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Form 990  Department of the Treasury Internal Revenue Service	Return of Organization Exempt From Income Tax Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)	OMB No 1545-0047 2012 Open to Public Inspection
	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 07-01-2012 , 2012, and ending 06-30-2013

B Check if applicable ☐ Address change ☐ Name change ☐ Initial return ☐ Terminated ☐ Amended return ☐ Application pending	C Name of organization Millinocket Regional Hospital		D Employer identification number 01-0223482
	Doing Business As		
	Number and street (or P O box if mail is not delivered to street address) 200 Somerset Street	Room/suite	E Telephone number (207) 723-5161
	City or town, state or country, and ZIP + 4 Millinocket, ME 04462		G Gross receipts \$ 31,138,098
	F Name and address of principal officer Marie Vienneau 200 Somerset Street Millinocket, ME 04462		H(a) Is this a group return for affiliates? ☐ Yes ☒ No H(b) Are all affiliates included? ☐ Yes ☐ No If "No," attach a list (see instructions) H(c) Group exemption number ▶
I Tax-exempt status ☒ 501(c)(3) ☐ 501(c) () ◀(Insert no) ☐ 4947(a)(1) or ☐ 527			
J Website: ▶ www.mrhme.org			

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities Critical Access Hospital		
	2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	15
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	8
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	283
	6 Total number of volunteers (estimate if necessary)	6	13
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
	7b Net unrelated business taxable income from Form 990-T, line 34	7b	0
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	146,101	181,679
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	27,163,666	27,112,248
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	270,536	590,961
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	-9,637	72,713
		27,570,666	27,957,601
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	39,800	2,301
	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)	17,103,221	17,409,296
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ☐ 0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	10,601,799	10,229,103
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	27,744,820	27,640,700
	19 Revenue less expenses Subtract line 18 from line 12	-174,154	316,901
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	23,423,125	23,588,914
	21 Total liabilities (Part X, line 26)	8,949,790	8,546,823
	22 Net assets or fund balances Subtract line 21 from line 20	14,473,335	15,042,091

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	*****			2014-04-02	
	Signature of officer			Date	
	Christine McLaughlin Chief Financial Officer				
	Type or print name and title				
Paid Preparer Use Only	Prnt/Type preparer's name Barbara J McGuan CPA		Preparer's signature		Date 2014-04-02
	Check ☐ if self-employed			PTIN P00219457	
	Firm's name ▶ Berry Dunn McNeil & Parker LLC			Firm's EIN ▶ 01-0523282	
	Firm's address ▶ PO Box 1100 Portland, ME 041041100			Phone no (207) 775-2387	

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

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

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.

[illegible][illegible]

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

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	No
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b Yes	
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e	No
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f	No
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI 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	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the 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	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or 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	Yes	
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		No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 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.	82	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	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	283
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).		2b	Yes
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?		3a	No
b If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.		3b	
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, 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	8	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	No
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	No
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	Yes
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	Yes
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes
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	Yes
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	Yes

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	ME
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. ☐ Own website ☐ Another's website ☒ Upon request ☐ 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	Christine McLaughlin 200 Somerset Street Millinocket, ME (207) 723-5161

Part VII

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

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

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

- 1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year
- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation 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) Ronald Brown Director	5 00	X						0	0	0
(2) Thomas Malcolm Past President	5 00	X		X				0	0	0
(3) Mellissa Edwards President	5 00	X		X				0	0	0
(4) Don Casko Vice President	5 00	X		X				0	0	0
(5) Herbert Clark Director	5 00	X						0	0	0
(6) Jack Dinsmore Director	5 00	X						0	0	0
(7) Gail Fanjoy Director	5 00	X						0	0	0
(8) Joyce Given Hospital Aux President	5 00	X						0	0	0
(9) Patrick Hunt Esq Director	5 00	X						0	0	0
(10) Lee Lamson Secretary/Treasurer	5 00	X		X				0	0	0
(11) Fred Lewis Director	5 00	X						0	0	0
(12) Wallace Tapley Director	5 00	X						0	0	0
(13) Mark Kowalski Medical Staff President	60 00	X		X				432,157	0	34,038
(14) Edward Dunstan Medical Staff Secretary	60 00	X		X				184,683	0	28,196
(15) Venkataraman Munusamy Medical Staff Vice President	60 00	X		X				193,511	0	30,526
(16) Marie Vienneau CEO	40 00			X				200,625	0	35,075
(17) Chrstine McLaughlin CFO	40 00			X				102,806	0	26,721

