,258
Medicaid	110,508	101,103
Commercial	198,993	208,337
Patients	<u>47,412</u>	<u>51,026</u>
	577,333	587,724
Provision for bad debt	<u>(24,106)</u>	<u>(28,315)</u>
	<u>\$553,227</u>	<u>\$559,409</u>

Net patient service revenue consists of the following for the years ended December 31:

	<u>2012</u>	<u>2011</u>
Gross patient service revenue	\$1,188,799	\$1,171,232
Contractual adjustments	(585,768)	(562,435)
Charity care	<u>(25,698)</u>	<u>(21,073)</u>
	<u>\$ 577,333</u>	<u>\$ 587,724</u>

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011
(In thousands)

3. Net Patient Service Revenue (Continued)

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectibility of accounts receivable, the System analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the System analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the System records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The System's allowance for doubtful accounts for self-pay patients increased from 37% of accounts receivable at December 31, 2011 to 39% of accounts receivable at December 31, 2012. The System's provision for bad debt decreased from \$28,315 in 2011 to \$24,106 in 2012. The increase/decrease in the allowance as a percentage of self-pay accounts receivable and provision for bad debt was a result of collection trends.

The consolidated balance sheet includes amounts due from the State of Maine under the MaineCare program. The amounts recorded from the State have been determined based upon applicable regulations and the System expects that these amounts will ultimately be paid in full. Due to the complex nature of such regulations, there is at least a reasonable possibility that recorded estimates will change by a material amount.

Under the State of New Hampshire's tax code, the State imposes a Medicaid Enhancement Tax (MET) equal to 5.5% of net patient service revenues, with certain exclusions. Through June 30, 2010, the MET was offset by disproportionate share payments of identical amounts. In the fall of 2010, in order to remain in compliance with stated federal regulations, the State of New Hampshire adopted a new approach related to Medicaid disproportionate share funding retroactive to July 1, 2010. In 2012, no disproportionate share payments were received. In 2011, disproportionate share payments totalled \$2,816. The amount of tax incurred by Nashua for fiscal 2012 and 2011 was \$8,078 and \$8,998, respectively.

The State of Maine also assesses a provider tax similar to New Hampshire, with disproportionate share funding partially offsetting the tax.

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011
(In thousands)

3. Net Patient Service Revenue (Continued)

The estimated third-party payor settlements reflected on the balance sheet represent the estimated net amounts to be received or paid under reimbursement contracts with the Centers for Medicare and Medicaid Services (CMS), Medicaid and any commercial payors with settlement provisions. Settlements have been issued through 2004 for Medicare and Medicaid. Anthem settlements are final through 2011.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The System believes that it is substantially in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing specific to the System. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid programs. Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in net patient service revenue in the year that such amounts become known.

Community Benefits

The System does not pursue collection of amounts determined to qualify as charity care; therefore, they are not reported as revenue. The System determines the costs associated with providing charity care by calculating a ratio of cost to gross charges, and then multiplying that ratio by the gross uncompensated charges associated with providing care to patients eligible for free care. Under this methodology, the estimated costs of caring for charity care patients for the years ended December 31, 2012 and 2011 were \$11,072 and \$9,117, respectively.

As part of the System's charitable mission, its member organizations also provide services which primarily benefit the medically under-served in their communities. The System prepares an annual report utilizing the methodology contained in the Catholic Health Association's Guide to Planning and Reporting Community Benefit. The net unsponsored costs of charity care including clinics, unreimbursed Medicaid cost, outreach programs and community health education programs provided by the System for the years ended December 31, 2012 and 2011 were \$38,402 and \$36,273, respectively. Additionally, the System calculates the amount of costs not reimbursed by the Federal Medicare program. Those unreimbursed costs were \$44,727 in 2012 and \$46,764 in 2011.

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011
(In thousands)

4. Investments

Investments, which are reported at fair value, consist of the following at December 31:

	<u>2012</u>	<u>2011</u>
Investments	\$ 65,618	\$ 99,139
Assets whose use is limited or restricted	<u>285,531</u>	<u>201,340</u>
Total investments	<u>\$351,149</u>	<u>\$300,479</u>

Fair Value Measurements

Financial assets carried at fair value are classified and disclosed in one of the following three categories:

Level 1 – Assets classified as Level 1 represent items that are traded in active exchange markets and for which valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities. Assets classified as Level 1 include cash and cash equivalents, marketable equity securities and mutual funds.

Level 2 – Valuations for assets traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities. Assets classified as Level 2 include U.S. Government securities, pooled-fixed income, corporate bonds, guaranteed investment contracts and cash surrender value of life insurance policies.

Level 3 – Valuations for assets that are derived from other valuation methodologies not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions in determining the fair value assigned to such assets. Assets classified as Level 3 include alternative investments and beneficial interests in perpetual trusts.

In determining the appropriate levels, the System performs a detailed analysis of the valuation methodology of the assets. At each reporting period, all assets for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011

(In thousands)

4. Investments (Continued)

The following presents the balances of assets measured at fair value on a recurring basis at December 31:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
2012:				
Cash and cash equivalents	\$ 55,653	\$ —	\$ —	\$ 55,653
U.S. Government securities	—	47,925	—	47,925
Pooled – fixed income	—	9,174	—	9,174
Corporate bonds	—	3,682	—	3,682
Guaranteed investment contracts	—	296	—	296
Marketable equity securities:				
Conglomerates	102	—	—	102
Consumer discretionary	6,978	—	—	6,978
Consumer staples	5,406	—	—	5,406
Energy	7,149	—	—	7,149
Financial services	10,526	—	—	10,526
Healthcare	8,316	—	—	8,316
Industrial	6,915	—	—	6,915
Technology	11,629	—	—	11,629
Materials	2,735	—	—	2,735
Telecommunications	1,827	—	—	1,827
Utilities	2,048	—	—	2,048
Exchange traded funds	1,143	—	—	1,143
Alternative investments	—	—	45,377	45,377
Mutual funds:				
Equity funds	102,350	—	—	102,350
Fixed income funds	3,035	—	—	3,035
International equity funds	5,792	—	—	5,792
Accrued interest and other	642	—	—	642
Beneficial interest in perpetual trusts	—	—	4,833	4,833
Cash surrender value of life insurance policies	—	7,616	—	7,616
	<u>\$232,246</u>	<u>\$68,693</u>	<u>\$50,210</u>	<u>\$351,149</u>
	<u>66%</u>	<u>20%</u>	<u>14%</u>	<u>100%</u>

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011

(In thousands)

4. Investments (Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
2011:				
Cash and cash equivalents	\$ 48,448	\$ —	\$ —	\$ 48,448
U.S. Government securities	—	33,440	—	33,440
Pooled – fixed income	—	1,943	—	1,943
Corporate bonds	—	8,239	—	8,239
Guaranteed investment contracts	—	54	—	54
Marketable equity securities:				
Consumer discretionary	6,845	—	—	6,845
Consumer staples	6,938	—	—	6,938
Energy	7,696	—	—	7,696
Financial services	8,836	—	—	8,836
Healthcare	8,568	—	—	8,568
Industrial	7,879	—	—	7,879
Technology	11,215	—	—	11,215
Materials	2,930	—	—	2,930
Pooled - equity	3,206	—	—	3,206
Telecommunications	1,712	—	—	1,712
UIT/Reits	558	—	—	558
Utilities	2,193	—	—	2,193
Alternative investments	—	—	40,630	40,630
Mutual funds:				
Equity funds	67,898	—	—	67,898
Fixed income funds	8,516	—	—	8,516
International equity funds	4,820	—	—	4,820
Accrued interest and other	6,456	—	—	6,456
Beneficial interest in perpetual trusts	—	—	4,427	4,427
Cash surrender value of life insurance policies	<u>—</u>	<u>7,032</u>	<u>—</u>	<u>7,032</u>
	<u>\$204,714</u>	<u>\$50,708</u>	<u>\$45,057</u>	<u>\$300,479</u>
	<u>68%</u>	<u>17%</u>	<u>15%</u>	<u>100%</u>

The change in fair value of Level 3 investments is due to the following:

	<u>Perpetual Trusts</u>	<u>Alternative Investments</u>
Balance at December 31, 2011	\$4,427	\$ 40,630
Purchases	—	6,670
Sales	—	(5,532)
Realized gains on investments	—	645
Unrealized gains on investments	<u>406</u>	<u>2,964</u>
Balance at December 31, 2012	<u>\$4,833</u>	<u>\$45,377</u>

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011
(In thousands)

4. Investments (Continued)

	<u>Perpetual Trusts</u>	<u>Alternative Investments</u>
Balance at December 31, 2010	\$4,659	\$ 39,173
Purchases	—	11,642
Sales	—	(9,016)
Realized gains on investments	—	34
Unrealized losses on investments	<u>(232)</u>	<u>(1,203)</u>
Balance at December 31, 2011	<u>\$4,427</u>	<u>\$ 40,630</u>

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. As such, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheets and statements of operations.

The principal components of total investment return for the years ended December 31 include:

	<u>2012</u>	<u>2011</u>
Investment income:		
Interest and dividends	\$ 6,064	\$ 2,975
Net realized gains on sales of securities	6,138	884
Net unrealized gains (loss) on investments	<u>13,402</u>	<u>(5,209)</u>
Gain (loss) on fair value of investments	<u>19,540</u>	<u>(4,325)</u>
Investment income and gains (losses)	<u>\$25,604</u>	<u>\$ (1,350)</u>

All unrestricted investment income and gains or (losses) including unrealized gains are included as part of nonoperating gains or discontinued operations in the statement of operations.

5. Functional Expenses

The System provides acute and long-term health care services. Expenses related to providing these services are as follows for the years ended December 31:

	<u>2012</u>	<u>2011</u>
Health care services	\$375,966	\$366,429
General and administrative	<u>204,670</u>	<u>201,290</u>
	<u>\$580,636</u>	<u>\$567,719</u>

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011

(In thousands)

6. Lines of Credit and Long-Term Debt

Six member organizations have available lines of credit totaling \$5,600, which had \$1,039 outstanding at December 31, 2011. There were no amounts outstanding at December 31, 2012.

The System has three letters of credit totaling \$90, \$1,125 and \$1,400 with banks at December 31, 2012. The letters relate to the System's workers' compensation self-insurance programs.

Long-Term Debt

Long-term debt at December 31 consists of the following:

	<u>2012</u>	<u>2011</u>
Tax-exempt revenue bonds issued through various state and local government agencies with interest rates ranging from 2.0% to 5.5% and with varying maturity dates through 2042. The bonds may generally be redeemed in whole or in part at a premium which is not to exceed 2% of the bonds redeemed. The bonds are generally collateralized by gross receipts and mortgages on substantially all existing and future property, plant and equipment	\$207,609	\$181,096
Mortgages and other notes payable and capital leases with interest rates ranging from 3.25% to 8.25% and with varying maturity dates through 2039	<u>20,999</u>	<u>23,337</u>
	228,608	204,433
Unamortized original issue premium	<u>2,187</u>	<u>818</u>
	230,795	205,251
Less current portion	<u>(8,654)</u>	<u>(8,178)</u>
	<u>\$222,141</u>	<u>\$197,073</u>

In February 2001, the System formed an Obligated Group for the purpose of issuing tax-exempt bonds.

On June 27, 2012, the Obligated Group obtained \$39,365 of debt through tax-exempt bonds issued through New Hampshire Health and Education Facilities Authority (NHHEFA) (\$12,365) and Massachusetts Health and Educational Facilities Authority (MHEFA) (\$27,000). Proceeds borrowed were used for defeasance of NHHEFA and MHEFA 2002 bonds and to finance capital acquisitions and improvements. The bonds bear interest at rates ranging from 3% to 5% and mature in varying annual amounts to 2042.