Part VII

1b	Sub-Total			
c	Total from continuation sheets to Part VII, Section A			
d	Total (add lines 1b and 1c)	2,446,659	0	275,191

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization in 19

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	3	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>	4	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>	5	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
Katahdin Shared Services Inc 200 Somerset Street Millinocket ME 04462	Ultrasound Services	437,173
NEHE-MRI LLC PO Box 6600 Newport CA 92658	MRI Radiology	373,603
CPSI PO Box 850309 Mobile AL 36685	Computer Services	336,797
Eastern Maine Medical Center 489 State Street Bangor ME 04401	Professional Services	216,428
Quest Diagnostics Incorporated 5763 Collection Center Dr Chicago IL 60693	Referral Testing	138,812

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ►10

Part VIII

Statement of Revenue

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	155,387				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	26,292				
	g	Noncash contributions included in lines 1a-1f \$						
	h	Total. Add lines 1a-1f			181,679			
Program Service Revenue			Business Code					
	2a	Ancillary Services	621400	42,056,069	42,056,069			
	b	Routine Services	621400	2,475,640	2,475,640			
	c	Miscellaneous Income	621400	417,849	383,086		34,763	
	d	Provision for Bad Debts	621400	-1,489,878	-1,489,878			
	e	Contractual/Char Adj	621400	-16,347,432	-16,347,432			
	f	All other program service revenue						
	g	Total. Add lines 2a-2f			27,112,248			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		222,217			222,217	
	4	Income from investment of tax-exempt bond proceeds . .						
	5	Royalties						
	6a	(i) Real		(ii) Personal				
		36,000						
		19,525						
		16,475						
	d	Net rental income or (loss)		16,475			16,475	
	7a	(i) Securities		(ii) Other				
		3,497,997		31,719				
		3,160,972		0				
		337,025		31,719				
	d	Net gain or (loss)		368,744			368,744	
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18						
	a							
	b	Less direct expenses						
	c	Net income or (loss) from fundraising events . .						
	9a	Gross income from gaming activities See Part IV, line 19						
	a							
	b	Less direct expenses						
c	Net income or (loss) from gaming activities . .							
10a	Gross sales of inventory, less returns and allowances							
a								
b	Less cost of goods sold							
c	Net income or (loss) from sales of inventory . .							
Miscellaneous Revenue		Business Code						
11a	Gain on Investment of A ffiliate	531120	56,238				56,238	
b								
c								
d	All other revenue							
e	Total. Add lines 11a-11d			56,238				
12	Total revenue. See Instructions			27,957,601	27,077,485	0	698,437	