In 2012, St. Mary's Regional Medical Center (St. Mary's) and Bangor obtained \$19,270 and \$1,975, respectively, of debt through tax-exempt bonds issued through Maine Health and Higher Educational Facilities Authority (MHHEFA), the proceeds of which were used to refinance existing debt. The bonds are guaranteed by the Obligated Group. The bonds bear interest at 3.42% and mature in varying annual amounts to 2036. The Bangor tax-exempt bonds require the establishment of a debt service reserve fund in the amount of \$184 held by a trustee.

In connection with all refinancings, the System recognized a loss of \$1,763.

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011
(In thousands)

6. Lines of Credit and Long-Term Debt (Continued)

On October 31, 2012, Bangor obtained \$13,490 of debt through tax-exempt bonds issued through MHHEFA, the proceeds of which will be used to finance capital improvements. The bonds are guaranteed by the Obligated Group.

The 2012 tax-exempt bonds require the establishment of a construction fund to be held in trust. Proceeds held in the fund amounted to \$19,689 as of December 31, 2012. The amounts are included in the balance sheet as funds held by trustees. Related construction commitments at December 31, 2012 were approximately \$2 million. The Obligated Group is required to maintain a minimum debt service coverage ratio of at least 1.20 and a minimum number of days cash on hand of 30.

In May 2004, the Obligated Group, in connection with the NHHEFA, issued \$21,400 of tax-exempt fixed rate Revenue Bonds, Series 2004 (balance at December 31, 2012 and 2011, \$18,995 and \$19,445, respectively). Nashua received all of the proceeds of the issuance which were used to finance capital acquisitions and improvements. The bonds bear interest at rates ranging from 5% to 5.5% and mature in varying annual amounts to 2034. Under the terms of the loan agreement and the Obligated Group master indenture, the bonds are collateralized by a lien on the gross receipts of the Obligated Group. The Series 2004 bonds have similar covenants as the Series 2012 bonds.

The Series 2004 bonds require the establishment of a debt service reserve fund to be held in trust. Proceeds were used to establish the fund which amounted to approximately \$1,508 at December 31, 2012 and 2011. The amount is included in the balance sheet as funds held by trustees.

In October 2007, the Obligated Group issued \$78,510 in tax-exempt bonds. There were four series issued, collectively "the 2007 Series bonds." The MHEFA issued Series 2007A bonds in the amount of \$12,940 and Series 2007B bonds in the amount of \$11,890 (combined balance at December 31, 2012 and 2011, \$23,460 and \$23,735, respectively). The NHHEFA issued Series 2007A bonds in the amount of \$17,030 and Series 2007B bonds in the amount of \$36,650 (combined balance at December 31, 2012 and 2011, \$51,045 and \$51,515, respectively). The bonds bear interest at rates ranging from 4.5% to 5% and mature in varying annual amounts to 2037.

The proceeds from the issuance of the 2007 Series bonds provided for construction at Nashua of \$15,130, the acquisition of Youville Place (a Massachusetts's assisted living facility) for \$11,500, and the advanced refunding and defeasance of \$42,900 of the Series 2002 bonds. The Series 2007 bonds have similar covenants to the Series 2012 bonds.

The Series 2007 bonds require the establishment of a debt service reserve fund to be held in trust. Proceeds were used to establish the fund which amounted to approximately \$7,258 at December 31, 2012 and 2011. The amount is included in the balance sheet as funds held by trustees. The Obligated Group is required to maintain a minimum debt service ratio of at least 1.20 and a minimum number of days cash on hand of 30.

In June 2004, St. Mary's and St. Mary's d'Youville Pavilion (d'Youville Pavilion) issued through Maine Health and Higher Educational Facilities Authority (MHHEFA) \$16,055 and \$8,905, respectively, of Revenue Bonds, Series 2004A, for the purpose of refinancing the outstanding Series 1993D Revenue Bonds (balance at December 31, 2012 and 2011 for St. Mary's and d'Youville Pavilion is \$9,645 and \$10,624 and \$3,445 and \$4,100, respectively).

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011
(In thousands)

6. Lines of Credit and Long-Term Debt (Continued)

The Series 2004A bonds bear interest at rates ranging from 2.0% to 5.375% and mature in varying annual amounts to 2023. The Series 2004A bonds are collateralized by substantially all of the property, plant, equipment and improvements and accounts receivable of St. Mary's and d'Youville Pavilion. Monthly deposits of principal and interest are made into a debt service fund to meet semiannual debt service payments and to retire the bonds when due.

In October 2007, St. Mary's issued additional Revenue Bonds (Series 2007B) through MHHEFA in the amount of \$6,241 for purposes of funding capital expenditures (balance at December 31, 2012 and 2011, \$5,851 and \$5,986, respectively).

The 2007B bonds bear interest at rates ranging from 4.0% to 5.0% and mature in varying annual amounts to 2037. The bonds are collateralized by substantially all of the property, plant, equipment and improvements and accounts receivable of St. Mary's. Monthly deposits of principal and interest are made into a debt service fund to meet semiannual debt service payments and to retire the bonds when due.

In June 2010, St. Mary's issued additional revenue bonds (Series 2010B) through MHHEFA in the amount of \$7,222 (balance at December 31, 2012 and 2011, \$6,712 and \$6,972, respectively). The proceeds of the 2010B Bonds were used to refinance previously issued revenue bonds. The 2010B Bonds bear interest at varying rates with an average rate of 4.55% and mature in varying annual amounts to 2031. The bonds are collateralized by substantially all the assets of St. Mary's.

The Series 2004A, 2007B and 2010B Bonds also require that St. Mary's satisfy certain measures of financial performance (including a minimum debt service coverage ratio of 1.2 for each year) as long as the bonds are outstanding.

In accordance with the terms of the respective debt agreements, St. Mary's and d'Youville Pavilion are also required to maintain certain funds on deposit with a trustee. These funds are included as funds held by trustees in the accompanying balance sheets.

In 2009, St. Mary's issued additional revenue bonds through the Finance Authority of Maine in the amount of \$5,300 (balance at December 31, 2012 and 2011, \$4,464 and \$4,730, respectively) for the purpose of funding capital expenditures. The bonds mature in 2020, bear interest at a variable rate and are subject to an interest rate swap agreement.

St. Mary's Residences has a mortgage payable to Maine State Housing Authority of \$2,651 and \$2,707 with an interest rate of 7.5% at December 31, 2012 and 2011, respectively. The mortgage matures in July 2023 and is collateralized by real property.

St. Mary's Health System and Bangor have additional mortgages payable to various financial institutions of approximately \$6.5 million and \$8 million at December 31, 2012 and 2011, respectively.

Through its acquisition of Bangor, the System acquired a note payable to MHHEFA; Series 2010B – outstanding balance of \$10,250 and \$10,965 at December 31, 2012 and 2011, respectively. The bonds bear interest at rates ranging from 2.5% to 5% and mature in varying amounts through 2026.

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011
(In thousands)

6. Lines of Credit and Long-Term Debt (Continued)

Mary Immaculate Residential Communities I-III have mortgages payable to the Department of Housing and Urban Development and Midland Loans Services, Inc., collateralized by their real property. Total amounts payable are \$9,037 and \$9,326 and interest rates range from 6.10% to 6.875% at December 31, 2012 and 2011, respectively.

St. Mary's Villa Nursing Home, Inc. has a mortgage payable to the Rural Housing Service, US Department of Agriculture of \$2,030 and \$2,109 with an interest rate of 4.75% at December 31, 2012 and 2011, respectively. The mortgage matures in July 2029 and is collateralized by real property.

St. Mary's Villa Nursing Home, Inc. has a mortgage payable to Penn Security Bank of \$700 and \$780 with an interest rate of 4.76% at December 31, 2012 and 2011, respectively. The mortgage matures in February 2020 and is collateralized by real property.

Maturities on long-term debt for the five years ending December 31 and thereafter are as follows:

2013	\$ 8,654
2014	9,145
2015	7,967
2016	8,064
2017	7,963
Thereafter	<u>189,002</u>
	<u>\$230,795</u>

The fair value of the System's long-term debt at December 31, 2012 and 2011 was approximately \$223,850 and \$212,647, respectively.

Nashua has entered into an agreement with two other hospitals whereby it has guaranteed one-third of the principal borrowed and interest accrued thereon by Nashua Regional Cancer Center (NRCC). NRCC is a not-for-profit entity in which Nashua is a one-third investor. The outstanding principal on the promissory note bears interest at a variable rate based upon the average market rate of the weekly floater rates, as defined in the agreement. The outstanding principal amount owed by NRCC amounted to \$2,230 and \$3,020 at December 31, 2012 and 2011, respectively.

7. Defined Benefit Pension Plan

Nashua has a noncontributory defined benefit plan covering all of its eligible employees and those of Souhegan Home and Hospice. The measurement date is December 31.

Effective June 2, 2007, plan participation was frozen for new participants. Benefit service and plan compensation have been frozen effective December 31, 2007. A defined contribution plan replaced the defined benefit plan for Nashua and Souhegan Home and Hospice Care, Inc. A curtailment to the retirement plan for employees of Nashua and Souhegan Home and Hospice Care, Inc. was recorded as of December 31, 2007.

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011
(In thousands)

7. Defined Benefit Pension Plan (Continued)

Net periodic pension cost includes the following components for the years ended December 31:

	<u>2012</u>	<u>2011</u>
Interest cost on projected benefit obligation	\$ 1,388	\$ 1,598
Expected return on plan assets	(1,761)	(2,287)
Amortization of loss	<u>1,456</u>	<u>873</u>
Net periodic pension expense	<u>\$ 1,083</u>	<u>\$ 184</u>

The following table sets forth the plan's benefit obligation, funded status and amounts recognized in the financial statements at December 31:

	<u>2012</u>	<u>2011</u>
Accumulated benefit obligation	<u>\$35,299</u>	<u>\$32,525</u>
Changes in projected benefit obligations:		
Projected benefit obligations, beginning of period	\$32,525	\$29,553
Interest cost	1,388	1,598
Benefits paid	(824)	(2,672)
Impact of assumption changes	1,553	3,490
Experience loss	<u>657</u>	<u>556</u>
Projected benefit obligations, end of period	35,299	32,525
Changes in plan assets:		
Fair value of plan assets, beginning of period	25,228	28,162
Actual return on plan assets	4,106	(262)
Benefits paid	<u>(824)</u>	<u>(2,672)</u>
Fair value of plan assets, end of period	<u>28,510</u>	<u>25,228</u>
Funded status	<u>\$ (6,789)</u>	<u>\$ (7,297)</u>

The weighted average assumptions used in accounting for the defined benefit pension plan are as follows as of and for the years ended December 31:

	<u>2012</u>	<u>2011</u>
Discount rate used to determine net periodic pension cost	4.30%	5.54%
Discount rate used to determine benefit obligation	4.05	4.30
Rate of increase in future compensation levels	N/A	N/A
Expected long-term rate of return on plan assets	7.50	8.00

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011
(In thousands)

7. Defined Benefit Pension Plan (Continued)

The following is a summary of the allocation of plan assets for the years ended December 31:

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 437	\$ 207
Mutual funds:		
Equity funds	15,505	14,007
Fixed income funds	8,357	6,790
International equity funds	<u>4,211</u>	<u>4,224</u>
	<u>\$28,510</u>	<u>\$25,228</u>

All pension assets are considered to be Level 1 assets (as defined in Note 4).

In selecting the expected long-term rate of return on assets, Nashua considered the average rate of earnings expected on the funds invested or to be invested to provide for the benefits of this plan. This includes considering the trusts' asset allocation and the expected returns likely to be earned over the life of the plan. This basis is consistent with the prior year.