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.	2,301	2,301		
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.	1,268,338	903,111	365,227	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	12,596,771	12,000,855	595,916	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	343,177	331,327	11,850	
9	Other employee benefits.	2,311,473	2,228,942	82,531	
10	Payroll taxes.	889,537	831,188	58,349	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	46,158		46,158	
c	Accounting.	18,487		18,487	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.	41,601		41,601	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	3,019,465	2,644,817	374,648	
12	Advertising and promotion.	41,036		41,036	
13	Office expenses.	379,889	299,306	80,583	
14	Information technology.				
15	Royalties.				
16	Occupancy.	583,256	566,598	16,658	
17	Travel.	46,259	27,636	18,623	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.				
20	Interest.	258,396	258,396		
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	870,933	870,933		
23	Insurance.	281,158	281,158		
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	Medical Supplies	3,902,249	3,820,647	81,602	
b	Medicaid Tax	661,384	661,384		
c	Dues & Subscriptions	56,236	56,236		
d	Miscellaneous Expenses	22,596	16,943	5,653	
e	All other expenses				
25	Total functional expenses. Add lines 1 through 24e.	27,640,700	25,801,778	1,838,922	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ☐ if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		930	1	930
	2	Savings and temporary cash investments		2,658,392	2	2,167,161
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		2,609,103	4	3,071,470
	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		70,941	7	14,553
	8	Inventories for sale or use		404,073	8	421,206
	9	Prepaid expenses and deferred charges		476,887	9	298,287
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	19,085,714		
	b	Less accumulated depreciation	10b	12,509,092	6,712,945	10c 6,576,622
	11	Investments—publicly traded securities		8,681,763	11	9,378,479
	12	Investments—other securities See Part IV, line 11		1,600,469	12	1,464,160
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		28,820	14	15,439
	15	Other assets See Part IV, line 11		178,802	15	180,607
	16	Total assets. Add lines 1 through 15 (must equal line 34)		23,423,125	16	23,588,914
Liabilities	17	Accounts payable and accrued expenses		2,860,539	17	3,023,961
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		1,443,780	20	1,238,611
	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		4,645,471	23	4,284,251
	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		8,949,790	26	8,546,823
Net Assets or Fund Balances		Organizations that follow SFAS 117 (ASC 958), check here ☒ and complete lines 27 through 29, and lines 33 and 34.				
	27	Unrestricted net assets		14,365,302	27	14,928,633
	28	Temporarily restricted net assets		103,033	28	108,458
	29	Permanently restricted net assets		5,000	29	5,000
		Organizations that do not follow SFAS 117 (ASC 958), check here ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		14,473,335	33	15,042,091
	34	Total liabilities and net assets/fund balances		23,423,125	34	23,588,914

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	27,957,601
2	Total expenses (must equal Part IX, column (A), line 25)	2	27,640,700
3	Revenue less expenses Subtract line 2 from line 1	3	316,901
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	14,473,335
5	Net unrealized gains (losses) on investments	5	251,855
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	15,042,091

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? 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 ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis	2a	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 ☐ Separate basis ☒ Consolidated basis ☐ Both consolidated and separate basis	2b	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	2c	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?	3a	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	3b	

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 Millinocket Regional Hospital	Employer identification number 01-0223482
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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									

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 Millinocket Regional Hospital	Employer identification number 01-0223482
---	--

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

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

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

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

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

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

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

Part II-A

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 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		8,088	
	j Total Add lines 1c through 1i			8,088	
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).	2a	
a	Current year.		
b	Carryover from last year.		
c	Total.		
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	The Organization pays dues to various organizations, a portion of which are attributable to lobbying expenses.

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Millinocket Regional Hospital

Employer identification number
01-0223482

Part I

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes☐ No	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds 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? ☐ Yes☐ No	

Part II

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

1

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

☐ Preservation of land for public use (e g , recreation or 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

▶\$ _____

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

Cat No 52283D

Schedule D (Form 990) 2012

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	

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

2

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

a

Board designated or quasi-endowment

b

Permanent endowment

c

Temporarily restricted endowment

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?

3b

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		49,951		49,951
b Buildings		9,109,535	5,565,037	3,544,498
c Leasehold improvements				
d Equipment		9,283,781	6,435,619	2,848,162
e Other		642,447	508,436	134,011
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				6,576,622

Schedule D (Form 990) 2012

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

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

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

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
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SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Millinocket Regional Hospital

Employer identification number
01-0223482

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 ☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ 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 ☐ 100% ☒ 150% ☐ 200% ☐ Other _____ %	3a	Yes	
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 ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☒ 400% ☐ Other _____ %	3b	Yes	
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"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a		No
b	If "Yes," did the organization make it available to the public?	6b		
Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.				