Nashua and affiliates expect to make no contributions to its defined benefit pension plan during the year ended December 31, 2013.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid during the period ended December 31:

2013	\$ 1,042
2014	2,407
2015	1,670
2016	2,005
2017	2,119
2018 through 2022	14,647

Bangor has a noncontributory defined benefit plan covering all of its eligible employees of St. Joseph Healthcare Foundation, other affiliates and the Hospital. The measurement date is December 31.

Effective January 1, 2004, plan participation was frozen for new participants. Current participants who qualify under the rule of 60 (combination of age plus years of service) may elect to continue to participate in the plan or to participate in a separate defined contribution plan sponsored by Bangor. Those current participants which do not qualify to continue to participate under the rule of 60, will retain their vested position in the plan but will only be eligible to participate in the defined contribution plan. No new participants will be eligible to participate in the plan. In 2011, Bangor elected to freeze the plan for purposes of benefit services and plan compensation effective June 30, 2012. A curtailment to the retirement plan was recorded as of December 31, 2011.

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011
(In thousands)

7. Defined Benefit Pension Plan (Continued)

Net periodic pension cost includes the following components for the years ended December 31:

	<u>2012</u>	<u>2011</u>
Service cost	\$ 173	\$ 307
Interest cost on projected benefit obligation	1,079	1,174
Expected return on plan assets	<u>(1,134)</u>	<u>(1,253)</u>
Net periodic pension expense	<u>\$ 118</u>	<u>\$ 228</u>

The following table sets forth the plan's benefit obligation, funded status and amounts recognized in the financial statements at December 31:

	<u>2012</u>	<u>2011</u>
Accumulated benefit obligation	<u>\$26,817</u>	<u>\$25,406</u>
Changes in projected benefit obligations:		
Projected benefit obligations, beginning of period	\$25,568	\$21,472
Service cost	173	307
Interest cost	1,079	1,174
Benefits paid	<u>(792)</u>	<u>(722)</u>
Experience loss	<u>789</u>	<u>3,337</u>
Projected benefit obligations, end of period	26,817	25,568
Changes in plan assets:		
Fair value of plan assets, beginning of period	16,402	16,271
Actual return on plan assets	2,185	78
Employer contributions	775	775
Benefits paid	<u>(792)</u>	<u>(722)</u>
Fair value of plan assets, end of period	<u>18,570</u>	<u>16,402</u>
Funded status	<u>\$ (8,247)</u>	<u>\$ (9,166)</u>

The weighted average assumptions used in accounting for the defined benefit pension plan are as follows as of and for the years ended December 31:

	<u>2012</u>	<u>2011</u>
Discount rate used to determine net periodic pension cost	4.30%	5.54%
Discount rate used to determine benefit obligation	4.05	4.30
Expected long-term rate of return on plan assets	7.50	8.00
Rate of increase in future compensation levels	3.50	3.50

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011

(In thousands)

7. Defined Benefit Pension Plan (Continued)

The following is a summary of the allocation of plan assets for the years ended December 31:

	<u>2012</u>	<u>2011</u>
Mutual funds:		
Equity funds	\$10,986	\$ 9,791
Fixed income funds	<u>7,584</u>	<u>6,611</u>
	<u>\$18,570</u>	<u>\$16,402</u>

All pension assets are considered to be Level 1 assets (as defined in Note 4).

The target allocation percentage for investments is designed to meet the expected return on plan assets. The plan trustee evaluates its target allocation periodically in relation to market performance and overall market conditions. The plan does not allow for the purchase of derivatives and the overall goal is to provide for adequate investment growth, along with contributions, to provide adequate funding to meet plan obligations on a current and projected basis.

Bangor and affiliates expect to make contributions of \$775,000 to its defined benefit pension plan during the year ended December 31, 2013.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid during the period ended December 31:

2013	\$ 991
2014	1,080
2015	1,185
2016	1,277
2017	1,387
2018 through 2022	7,920

8. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31:

	<u>2012</u>	<u>2011</u>
Health care services	\$ 1,899	\$ 1,833
Equipment and capital improvements	10,528	9,777
Education and scholarships	860	824
Designated for certain communities	<u>2,418</u>	<u>920</u>
	<u>\$15,705</u>	<u>\$13,354</u>

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011

(In thousands)

8. Temporarily and Permanently Restricted Net Assets (Continued)

Permanently restricted net assets are restricted to the following at December 31:

	<u>2012</u>	<u>2011</u>
Investments to be held in perpetuity, the income from which is expendable to support various health care services	\$ 1,809	\$ 1,808
Investments to be held in perpetuity, the income from which is unrestricted	853	2,203
Beneficial interest in perpetual trust	<u>3,330</u>	<u>3,129</u>
	<u>\$ 5,992</u>	<u>\$ 7,140</u>

9. Lease Commitments

Rent expense, primarily for facilities, for the years ended December 31, 2012 and 2011 was \$5,313 and \$4,055, respectively. Aggregate future lease commitments for facility and equipment under noncancelable operating leases for the years ended December 31 are as follows:

2013	\$ 2,902
2014	2,233
2015	1,557
2016	1,271
2017	884
Thereafter	<u>807</u>
	<u>\$ 9,654</u>

10. Investments in Joint Ventures

The System has ownership interests in joint ventures. All of the investments are accounted for under the equity method of accounting. The more significant investments in joint ventures are as follows:

The System has a 50% ownership interest in United Ambulance Services which has operations in Lewiston and Auburn, Maine. The investment has a carrying value of \$2,433 and \$2,329 at December 31, 2012 and 2011, respectively.

The System has a 33.3% ownership interest in Nashua Regional Cancer Center. The investment has a carrying value of \$2,228 and \$2,397 at December 31, 2012 and 2011, respectively.

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011
(In thousands)

11. Contingencies

Litigation

Various legal claims, generally incidental to the conduct of normal business, are pending or have been threatened against the System. The System intends to defend vigorously against these claims. While ultimate liability, if any, arising from any such claim is presently indeterminable, it is management's opinion that the ultimate resolution of these claims will not have a material adverse effect on the financial condition of the System.

Regulatory

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Recently, government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed. Compliance with such laws and regulations are subject to government review and interpretations as well as regulatory actions unknown or unasserted at this time

12. Discontinued Operations

During 2012, Helping Hands of St. Marguerite was discontinued. The statements of operations reflect a loss of \$126 in discontinued operations.

During 2011, Nashua discontinued operations of three of its divisions (Granite State Mediquip, Rockingham Regional Ambulance and First Aid Home Care). The operating results for these programs have been reclassified to discontinued operations. The net amount reclassified was a gain (loss) of \$53 and \$(2,495) in 2012 and 2011, respectively.

During 2010, St. Mary's Health System discontinued operations of two of its divisions (Adolescent Group Home and Evergreen Behavioral). The operating results for these programs have been reclassified to discontinued operations. The net amount reclassified was a gain \$501 in 2011.

The following is a reclassification of discontinued operations at December 31:

	<u>2012</u>	<u>2011</u>
Total operating revenue	\$ 266	\$ 8,349
Total operating expenses	<u>(339)</u>	<u>(10,343)</u>
Discontinued operations	\$ <u>(73)</u>	\$ <u>(1,994)</u>

13. Subsequent Event

In 2013, the System will acquire the land and buildings currently leased by St. Mary's Villa Nursing Home, Inc. and St. Joseph Manor Health Care, Inc., resulting in a payment of approximately \$5,900.

**INDEPENDENT AUDITORS' REPORT
ON THE ADDITIONAL INFORMATION**

Board of Trustees
Covenant Health Systems, Inc.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with 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 consolidated financial statements as a whole.



Boston, Massachusetts
April 25, 2013

Limited Liability Company

Covenant Health Systems, Inc.
Consolidating Balance Sheet
December 31, 2012
(In thousands)

	Covenant Health Systems, Inc.	(Marist Hill) CHS of Waltham Inc	St. Joseph Hospital of Nashua, NH, Inc *	Youville Lifecare, Inc.	Youville House	Mary Immac- ulate*	Fanny Allen Corporation	(St Mary) CHS of Worcester, Inc.	Youville Place	Elimi- nations	** Total Obligated Group
Assets											
Current assets											
Cash and cash equivalents	\$ 380	\$ 2,073	\$ 6,483	\$ 603	\$ 4,031	\$ 9,689	\$ 246	\$ 1,079	\$ 1,366	\$ -	\$ 25,950
Accounts receivable	5,323	1,094	21,239	-	108	2,519	-	461	142	(40)	30,846
Allowance for doubtful accounts	-	(136)	(7,319)	-	(13)	(481)	-	(27)	-	-	(7,976)
Investments	-	-	42,038	5,687	-	-	-	-	-	-	47,725
Inventories	-	-	1,803	-	-	-	-	-	11	-	1,814
Prepaid expenses and other current assets	339	49	8,094	13	74	179	11	36	85	-	8,880
Estimated third-party payor settlements	-	-	-	105	-	-	-	-	-	-	105
Current portion of assets whose use is limited or restricted	-	18	2,765	-	420	71	-	44	345	-	3,663
Current portion of due from affiliates	45	-	11,302	-	126	535	-	-	9	(13)	12,004
Total current assets	6,087	3,098	86,405	6,408	4,746	12,512	257	1,593	1,958	(53)	123,011
Assets whose use is limited or restricted, less current portion											
Funds held by trustees, less current portion	1,195	2,330	24,370	-	694	-	-	-	1,516	-	30,105
Deferred compensation	-	-	1,313	-	-	-	139	-	-	-	1,452
Board designated funds and other long-term investments	36,842	829	60,441	10,792	3,569	15,814	5,165	-	-	(45)	133,407
Replacement reserve	-	-	-	-	-	-	-	-	-	-	-
Donor restricted funds	532	-	1,773	-	2,667	-	1,931	-	1,357	-	8,260
Total assets whose use is limited or restricted, less current portion	38,569	3,159	87,897	10,792	6,930	15,814	7,235	-	2,873	(45)	173,224
Other assets											
Other assets	813	173	4,168	134	133	-	-	-	215	-	5,636
Due from affiliates	5,030	-	15,982	-	537	-	-	-	-	(17,718)	3,831
Investments in joint ventures	20,072	-	4,036	1	-	-	7	-	-	-	24,116
Total other assets	25,915	173	24,186	135	670	-	7	-	215	(17,718)	33,583
Property, plant and equipment											
Land and improvements	-	485	3,589	-	-	105	-	229	750	-	5,158
Buildings and improvements	20	6,043	93,580	-	16,030	13,106	146	3,663	10,977	-	143,565
Equipment	810	3,128	71,775	-	725	7,605	393	1,418	1,480	-	87,334
Construction in progress	-	360	1,643	-	130	82	-	-	-	-	2,215
Total property, plant and equipment	830	10,016	170,587	-	16,885	20,898	539	5,310	13,207	-	238,272
Less accumulated depreciation	(731)	(4,445)	(109,807)	-	(5,128)	(14,741)	(382)	(2,686)	(2,948)	-	(140,868)
Total property, plant and equipment	99	5,571	60,780	-	11,757	6,157	157	2,624	10,259	-	97,404
Total assets	\$ 70,670	\$ 12,001	\$259,268	\$ 17,335	\$ 24,103	\$ 34,483	\$ 7,656	\$ 4,217	\$ 15,305	\$(17,816)	\$427,222

* Certain entities included in St. Joseph Hospital of Nashua, NH, Inc. and Mary Immaculate are not included in the Obligated Group

** Total of Obligated Group carried forward to next page

Covenant Health Systems, Inc.
Consolidating Balance Sheet
December 31, 2012
(In thousands)

Assets

Current assets

	St Mary's Health System	Fanny Allen Hold- ings	Covenant Health Systems Insur- ance LTD	St Joseph Manor Health Care, Inc.	St Joseph Hospital Corporate Services, Inc.	St. Joseph Hospital DH Family Medicine	Mary Immaculate Residential Communi- ty, Inc Hill	St. Andre Health Care Facility	St Mary's Villa Nursing Home, Inc	Help- ing Hands	Provi- dentia Prima Trust	St Joseph Health- care Foun- dation	St. Joseph Valua- tion Co	Elimi- nations	System Consol- idated
Cash and cash equivalents	\$ 4,900	\$ —	\$ 2,726	\$ 814	\$ 1,352	\$ 48	\$ 345	\$ 174	\$ 5,186	\$ —	\$ 3,258	\$ 11,297	\$ —	\$ (3,258)	\$ 52,792
Accounts receivable	28,952	—	6	1,202	1,438	706	605	925	1,185	—	—	17,031	—	(5,043)	77,853
Allowance for doubtful accounts	(13,497)	—	—	(158)	(1,290)	(466)	—	(76)	(293)	—	—	(6,927)	—	—	(30,683)
Investments	2,762	—	—	—	—	—	—	—	1,780	—	—	13,351	—	—	65,618
Inventories	1,336	—	—	11	—	—	—	14	—	—	—	1,076	—	—	4,251
Prepaid expenses and other current assets	2,836	—	2,165	33	377	402	—	61	305	—	2,217	1,398	—	(2,359)	16,315
Estimated third-party payor settlements	18,087	—	—	—	—	—	—	—	322	—	—	4,820	—	—	23,334
Current portion of assets whose use is limited or restricted	—	—	—	22	—	—	91	27	—	—	—	729	—	—	4,532
Current portion of due from affiliates	—	—	—	—	—	—	—	—	—	—	—	—	—	(12,004)	—
Total current assets	45,376	—	4,897	1,924	1,877	690	1,041	1,125	8,485	—	5,475	42,775	—	(22,664)	214,012

**Assets whose use is limited
or restricted, less current portion**

Funds held by trustees, less current portion	2,163	—	—	—	—	—	70	—	—	—	—	13,303	—	—	45,641
Deferred compensation	—	—	—	—	9,367	—	—	—	—	—	—	—	—	—	10,819
Board designated funds and other long-term investments	31,981	—	33,197	1,303	—	—	—	1,322	2,553	—	173,703	18	—	(173,703)	203,781
Replacement reserve	279	—	—	—	—	—	4,633	—	187	—	—	—	—	—	5,099
Donor restricted funds	3,685	—	—	—	—	—	—	—	370	—	—	3,344	—	—	15,659
Total assets whose use is limited or restricted, less current portion	38,108	—	33,197	1,303	9,367	—	4,703	1,322	3,110	—	173,703	16,665	—	(173,703)	280,999

Other assets

Other assets	2,020	—	—	—	697	—	274	14	10	—	—	592	(146)	(2,571)	6,526
Due from affiliates	—	—	—	—	91	—	—	—	—	—	—	—	—	(3,922)	—
Investments in joint ventures	2,544	—	—	—	928	—	—	—	—	—	—	1,719	(1,599)	(18,007)	9,701
Total other assets	4,564	—	—	—	1,716	—	274	14	10	—	—	2,311	(1,745)	(24,500)	16,227

Property, plant and equipment

Land and improvements	5,685	716	—	—	1,644	—	106	559	473	—	—	3,628	2,778	—	20,747
Buildings and improvements	92,087	13,717	—	3,000	13,286	—	24,974	3,436	8,714	—	—	37,969	8,629	—	349,377
Equipment	47,866	—	—	2,187	5,288	—	1,077	2,994	2,814	—	—	32,941	149	—	182,650
Construction in progress	1,102	—	—	67	—	—	—	219	586	—	—	1,539	379	—	6,107
	146,740	14,433	—	5,254	20,218	—	26,157	7,208	12,587	—	—	76,077	11,935	—	558,881
Less accumulated depreciation	(74,528)	(12,655)	—	(3,367)	(9,903)	—	(16,602)	(4,487)	(6,104)	—	—	(48,852)	862	—	(316,504)
Total property, plant and equipment	72,212	1,778	—	1,887	10,315	—	9,555	2,721	6,483	—	—	27,225	12,797	—	242,377

Total assets

\$ 160,260	\$ 1,778	\$ 38,094	\$ 5,114	\$ 23,275	\$ 690	\$ 15,573	\$ 5,182	\$ 18,088	\$ —	\$ 179,178	\$ 88,976	\$ 11,052	\$ (220,867)	\$ 753,615
-------------------	-----------------	------------------	-----------------	------------------	---------------	------------------	-----------------	------------------	-------------	-------------------	------------------	------------------	---------------------	-------------------

Covenant Health Systems, Inc.
Consolidating Balance Sheet
December 31, 2012
(In thousands)

Liabilities and Net Assets

Current liabilities

Accounts payable	\$ 191	\$ 151	\$ 3,453	\$ —	\$ 54	\$ 600	\$ —	\$ 17	\$ 93	\$ (40)	\$ 4,519
Accrued expenses and other current liabilities	1,074	352	15,909	636	1,017	1,147	—	412	599	(45)	21,101
Estimated third-party payor settlements	—	137	937	759	—	51	—	173	—	—	2,057
Due to affiliates	412	195	15	—	9	(29)	—	—	125	(609)	118
Current portion of long-term debt and capital leases	45	70	2,413	—	25	—	—	—	225	(12)	2,766
Total current liabilities	1,722	905	22,727	1,395	1,105	1,769	—	602	1,042	(706)	30,561

Long-term debt and capital leases, less current portion	4,418	8,545	97,140	—	10,924	—	—	—	11,725	(1,199)	131,553
---	-------	-------	--------	---	--------	---	---	---	--------	---------	---------

Due to affiliates, less current portion	15,569	—	—	—	—	—	—	—	—	(15,911)	(342)
---	--------	---	---	---	---	---	---	---	---	----------	-------

Other liabilities	1,256	443	7,372	—	239	530	139	—	304	—	10,283
-------------------	-------	-----	-------	---	-----	-----	-----	---	-----	---	--------

Long-term pension obligation	—	—	6,789	—	—	—	—	—	—	—	6,789
------------------------------	---	---	-------	---	---	---	---	---	---	---	-------

Professional liability loss reserves	—	24	1,076	—	—	61	—	45	—	—	1,206
--------------------------------------	---	----	-------	---	---	----	---	----	---	---	-------

Total liabilities	22,965	9,917	135,104	1,395	12,268	2,360	139	647	13,071	(17,816)	180,050
-------------------	--------	-------	---------	-------	--------	-------	-----	-----	--------	----------	---------

Net assets

Share capital	—	—	—	—	—	—	—	—	—	—	—
Unrestricted	47,173	2,084	129,626	15,940	9,168	32,117	5,573	3,570	877	—	246,128
Temporarily restricted	532	—	1,370	—	2,078	6	1,362	—	1,357	—	6,705
Permanently restricted	—	—	403	—	589	—	582	—	—	—	1,574
Retained earnings (deficit)	—	—	(7,235)	—	—	—	—	—	—	—	(7,235)
Total net assets	47,705	2,084	124,164	15,940	11,835	32,123	7,517	3,570	2,234	—	247,172

Total liabilities and net assets	\$ 70,670	\$ 12,001	\$259,268	\$ 17,335	\$ 24,103	\$ 34,483	\$ 7,656	\$ 4,217	\$ 15,305	\$ (17,816)	\$427,222
----------------------------------	-----------	-----------	-----------	-----------	-----------	-----------	----------	----------	-----------	-------------	-----------

* Certain entities included in St Joseph Hospital of Nashua, NH, Inc and Mary Immaculate are not included in the Obligated Group

** Total of Obligated Group carried forward to next page

Covenant Health Systems, Inc.
Consolidating Balance Sheet
December 31, 2012
(In thousands)

Liabilities and Net Assets

Current liabilities

	St Mary's Health System	Fanny Allen Hold- ings	Covenant Health Systems Insur- ance LTD	St Joseph Manor Health Care, Inc.	St Joseph Hospital Corporate Services, Inc.	St Joseph Hospital DH Family Medicine	Mary Immaculate Residential Communi- ty, Inc I-III	St Andre Health Care Facility	St Mary's Villa Nursing Home, Inc.	Help- ing Hands	Provi- dentia Prima Trust	St. Joseph Health- care Foun- dation	St Joseph Valua- tion Co.	Elimi- nations	System Consol- idated
Accounts payable	\$ 3,368	\$ —	\$ 2	\$ 256	\$ 51	\$ —	\$ —	\$ 521	\$ 357	\$ —	\$ 2,447	\$ 2,018	\$ —	\$ (2,583)	\$ 10,956
Accrued expenses and other current liabilities	20,625	—	5,137	543	1,985	526	355	277	567	—	192	7,713	—	(5,192)	53,829
Estimated third-party payor settlements	—	—	—	157	—	—	—	—	—	—	—	6,830	—	—	9,044
Due to affiliates	—	—	—	—	90	—	561	—	45	—	—	—	—	(814)	—
Current portion of long-term debt and capital leases	2,945	—	—	—	154	—	309	231	167	—	—	2,115	—	(33)	8,654
Total current liabilities	26,938	—	5,139	956	2,280	526	1,225	1,029	1,136	—	2,639	18,676	—	(8,622)	82,483
Long-term debt and capital leases, less current portion	55,201	—	—	—	—	—	8,728	741	2,563	—	—	26,795	392	(3,832)	222,141
Due to affiliates, less current portion	—	—	—	—	—	—	—	—	2,907	—	—	—	—	(2,565)	—
Other liabilities	812	—	—	—	8,262	—	48	59	17	—	—	—	—	—	19,481
Long-term pension obligation	—	—	—	—	—	—	—	—	—	—	—	8,247	—	—	15,036
Professional liability loss reserves	2,090	—	14,948	—	1,595	—	—	—	—	—	—	749	—	—	20,588
Total liabilities	85,041	—	20,087	956	12,137	526	10,001	1,829	6,623	—	2,639	54,467	392	(15,019)	359,729
Net assets															
Share capital	—	—	120	—	294,329	—	—	—	—	—	—	—	—	(294,449)	—
Unrestricted	71,590	1,778	17,887	4,113	—	164	(475)	3,353	11,112	—	—	31,165	10,660	(25,286)	372,189
Temporarily restricted	2,555	—	—	45	—	—	6,047	—	353	—	—	—	—	—	15,705
Permanently restricted	1,074	—	—	—	—	—	—	—	—	—	—	3,344	—	—	5,992
Retained earnings (deficit)	—	—	—	—	(283,191)	—	—	—	—	—	176,539	—	—	113,887	—
Total net assets	75,219	1,778	18,007	4,158	11,138	164	5,572	3,353	11,465	—	176,539	34,509	10,660	(205,848)	393,886
Total liabilities and net assets	\$ 160,260	\$ 1,778	\$ 38,094	\$ 5,114	\$ 23,275	\$ 690	\$ 15,573	\$ 5,182	\$ 18,088	\$ —	\$ 179,178	\$ 88,976	\$ 11,052	\$ (220,867)	\$ 753,615

Covenant Health Systems, Inc.
Consolidating Statement of Operations
December 31, 2012
(In thousands)

	Covenant Health Systems, Inc.	(Marist Hill) CHS of Waltham Inc.	St. Joseph Hospital of Nashua, NH, Inc.*	Youville Lifecare, Inc.	Youville House	Mary Immaculate*	Fanny Allen Corporation	(St. Mary) CHS of Worcester, Inc.	Youville Place	Eliminations	** Total Obligated Group
Operating revenue											
Patient service revenue, net of contractual allowances and discounts	\$ —	\$ 10,242	\$ 186,214	\$ 16	\$ 6,108	\$ 23,629	\$ —	\$ 8,513	\$ 5,541	\$ —	\$ 240,263
Less provision for bad debt	—	—	(9,630)		(1)	(275)	—	6	—	—	(9,900)
Patient service revenue, net	—	10,242	176,584	16	6,107	23,354	—	8,519	5,541	—	230,363
Other revenue	8,916	43	5,101	25	49	1,131	—	55	182	(3,827)	11,675
Net assets released from restrictions	—	—	232		181	9	—	—	29	—	451
Total operating revenue	8,916	10,285	181,917	41	6,337	24,494	—	8,574	5,752	(3,827)	242,489
Operating expenses.											
Salaries and wages	4,502	5,079	71,413		2,233	13,321	—	4,834	2,240	—	103,622
Employee benefits	1,375	867	15,536	5	527	2,502	—	840	512	—	22,164
Supplies and other	2,549	2,980	56,693		1,475	6,042	—	1,858	1,522	(3,827)	69,292
Interest	831	349	3,107		619	—	—	—	613	—	5,519
Provider and other taxes	—	571	8,078		—	136	—	692	—	—	9,477
Depreciation and amortization	58	415	8,892		496	775	—	292	669	—	11,597
Total operating expenses	9,315	10,261	163,719	5	5,350	22,776	—	8,516	5,556	(3,827)	221,671
Income (loss) from operations	(399)	24	18,198	36	987	1,718	—	58	196	—	20,818
Nonoperating gains (losses), net	11,965	98	(4,196)	1,831	737	1,594	544	—	23	—	12,596
Excess (deficiency) of revenue over expenses before loss on refinancing of debt and discontinued operations	11,566	122	14,002	1,867	1,724	3,312	544	58	219	—	33,414
Loss on refinancing of debt	(574)	(63)	(346)		(289)	—	—	—	—	—	(1,272)
Discontinued operations	—	—	—		—	—	—	—	—	—	—
Excess (deficiency) of revenue over expenses	10,992	59	13,656	1,867	1,435	3,312	544	58	219	—	32,142
Other changes in unrestricted net assets											
Net assets released from restrictions for property, plant and equipment	—	—	46		—	—	—	—	—	—	46
Adjustment for long-term pension liability	—	—	1,591	—	—	—	—	—	—	—	1,591
Dividend payment	—	—	—	—	—	—	—	—	—	—	—
Transfer among affiliates	6,573	73	579	(10,000)	2,336	—	56	—	—	—	(383)
Increase (decrease) in unrestricted net assets	\$ 17,565	\$ 132	\$ 15,872	\$ (8,133)	\$ 3,771	\$ 3,312	\$ 600	\$ 58	\$ 219	\$ —	\$ 33,396

* Certain entities included in St. Joseph Hospital of Nashua, NH, Inc. and Mary Immaculate are not included in the Obligated Group

** Total of Obligated Group carried forward to next page

Covenant Health Systems, Inc.
Consolidating Statement of Operations
December 31, 2012
(In thousands)

	St Mary's Health System	Fanny Allen Hold- ings	Covenant Health Systems Insur- ance LTD	St. Joseph Manor Health Care, Inc	St. Joseph Hospital Corporate Services, Inc.	St Joseph Hospital DH Family Medicine	Mary Immaculate Residential Communi- ty, Inc	St Andre Health Care Facility	St. Mary's Villa Nursing Home, Inc	Help- ing Hands	Provi- dentia Prima Trust	St Joseph Health- care Foun- dation	St. Joseph Valua- tion Co	Elimi- nations	System Consol- idated
Operating revenue															
Patient service revenue, net of contractual allowances and discounts	\$ 169,412	\$ —	\$ —	\$ 11,203	\$ 23,041	\$ 5,926	\$ —	\$ 8,111	\$ 13,356	\$ —	\$ —	\$ 106,890	\$ —	\$ (869)	\$ 577,333
Less provision for bad debt	(7,000)	—	—	(49)	(1,179)	43	—	(115)	(119)	—	—	(5,787)	—	—	(24,106)
Patient service revenue, net	162,412	—	—	11,154	21,862	5,969	—	7,996	13,237	—	—	101,103	—	(869)	553,227
Other revenue	9,044	—	—	411	1,547	39	3,666	21	17	—	—	4,526	—	(4,631)	26,315
Net assets released from restrictions	623	—	—	2	—	—	—	—	9	—	—	28	—	—	1,113
Total operating revenue	172,079	—	—	11,567	23,409	6,008	3,666	8,017	13,263	—	—	105,657	—	(5,500)	580,655
Operating expenses															
Salaries and wages	90,745	—	—	5,903	22,495	3,327	602	3,960	6,436	—	—	47,889	—	—	284,979
Employee benefits	18,986	—	—	1,161	5,710	1,211	110	691	1,613	—	—	12,015	—	(2)	63,659
Supplies and other	56,623	—	—	3,374	6,413	2,207	1,230	2,519	3,587	—	—	39,792	—	(5,498)	179,539
Interest	3,004	—	—	3	9	—	571	61	152	—	—	778	(94)	—	10,003
Provider and other taxes	4,244	—	—	614	—	—	—	571	247	—	—	2,074	—	—	17,227
Depreciation and amortization	6,677	—	—	268	1,076	—	910	302	442	—	—	4,294	(337)	—	25,229
Total operating expenses	180,279	—	—	11,323	35,703	6,745	3,423	8,104	12,477	—	—	106,842	(431)	(5,500)	580,636
Income (loss) from operations	(8,200)	—	—	244	(12,294)	(737)	243	(87)	786	—	—	(1,185)	431	—	19
Nonoperating gains (losses), net	3,323	(214)	9,169	93	688	(2)	—	140	275	(6)	15,366	2,918	—	(12,244)	32,102
Excess (deficiency) of revenue over expenses before loss on refinancing of debt and discontinued operations	(4,877)	(214)	9,169	337	(11,606)	(739)	243	53	1,061	(6)	15,366	1,733	431	(12,244)	32,121
Loss on refinancing of debt	(468)	—	—	—	—	—	—	—	—	—	—	(23)	—	—	(1,763)
Discontinued operations	—	—	—	—	53	—	—	—	—	(126)	—	—	—	—	(73)
Excess (deficiency) of revenue over expenses	(5,345)	(214)	9,169	337	(11,553)	(739)	243	53	1,061	(132)	15,366	1,710	431	(12,244)	30,285
Other changes in unrestricted net assets															
Net assets released from restrictions for property, plant and equipment	555	—	—	—	—	—	—	—	—	—	—	—	—	—	601
Adjustment for long-term pension liability	—	—	—	—	—	—	—	—	—	—	—	264	—	—	1,855
Dividend payment	—	—	(5,000)	—	—	—	—	—	—	—	—	—	—	5,000	—
Transfer among affiliates	—	(56)	—	—	11,165	857	—	418	—	20	15,877	—	—	(27,898)	—
Increase (decrease) in unrestricted net assets	\$ (4,790)	\$ (270)	\$ 4,169	\$ 337	\$ (388)	\$ 118	\$ 243	\$ 471	\$ 1,061	\$ (112)	\$ 31,243	\$ 1,974	\$ 431	\$ (35,142)	\$ 32,741

St. Joseph Hospital of Nashua, NH
Consolidating Balance Sheet
December 31, 2012
(In thousands)

	St. Joseph Hospital of Nashua, NH	The Surgl Center at St. Joseph Hospital, Inc.	Souhegan Home and Hospice Care, Inc.	Elimi-nations	Total Obligated Group	St. Joseph Hospital Corporate Services, Inc.	St. Joseph Hospital DH Family Medicine	Elimi-nations	St. Joseph Hospital Consolidated
Assets									
Current assets									
Cash and cash equivalents	\$ 6,460	\$ --	\$ 23	\$ --	\$ 6,483	\$ 1,352	\$ 48	\$ --	\$ 7,883
Accounts receivable	20,792	--	447	--	21,239	1,438	706	--	23,383
Allowance for doubtful accounts	(7,220)	--	(99)	--	(7,319)	(1,290)	(466)	--	(9,075)
Investments	41,749	--	289	--	42,038	--	--	--	42,038
Inventories	1,803	--	--	--	1,803	--	--	--	1,803
Prepaid expenses and other current assets	8,057	--	57	(20)	8,094	377	402	(98)	8,775
Estimated third-party payor settlements	--	--	--	--	--	--	--	--	--
Current portion of assets whose use is limited or restricted	2,765	--	--	--	2,765	--	--	--	2,765
Current portion of due from affiliates	11,784	--	--	(482)	11,302	--	--	(11,302)	--
Total current assets	86,190	--	717	(502)	86,405	1,877	690	(11,400)	77,572
Assets whose use is limited or restricted, less current portion									
Funds held by trustees, less current portion	24,370	--	--	--	24,370	--	--	--	24,370
Deferred compensation	1,313	--	--	--	1,313	9,367	--	--	10,680
Board designated funds and other long-term investments	60,441	--	--	--	60,441	--	--	--	60,441
Replacement reserve	--	--	--	--	--	--	--	--	--
Donor restricted funds	1,055	--	718	--	1,773	--	--	--	1,773
Total assets whose use is limited or restricted, less current portion	87,179	--	718	--	87,897	9,367	--	--	97,264
Other assets:									
Other assets	4,168	--	--	--	4,168	697	--	--	4,865
Due from affiliates	15,982	--	--	--	15,982	91	--	--	16,073
Investments in joint ventures	4,036	--	--	--	4,036	928	--	--	4,964
Total other assets	24,186	--	--	--	24,186	1,716	--	--	25,902
Property, plant and equipment									
Land and improvements	3,587	--	2	--	3,589	1,644	--	--	5,233
Buildings and improvements	93,356	--	224	--	93,580	13,286	--	--	106,866
Equipment	71,201	--	574	--	71,775	5,288	--	--	77,063
Construction in progress	1,643	--	--	--	1,643	--	--	--	1,643
	169,787	--	800	--	170,587	20,218	--	--	190,805
Less accumulated depreciation	(109,138)	--	(669)	--	(109,807)	(9,903)	--	--	(119,710)
Total property, plant and equipment	60,649	--	131	--	60,780	10,315	--	--	71,095
Total assets	\$ 258,204	\$ --	\$ 1,566	\$ (502)	\$ 259,268	\$ 23,275	\$ 690	\$ (11,400)	\$ 271,833

St. Joseph Hospital of Nashua, NH
Consolidating Balance Sheet
December 31, 2012
(In thousands)

Liabilities and Net Assets

Current liabilities

Accounts payable	\$ 3,461	\$ —	\$ 5	\$ (13)	\$ 3,453	\$ 51	\$ —	\$ (84)	\$ 3,420
Accrued expenses and other current liabilities	15,555	—	354	—	15,909	1,985	526	—	18,420
Estimated third-party payor settlements	937	—	—	—	937	—	—	—	937
Due to affiliates	15	—	7	(7)	15	90	—	(14)	91
Current portion of long-term debt and capital leases	2,413	—	—	—	2,413	154	—	—	2,567
Total current liabilities	22,381	—	366	(20)	22,727	2,280	526	(98)	25,435

Long-term debt and capital leases, less current portion	97,140	—	—	—	97,140	—	—	—	97,140
---	--------	---	---	---	--------	---	---	---	--------

Due to affiliates, less current portion	—	—	—	—	—	—	—	—	—
---	---	---	---	---	---	---	---	---	---

Other liabilities	7,372	—	—	—	7,372	8,262	—	—	15,634
-------------------	-------	---	---	---	-------	-------	---	---	--------

Long-term pension obligation	6,789	—	—	—	6,789	—	—	—	6,789
------------------------------	-------	---	---	---	-------	---	---	---	-------

Professional liability loss reserves	1,076	—	—	—	1,076	1,595	—	—	2,671
Total liabilities	134,758	—	366	(20)	135,104	12,137	526	(98)	147,669

Net assets.

Share capital	—	—	—	—	—	294,329	—	(294,329)	—
Unrestricted	122,391	—	482	6,753	129,626	—	164	(7,399)	122,391
Temporarily restricted	691	—	679	—	1,370	—	—	—	1,370
Permanently restricted	364	—	39	—	403	—	—	—	403
Retained earnings (deficit)	—	—	—	(7,235)	(7,235)	(283,191)	—	290,426	—
Total net assets	123,446	—	1,200	(482)	124,164	11,138	164	(11,302)	124,164

Total liabilities and net assets	\$ 258,204	\$ —	\$ 1,566	\$ (502)	\$ 259,268	\$ 23,275	\$ 690	\$ (11,400)	\$ 271,833
----------------------------------	------------	------	----------	----------	------------	-----------	--------	-------------	------------

St. Joseph Hospital of Nashua, NH
Consolidating Statement of Operations
December 31, 2012
(In thousands)

	St. Joseph Hospital of Nashua, NH	The Surgi Center at St. Joseph Hospital, Inc.	Souhegan Home and Hospice Care, Inc.	Eliminations	Total Obligated Group	St. Joseph Hospital Corporate Services, Inc.	St. Joseph Hospital OH Family Medicine	Eliminations	St. Joseph Hospital Consolidated
Operating revenue									
Patient service revenue, net of contractual allowances and discounts	\$ 182,863	\$ 4	\$ 3,618	\$ (271)	\$ 186,214	\$ 23,041	\$ 5,926	\$ (869)	\$ 214,312
Less provision for bad debt	(9,630)	—	—	—	(9,630)	(1,179)	43	—	(10,766)
Patient service revenue, net	173,233	4	3,618	(271)	176,584	21,862	5,969	(869)	203,546
Other revenue	5,181	—	—	(80)	5,101	1,547	39	(788)	5,899
Net assets released from restrictions	232	—	—	—	232	—	—	—	232
Total operating revenue	178,646	4	3,618	(351)	181,917	23,409	6,008	(1,657)	209,677
Operating expenses:									
Salaries and wages	68,828	—	2,585	—	71,413	22,495	3,327	—	97,235
Employee benefits	15,228	—	560	(252)	15,536	5,710	1,211	(2)	22,455
Supplies and other	56,232	—	561	(100)	56,693	6,413	2,207	(1,655)	63,658
Interest	3,107	—	—	—	3,107	9	—	—	3,116
Provider and other taxes	8,078	—	—	—	8,078	—	—	—	8,078
Depreciation and amortization	8,851	—	41	—	8,892	1,076	—	—	9,968
Total operating expenses	160,324	—	3,747	(352)	163,719	35,703	6,745	(1,657)	204,510
Income (loss) from operations	18,322	4	(129)	1	18,198	(12,294)	(737)	—	5,167
Nonoperating gains (losses), net	(4,320)	13	91	20	(4,196)	688	(2)	12,292	8,782
Excess (deficiency) of revenue over expenses before loss on refinancing of debt and discontinued operations	14,002	17	(38)	21	14,002	(11,606)	(739)	12,292	13,949
Loss on refinancing of debt	(346)	—	—	—	(346)	—	—	—	(346)
Discontinued operations	—	—	—	—	—	53	—	—	53
Excess (deficiency) of revenue over expenses	13,656	17	(38)	21	13,656	(11,553)	(739)	12,292	13,656
Other changes in unrestricted net assets									
Net assets released from restrictions for property, plant and equipment	46	—	—	—	46	—	—	—	46
Adjustment for long-term pension liability	1,591	—	—	—	1,591	—	—	—	1,591
Transfer among affiliates	578	(6,817)	5	6,813	579	11,165	857	(12,022)	579
Increase (decrease) in unrestricted net assets	\$ 15,871	\$ (6,800)	\$ (33)	\$ 6,834	\$ 15,872	\$ (388)	\$ 118	\$ 270	\$ 15,872

St. Joseph Hospital Corporate Services, Inc.
Consolidating Balance Sheet
December 31, 2012
(In thousands)

Assets

Current assets

Cash and cash equivalents	\$ 423	\$ 50	\$ —	\$ —	\$ 879	\$ —	\$ 1,352
Accounts receivable	—	9	—	—	1,429	—	1,438
Allowance for doubtful accounts	—	—	—	—	(1,290)	—	(1,290)
Investments	—	—	—	—	—	—	—
Inventories	—	—	—	—	—	—	—
Prepaid expenses and other current assets	119	1	—	—	330	(73)	377
Estimated third-party payor settlements	—	—	—	—	—	—	—
Current portion of assets whose use is limited or restricted	—	—	—	—	—	—	—
Current portion of due from affiliates	145,630	—	—	—	—	(145,630)	—
Total current assets	146,172	60	—	—	1,348	(145,703)	1,877

Assets whose use is limited

or restricted, less current portion

Funds held by trustees, less current portion	—	—	—	—	—	—	—
Deferred compensation	158	—	—	—	9,209	—	9,367
Board designated funds and other long-term investments	—	—	—	—	—	—	—
Replacement reserve	—	—	—	—	—	—	—
Donor restricted funds	—	—	—	—	—	—	—
Total assets whose use is limited or restricted, less current portion	158	—	—	—	9,209	—	9,367

Other assets

Other assets	—	8	—	—	689	—	697
Due from affiliates	91	—	—	—	—	—	91
Investments in joint ventures	185	—	—	—	743	—	928
Total other assets	276	8	—	—	1,432	—	1,716

Property, plant and equipment

Land and improvements	—	1,644	—	—	—	—	1,644
Buildings and improvements	—	11,417	—	—	1,869	—	13,286
Equipment	837	58	—	—	4,393	—	5,288
Construction in progress	—	—	—	—	—	—	—
	837	13,119	—	—	6,262	—	20,218
Less accumulated depreciation	(781)	(4,172)	—	—	(4,950)	—	(9,903)
Total property, plant and equipment	56	8,947	—	—	1,312	—	10,315

Total assets

St. Joseph Hospital Corporate Services	GNM Corp.	Granite State Mediquip	Rockingham Regional Ambulance	SJ Physician Services	Elimi- nations	St. Joseph Hospital Corporate Services, Inc. Consolidated
\$ 146,662	\$ 9,015	\$ —	\$ —	\$ 13,301	\$(145,703)	\$ 23,275

St. Joseph Hospital Corporate Services, Inc.
Consolidating Balance Sheet
December 31, 2012
(In thousands)

Liabilities and Net Assets

Current liabilities

	St. Joseph Hospital Corporate Services	GNM Corp.	Granite State Mediquip	Rockingham Regional Ambulance	SJ Physician Services	Elimi- nations	St. Joseph Hospital Corporate Services, Inc. Consolidated
Accounts payable	\$ 18	\$ 2	\$ —	\$ —	\$ 102	\$ (71)	\$ 51
Accrued expenses and other current liabilities	229	15	—	—	1,741	—	1,985
Estimated third-party payor settlements	—	—	—	—	—	—	—
Due to affiliates	—	—	—	—	94	(4)	90
Current portion of long-term debt and capital leases	—	154	—	—	—	—	154
Total current liabilities	247	171	—	—	1,937	(75)	2,280
Long-term debt and capital leases, less current portion	—	—	—	—	—	—	—
Due to affiliates, less current portion	—	—	—	—	—	—	—
Other liabilities	487	—	—	—	7,775	—	8,262
Long-term pension liability	—	—	—	—	—	—	—
Professional liability loss reserves	—	—	—	—	1,595	—	1,595
Total liabilities	734	171	—	—	11,307	(75)	12,137
Net assets							
Share capital	151,410	5,567	—	—	137,356	(4)	294,329
Unrestricted	—	—	—	—	—	—	—
Temporarily restricted	—	—	—	—	—	—	—
Permanently restricted	—	—	—	—	—	—	—
Retained earnings	(5,482)	3,277	—	—	(135,362)	(145,624)	(283,191)
Total net assets	145,928	8,844	—	—	1,994	(145,628)	11,138
Total liabilities and net assets	\$ 146,662	\$ 9,015	\$ —	\$ —	\$ 13,301	\$ (145,703)	\$ 23,275

St. Joseph Hospital Corporate Services, Inc.
Consolidating Statement of Operations
December 31, 2012
(In thousands)

Operating revenue

Patient service revenue, net of
contractual allowances
and discounts

Less provision for bad debt

Patient service revenue, net

Other revenue

Net assets released from restrictions

Total operating revenue

Operating expenses

Salaries and wages

Employee benefits

Supplies and other

Interest

Provider and other taxes

Depreciation and amortization

Total operating expenses

Income (loss) from operations

Nonoperating gains (losses), net

Excess (deficiency) of revenue
over expenses before loss
on refinancing of debt and
discontinued operations

Loss on refinancing of debt

Discontinued operations

Excess (deficiency) of revenue over expenses

Other changes in unrestricted net assets

Net assets released from restrictions for
property, plant and equipment

Adjustment for long-term pension liability

Transfer among affiliates

Increase (decrease) in unrestricted net assets

	St. Joseph Hospital Corporate Services	GNM Corp.	Granite State Mediquip	Rockingham Regional Ambulance	SJ Physician Services	Elimi- nations	St. Joseph Hospital Corporate Services, Inc. Consolidated
	\$	\$	\$	\$	\$	\$	\$
Patient service revenue, net of contractual allowances and discounts	-	-	-	-	23,041	-	23,041
Less provision for bad debt	-	-	-	-	(1,179)	-	(1,179)
Patient service revenue, net	-	-	-	-	21,862	-	21,862
Other revenue	1,180	1,368	-	-	1,171	(2,172)	1,547
Net assets released from restrictions	-	-	-	-	-	-	-
Total operating revenue	1,180	1,368	-	-	23,033	(2,172)	23,409
Operating expenses							
Salaries and wages	1,479	-	-	-	21,016	-	22,495
Employee benefits	382	-	-	-	5,328	-	5,710
Supplies and other	399	541	-	-	7,644	(2,171)	6,413
Interest	-	9	-	-	-	-	9
Provider and other taxes	-	-	-	-	-	-	-
Depreciation and amortization	69	370	-	-	637	-	1,076
Total operating expenses	2,329	920	-	-	34,625	(2,171)	35,703
Income (loss) from operations	(1,149)	448	-	-	(11,592)	(1)	(12,294)
Nonoperating gains (losses), net	470	-	-	158	60	-	688
Excess (deficiency) of revenue over expenses before loss on refinancing of debt and discontinued operations	(679)	448	-	158	(11,532)	(1)	(11,606)
Loss on refinancing of debt	-	-	-	-	-	-	-
Discontinued operations	-	-	(10)	63	-	-	53
Excess (deficiency) of revenue over expenses	(679)	448	(10)	221	(11,532)	(1)	(11,553)
Other changes in unrestricted net assets							
Net assets released from restrictions for property, plant and equipment	-	-	-	-	-	-	-
Adjustment for long-term pension liability	-	-	-	-	-	-	-
Transfer among affiliates	11,163	(706)	(2,948)	1,403	10,553	(8,300)	11,165
Increase (decrease) in unrestricted net assets	\$ 10,484	\$ (258)	\$ (2,958)	\$ 1,624	\$ (979)	\$ (8,301)	\$ (388)

Mary Immaculate Health Care Services, Inc.
Consolidating Balance Sheet
December 31, 2012
(In thousands)

	Mary Immac- ulate Nursing	Mary Immac- ulate Adult Care	Mary Immac- ulate Manage- ment	Mary Immac- ulate Trans- portation	Mary Immac- ulate Elimi- nations	Total Obligated Mary Immac- ulate	MI Residen- tial Comm	MI Residen- tial Comm II	MI Residen- tial Comm. III	Total MI Residen- tial Comm.	Elimi- nations	Mary Immaculate Health Care Services, Inc. Con- solidated
Assets												
Current assets												
Cash and cash equivalents	\$ 7,639	\$ 302	\$ 931	\$ 817	\$ —	\$ 9,689	\$ 36	\$ 286	\$ 23	\$ 345	\$ —	\$ 10,034
Accounts receivable	2,046	469	30	(26)	—	2,519	18	6	581	605	—	3,124
Allowance for doubtful accounts	(431)	(33)	(17)	—	—	(481)	—	—	—	—	—	(481)
Investments	—	—	—	—	—	—	—	—	—	—	—	—
Inventories	—	—	—	—	—	—	—	—	—	—	—	—
Prepaid expenses and other current assets	172	—	7	—	—	179	—	—	—	—	—	179
Estimated third-party payor settlements	—	—	—	—	—	—	—	—	—	—	—	—
Current portion of assets whose use is limited or restricted	69	—	2	—	—	71	37	30	24	91	—	162
Current portion of due from affiliates	931	—	—	—	(396)	535	—	—	—	—	(535)	—
Total current assets	10,426	738	953	791	(396)	12,512	91	322	628	1,041	(535)	13,018
Assets whose use is limited or restricted, less current portion												
Funds held by trustees, less current portion	—	—	—	—	—	—	—	39	31	70	—	70
Deferred compensation	—	—	—	—	—	—	—	—	—	—	—	—
Board designated funds and other long-term investments	9,076	2,108	2,782	1,848	—	15,814	—	—	—	—	—	15,814
Replacement reserve	—	—	—	—	—	—	740	2,002	1,891	4,633	—	4,633
Donor restricted funds	—	—	—	—	—	—	—	—	—	—	—	—
Total assets whose use is limited or restricted, less current portion	9,076	2,108	2,782	1,848	—	15,814	740	2,041	1,922	4,703	—	20,517
Other assets												
Other assets	—	—	—	—	—	—	—	190	84	274	—	274
Due from affiliates	—	—	—	—	—	—	—	—	—	—	—	—
Investments in joint ventures	—	—	—	—	—	—	—	—	—	—	—	—
Total other assets	—	—	—	—	—	—	—	190	84	274	—	274
Property, plant and equipment												
Land and improvements	105	—	—	—	—	105	101	5	—	106	—	211
Buildings and improvements	12,796	310	—	—	—	13,106	12,128	7,044	5,802	24,974	—	38,080
Equipment	6,963	193	67	382	—	7,605	427	345	305	1,077	—	8,682
Construction in progress	—	—	82	—	—	82	—	—	—	—	—	82
	19,864	503	149	382	—	20,898	12,656	7,394	6,107	26,157	—	47,055
Less accumulated depreciation	(14,085)	(320)	(42)	(294)	—	(14,741)	(7,145)	(5,117)	(4,340)	(16,602)	—	(31,343)
Total property, plant and equipment	5,779	183	107	88	—	6,157	5,511	2,277	1,767	9,555	—	15,712
Total assets	\$25,281	\$ 3,029	\$ 3,842	\$ 2,727	\$ (396)	\$ 34,483	\$ 6,342	\$ 4,830	\$ 4,401	\$ 15,573	\$ (535)	\$ 49,521

Mary Immaculate Health Care Services, Inc.
Consolidating Balance Sheet
December 31, 2012
(In thousands)

Liabilities and Net Assets

Current liabilities

	Mary Immac- ulate Nursing	Mary Immac- ulate Adult Care	Mary Immac- ulate Manage- ment	Mary Immac- ulate Trans- portation	Mary Immac- ulate Elimi- nations	Total Obligated Mary Immac- ulate	MI Residen- tial Comm	MI Residen- tial Comm. II	MI Residen- tial Comm. III	Total MI Residen- tial Comm.	Elimi- nations	Mary Immaculate Health Care Services, Inc. Con- solidated
Accounts payable	\$ 600	\$ —	\$ —	\$ —	\$ —	\$ 600	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 600
Accrued expenses and other current liabilities	966	67	103	11	—	1,147	135	122	98	355	—	1,502
Estimated third-party payor settlements	51	—	—	—	—	51	—	—	—	—	—	51
Due to affiliates	—	225	168	(26)	(396)	(29)	46	88	427	561	(535)	(3)
Current portion of long-term debt and capital leases	—	—	—	—	—	—	199	59	51	309	—	309
Total current liabilities	1,617	292	271	(15)	(396)	1,769	380	269	576	1,225	(535)	2,459
Long-term debt and capital leases, less current portion	—	—	—	—	—	—	1,661	3,784	3,283	8,728	—	8,728
Due to affiliates, less current portion	—	—	—	—	—	—	—	—	—	—	—	—
Other liabilities	530	—	—	—	—	530	11	20	17	48	—	578
Long-term pension liability	—	—	—	—	—	—	—	—	—	—	—	—
Professional liability loss reserves	61	—	—	—	—	61	—	—	—	—	—	61
Total liabilities	2,208	292	271	(15)	(396)	2,360	2,052	4,073	3,876	10,001	(535)	11,826
Net assets												
Share capital	—	—	—	—	—	—	—	—	—	—	—	—
Unrestricted	23,070	2,734	3,571	2,742	—	32,117	(1,757)	757	525	(475)	—	31,642
Temporarily restricted	3	3	—	—	—	6	6,047	—	—	6,047	—	6,053
Permanently restricted	—	—	—	—	—	—	—	—	—	—	—	—
Retained earnings	—	—	—	—	—	—	—	—	—	—	—	—
Total net assets	23,073	2,737	3,571	2,742	—	32,123	4,290	757	525	5,572	—	37,695
Total liabilities and net assets	\$ 25,281	\$ 3,029	\$ 3,842	\$ 2,727	\$ (396)	\$ 34,483	\$ 6,342	\$ 4,830	\$ 4,401	\$ 15,573	\$ (535)	\$ 49,521

Mary Immaculate Health Care Services, Inc.
Consolidating Statement of Operations
December 31, 2012
(In thousands)

	Mary Immac- ulate Nursing	Mary Immac- ulate Adult Care	Mary Immac- ulate Manage- ment	Mary Immac- ulate Trans- portation	Mary Immac- ulate Elimi- nations	Total Obligated Mary Immac- ulate	MI Residen- tial Comm.	MI Residen- tial Comm. II	MI Residen- tial Comm. III	Total MI Residen- tial Comm.	Elimi- nations	Mary Immaculate Health Care Services, Inc. Con- solidated
Operating revenue												
Patient service revenue, net of contractual allowances and discounts	\$ 19,832	\$ 2,243	\$ 1,999	\$ —	\$ (445)	\$ 23,629	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 23,629
Less provision for bad debt	(240)	(20)	(15)	—	—	(275)	—	—	—	—	—	(275)
Patient service revenue, net	19,592	2,223	1,984	—	(445)	23,354	—	—	—	—	—	23,354
Other revenue	144	53	1,037	704	(807)	1,131	1,248	1,223	1,195	3,666	(154)	4,643
Net assets released from restrictions	7	2	—	—	—	9	—	—	—	—	—	9
Total operating revenue	19,743	2,278	3,021	704	(1,252)	24,494	1,248	1,223	1,195	3,666	(154)	28,006
Operating expenses:												
Salaries and wages	10,844	890	1,371	216	—	13,321	211	201	190	602	—	13,923
Employee benefits	2,031	178	257	36	—	2,502	41	35	34	110	—	2,612
Supplies and other	5,072	1,077	996	149	(1,252)	6,042	417	430	383	1,230	(154)	7,118
Interest	—	—	—	—	—	—	132	235	204	571	—	571
Provider and other taxes	136	—	—	—	—	136	—	—	—	—	—	136
Depreciation and amortization	716	22	7	30	—	775	502	229	179	910	—	1,685
Total operating expenses	18,799	2,167	2,631	431	(1,252)	22,776	1,303	1,130	990	3,423	(154)	26,045
Income (loss) from operations	944	111	390	273	—	1,718	(55)	93	205	243	—	1,961
Nonoperating gains (losses), net	913	214	280	187	—	1,594	—	—	—	—	—	1,594
Excess (deficiency) of revenue over expenses before loss on refinancing of debt and discontinued operations	1,857	325	670	460	—	3,312	(55)	93	205	243	—	3,555
Loss on refinancing of debt Discontinued operations	—	—	—	—	—	—	—	—	—	—	—	—
Excess (deficiency) of revenue over expenses	1,857	325	670	460	—	3,312	(55)	93	205	243	—	3,555
Other changes in unrestricted net assets												
Net assets released from restrictions for property, plant and equipment	—	—	—	—	—	—	—	—	—	—	—	—
Adjustment for long-term pension liability	—	—	—	—	—	—	—	—	—	—	—	—
Transfer among affiliates	—	—	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in unrestricted net assets	\$ 1,857	\$ 325	\$ 670	\$ 460	\$ —	\$ 3,312	\$ (55)	\$ 93	\$ 205	\$ 243	\$ —	\$ 3,555

St. Joseph Healthcare Foundation
Consolidating Balance Sheet
December 31, 2012
(In thousands)

	St. Joseph Healthcare Foundation	St. Joseph Hospital (Bangor)	M&J Company	St. Joseph Ambulatory Care, Inc.	Alternative Health Services	Strauss Corporation	Elimi- nations	St. Joseph Health System Consolidated
Assets								
Current assets								
Cash and cash equivalents	\$ 389	\$ 10,506	\$ 218	\$ 111	\$ 73	\$ --	\$ --	\$ 11,297
Accounts receivable	6	16,155	44	557	269	--	--	17,031
Allowance for doubtful accounts	2	(6,902)	(11)	--	(16)	--	--	(6,927)
Investments	4,984	7,914	--	453	--	--	--	13,351
Inventories	--	1,076	--	--	--	--	--	1,076
Prepaid expenses and other current assets	1	1,279	14	92	12	--	--	1,398
Estimated third-party payor settlements	--	4,820	--	--	--	--	--	4,820
Current portion of assets whose use is limited or restricted	--	729	--	--	--	--	--	729
Current portion of due from affiliates	--	--	--	--	--	--	--	--
Total current assets	5,382	35,577	265	1,213	338	--	--	42,775
Assets whose use is limited or restricted, less current portion								
Funds held by trustees, less current portion	--	13,303	--	--	--	--	--	13,303
Deferred compensation	--	--	--	--	--	--	--	--
Board designated funds and other long-term investments	--	17	--	--	1	--	--	18
Replacement reserve	--	--	--	--	--	--	--	--
Donor restricted funds	1,067	2,277	--	--	--	--	--	3,344
Total assets whose use is limited or restricted, less current portion	1,067	15,597	--	--	1	--	--	16,665
Other assets								
Other assets	--	435	13	139	--	5	--	592
Due from affiliates	--	--	--	--	--	--	--	--
Investments in joint ventures	119	1,604	--	--	--	--	(4)	1,719
Total other assets	119	2,039	13	139	--	5	(4)	2,311
Property, plant and equipment								
Land and improvements	80	247	3,301	--	--	--	--	3,628
Buildings and improvements	--	30,872	7,043	54	--	--	--	37,969
Equipment	--	31,553	421	815	152	--	--	32,941
Construction in progress	--	1,311	177	51	--	--	--	1,539
	80	63,983	10,942	920	152	--	--	76,077
Less accumulated depreciation	--	(43,419)	(4,864)	(421)	(148)	--	--	(48,852)
Total property, plant and equipment	80	20,564	6,078	499	4	--	--	27,225
Total assets	\$ 6,648	\$ 73,777	\$ 6,356	\$ 1,851	\$ 343	\$ 5	\$ (4)	\$ 88,976

St. Joseph Healthcare Foundation
Consolidating Balance Sheet
December 31, 2012
(In thousands)

Liabilities and Net Assets

Current liabilities:

	St. Joseph Healthcare Foundation	St. Joseph Hospital (Bangor)	M&J Company	St. Joseph Ambulatory Care, Inc.	Alternative Health Services	Strauss Corporation	Elimi- nations	St. Joseph Health System Consolidated
Accounts payable	\$ 2	\$ 1,946	\$ 35	\$ 26	\$ 9	\$ -	\$ -	\$ 2,018
Accrued expenses and other current liabilities	2,124	4,710	1	668	209	1	-	7,713
Estimated third-party payor settlements	-	6,830	-	-	-	-	-	6,830
Due to affiliates	-	-	-	-	-	-	-	-
Current portion of long-term debt and capital leases	-	1,574	541	-	-	-	-	2,115
Total current liabilities	2,126	15,060	577	694	218	1	-	18,676
Long-term debt and capital leases, less current portion	-	25,404	785	606	-	-	-	26,795
Due to affiliates, less current portion	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
Long-term pension liability	1,020	7,227	-	-	-	-	-	8,247
Professional liability loss reserves	-	749	-	-	-	-	-	749
Total liabilities	3,146	48,440	1,362	1,300	218	1	-	54,467
Net assets								
Share capital	-	-	-	-	-	-	-	-
Unrestricted	2,435	23,060	4,994	551	125	4	(4)	31,165
Temporarily restricted	-	-	-	-	-	-	-	-
Permanently restricted	1,067	2,277	-	-	-	-	-	3,344
Retained earnings	-	-	-	-	-	-	-	-
Total net assets	3,502	25,337	4,994	551	125	4	(4)	34,509
Total liabilities and net assets	\$ 6,648	\$ 73,777	\$ 6,356	\$ 1,851	\$ 343	\$ 5	\$ (4)	\$ 88,976

St. Joseph Healthcare Foundation
Consolidating Statement of Operations
December 31, 2012
(In thousands)

	St. Joseph Healthcare Foundation	St. Joseph Hospital (Bangor)	M&J Company	St. Joseph Ambulatory Care, Inc.	Alternative Health Services	Strauss Corporation	Elimi- nations	St. Joseph Health System Consolidated
Operating revenue								
Patient service revenue, net of contractual allowances and discounts	\$ -	\$ 96,928	\$ -	\$ 8,326	\$ 1,636	\$ -	\$ -	\$ 106,890
Less provision for bad debt	-	(5,558)	-	(221)	(8)	-	-	(5,787)
Patient service revenue, net	-	91,370	-	8,105	1,628	-	-	101,103
Other revenue	-	4,091	1,860	1,296	41	-	(2,762)	4,526
Net assets released from restrictions	28	-	-	-	-	-	-	28
Total operating revenue	28	95,461	1,860	9,401	1,669	-	(2,762)	105,657
Operating expenses								
Salaries and wages	-	36,656	-	9,944	1,289	-	-	47,889
Employee benefits	-	9,510	-	2,113	392	-	-	12,015
Supplies and other	374	37,915	526	3,375	363	1	(2,762)	39,792
Interest	-	666	103	9	-	-	-	778
Provider and other taxes	-	2,074	-	-	-	-	-	2,074
Depreciation and amortization	-	3,587	418	288	1	-	-	4,294
Total operating expenses	374	90,408	1,047	15,729	2,045	1	(2,762)	106,842
Income (loss) from operations	(346)	5,053	813	(6,328)	(376)	(1)	-	(1,185)
Nonoperating gains (losses), net	701	2,022	2	14	56	1	122	2,918
Excess (deficiency) of revenue over expenses before loss on refinancing of debt and discontinued operations	355	7,075	815	(6,314)	(320)	-	122	1,733
Loss on refinancing of debt	-	(23)	-	-	-	-	-	(23)
Discontinued operations	-	-	-	-	-	-	-	-
Excess (deficiency) of revenue over expenses	355	7,052	815	(6,314)	(320)	-	122	1,710
Other changes in unrestricted net assets								
Net assets released from restrictions for property, plant and equipment	-	-	-	-	-	-	-	-
Adjustment for long-term pension liability	53	211	-	-	-	-	-	264
Transfer among affiliates	(1,174)	(3,032)	(2,224)	6,674	(122)	(122)	-	-
Increase (decrease) in unrestricted net assets	\$ (766)	\$ 4,231	\$ (1,409)	\$ 360	\$ (442)	\$ (122)	\$ 122	\$ 1,974

St. Mary's Health System
Consolidating Balance Sheet
December 31, 2012
(In thousands)

	St. Mary's Health System	St. Mary's Regional Medical Center	St. Mary's d'Youville Pavilion	St. Mary's Residences	Community Clinical Services, Inc.	Neigh- borhood Housing Initiative	Elimi- nations	St. Mary's Health System Consolidated
Assets								
Current assets								
Cash and cash equivalents	\$ 8	\$ 2,111	\$ 2,336	\$ 256	\$ 189	\$ -	\$ -	\$ 4,900
Accounts receivable	528	25,346	1,989	-	1,089	-	-	28,952
Allowance for doubtful accounts	(528)	(12,391)	(95)	-	(483)	-	-	(13,497)
Investments	1,723	720	-	319	-	-	-	2,762
Inventories	-	1,257	72	-	7	-	-	1,336
Prepaid expenses and other current assets	284	2,082	61	44	315	-	50	2,836
Estimated third-party payor settlements	-	17,698	478	-	(89)	-	-	18,087
Current portion of assets whose use is limited or restricted	-	-	-	-	-	-	-	-
Current portion of due from affiliates	(11,654)	13,749	(1,400)	(564)	-	-	(131)	-
Total current assets	(9,639)	50,572	3,441	55	1,028	-	(81)	45,376
Assets whose use is limited or restricted, less current portion								
Funds held by trustees, less current portion	-	1,736	427	-	-	-	-	2,163
Deferred compensation	-	-	-	-	-	-	-	-
Board designated funds and other long-term investments	1,169	27,626	3,177	9	-	-	-	31,981
Replacement reserve	-	-	-	279	-	-	-	279
Donor restricted funds	4,137	2,239	68	40	2	-	(2,801)	3,685
Total assets whose use is limited or restricted, less current portion	5,306	31,601	3,672	328	2	-	(2,801)	38,108
Other assets								
Other assets	180	1,596	64	180	-	-	-	2,020
Due from affiliates	-	-	-	-	-	-	-	-
Investments in joint ventures	111	2,433	-	-	-	-	-	2,544
Total other assets	291	4,029	64	180	-	-	-	4,564
Property, plant and equipment								
Land and improvements	2,298	1,578	1,728	81	-	-	-	5,685
Buildings and improvements	7,229	68,756	9,315	6,677	110	-	-	92,087
Equipment	1,398	38,310	7,397	375	386	-	-	47,866
Construction in progress	1	1,015	52	34	-	-	-	1,102
	10,926	109,659	18,492	7,167	496	-	-	146,740
Less accumulated depreciation	(2,815)	(51,591)	(13,864)	(5,910)	(348)	-	-	(74,528)
Total property, plant and equipment	8,111	58,068	4,628	1,257	148	-	-	72,212
Total assets	\$ 4,069	\$ 144,270	\$ 11,805	\$ 1,820	\$ 1,178	\$ -	\$ (2,882)	\$ 160,260

St. Mary's Health System
Consolidating Balance Sheet
December 31, 2012
(In thousands)

	St. Mary's Health System	St. Mary's Regional Medical Center	St. Mary's d'Youville Pavilion	St. Mary's Residences	Community Clinical Services, Inc.	Neigh- borhood Housing Initiative	Elimi- nations	St. Mary's Health System Consolidated
Liabilities and Net Assets								
Current liabilities								
Accounts payable	\$ 36	\$ 2,943	\$ 360	\$ 17	\$ 12	\$ —	\$ —	\$ 3,368
Accrued expenses and other current liabilities	7,975	10,491	1,394	38	727	—	—	20,625
Estimated third-party payor settlements	—	—	—	—	—	—	—	—
Due to affiliates	130	—	—	—	—	—	(130)	—
Current portion of long-term debt and capital leases	265	1,953	670	57	—	—	—	2,945
Total current liabilities	8,406	15,387	2,424	112	739	—	(130)	26,938
Long-term debt and capital leases, less current portion	4,200	45,479	2,928	2,594	—	—	—	55,201
Due to affiliates, less current portion	—	—	—	—	—	—	—	—
Other liabilities	3,228	272	2	62	—	—	(2,752)	812
Long-term pension obligation	—	—	—	—	—	—	—	—
Professional liability loss reserves	1,062	1,028	—	—	—	—	—	2,090
Total liabilities	16,896	62,166	5,354	2,768	739	—	(2,882)	85,041
Net assets								
Share capital	—	—	—	—	—	—	—	—
Unrestricted	(14,140)	79,865	6,416	(988)	437	—	—	71,590
Temporarily restricted	946	1,542	25	40	2	—	—	2,555
Permanently restricted	367	697	10	—	—	—	—	1,074
Retained earnings	—	—	—	—	—	—	—	—
Total net assets	(12,827)	82,104	6,451	(948)	439	—	—	75,219
Total liabilities and net assets	\$ 4,069	\$ 144,270	\$ 11,805	\$ 1,820	\$ 1,178	\$ —	\$ (2,882)	\$ 160,260

St. Mary's Health System
Consolidating Statement of Operations
December 31, 2012
(In thousands)

	St. Mary's Health System	St. Mary's Regional Medical Center	St. Mary's d'Youville Pavilion	St. Mary's Residences	Community Clinical Services, Inc.	Neigh- borhood Housing Initiative	Elimi- nations	St Mary's Health System Consolidated
Operating revenue								
Patient service revenue, net of contractual allowances and discounts	\$ (78)	\$ 142,590	\$ 19,079	\$ —	\$ 7,821	\$ —	\$ —	\$ 169,412
Less provision for bad debt	55	(6,313)	(5)	—	(737)	—	—	(7,000)
Patient service revenue, net	(23)	136,277	19,074	—	7,084	—	—	162,412
Other revenue	18,156	8,137	3,654	1,629	1,540	—	(24,072)	9,044
Net assets released from restrictions	76	519	7	6	15	—	—	623
Total operating revenue	18,209	144,933	22,735	1,635	8,639	—	(24,072)	172,079
Operating expenses:								
Salaries and wages	1,597	71,133	10,630	—	7,385	—	—	90,745
Employee benefits	14,479	15,948	3,127	—	1,332	—	(15,900)	18,986
Supplies and other	3,473	50,835	6,745	1,187	2,617	2	(8,236)	56,623
Interest	215	2,389	199	201	—	—	—	3,004
Provider and other taxes	—	3,104	1,140	—	—	—	—	4,244
Depreciation and amortization	539	5,289	620	169	60	—	—	6,677
Total operating expenses	20,303	148,698	22,461	1,557	11,394	2	(24,136)	180,279
Income (loss) from operations	(2,094)	(3,765)	274	78	(2,755)	(2)	64	(8,200)
Nonoperating gains (losses), net	(2,567)	2,972	319	—	2,755	(92)	(64)	3,323
Excess (deficiency) of revenue over expenses before loss on refinancing of debt and discontinued operations	(4,661)	(793)	593	78	—	(94)	—	(4,877)
Loss on refinancing of debt	—	(468)	—	—	—	—	—	(468)
Discontinued operations	—	—	—	—	—	—	—	—
Excess (deficiency) of revenue over expenses	(4,661)	(1,261)	593	78	—	(94)	—	(5,345)
Other changes in unrestricted net assets								
Net assets released from restrictions for property, plant and equipment	195	360	—	—	—	—	—	555
Adjustment for long-term pension liability	—	—	—	—	—	—	—	—
Transfer among affiliates	10,984	(9,851)	—	—	(1,231)	98	—	—
Increase (decrease) in unrestricted net assets	\$ 6,518	\$ (10,752)	\$ 593	\$ 78	\$ (1,231)	\$ 4	\$ —	\$ (4,790)