7

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)			1,187,317		1,187,317	4 300 %
b Medicaid (from Worksheet 3, column a)			2,901,021	249,720	2,651,301	9 590 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			4,088,338	249,720	3,838,618	13 890 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			1,421,550	781,906	639,644	2 310 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			2,301		2,301	0 010 %
j Total. Other Benefits			1,423,851	781,906	641,945	2 320 %
k Total. Add lines 7d and 7j			5,512,189	1,031,626	4,480,563	16 210 %

Part II

Community Building Activities

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

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

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

No

2

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

2

640,441

3

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

3

4

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

Section B. Medicare

5

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

5

11,917,747

6

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

6

11,818,699

7

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

7

99,048

8

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

Section C. Collection Practices

9a

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

9a

Yes

No

b

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

9b

No

Part IV

Management 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 %
1				
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	Millinocket Regional Hospital 200 Somerset Street Millinocket, ME 04462	X				X		X			

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

Millinocket Regional Hospital

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	☒ A definition of the community served by the hospital facility		
b	☒ Demographics of the community		
c	☒ Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	☒ How data was obtained		
e	☒ The health needs of the community		
f	☒ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	☒ The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	☒ The process for consulting with persons representing the community's interests		
i	☐ Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	☐ Other (describe in Part VI)		
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	Yes
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	☐ Hospital facility's website		
b	☒ Available upon request from the hospital facility		
c	☐ 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	☒ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	☐ Execution of the implementation strategy		
c	☐ Participation in the development of a community-wide plan		
d	☐ Participation in the execution of a community-wide plan		
e	☐ Inclusion of a community benefit section in operational plans		
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	☐ Prioritization of health needs in its community		
h	☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	☐ Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	Yes
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>150 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>400 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
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 ☒ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
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 ☐ The policy was posted on the hospital facility's website			
b ☒ The policy was attached to billing invoices			
c ☒ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☒ The policy was posted in the hospital facility's admissions offices			
e ☒ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☒ The policy was available upon request			
g ☐ 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 ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ 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 ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ 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	☐ The hospital facility did not provide care for any emergency medical conditions		
b	☐ The hospital facility's policy was not in writing		
c	☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	☐ Other (describe in Part VI)		

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	☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	☒ Other (describe in Part VI)		
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 VI Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, 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 I, Line 3c Income guidelines as set by Hospital Finance Rules will be used in determining eligibility Percentage of balance discounted will be determined based on patient's income level relative to the Federal Poverty Level guidelines These guidelines are updated annually by the Financial Counselor Up to 150% FPL 100% Balance Discounted151% to 200% FPL 50% Balance Discounted201% to 250% FPL 25% Balance Discounted251% to 300% FPL 10% Balance Discounted301% to 400% FPL 5% Balance Discounted
		Part I, Line 7 Expenses calculated on Lines 7a & 7b were calculated using a cost-to-charge ratio while actual expenses were used in calculating the amount reported on line 7i

Identifier	ReturnReference	Explanation
		Part I, Line 7g Subsidized health services include laboratory and physician services
		Part III, Line 4 Patient accounts receivable are stated at the amount management expects to collect from outstanding balances Management provides for probable uncollectible amounts through a charge to operations and a credit to a valuation allowance based on its assessment of individual accounts and historical adjustments Balances that are still outstanding, after management has used reasonable collection efforts, are written off through a charge to the valuation allowance and a credit to patient accounts receivable In evaluating the collectability of accounts receivable, the Hospital analyzes past results and identifies trends for each major payor source of revenue for the purposes of estimating the appropriate amounts of the allowance for doubtful accounts and the provision for bad debts Data in each major payor source are regularly reviewed to evaluate the adequacy of the allowance for doubtful accounts Specifically, for receivables relating to services provided to patients having third-party coverage, an allowance for doubtful accounts and a corresponding provision for bad debts are established at varying levels based on the age of the receivables and payor source For receivables relating to self-pay patients, a provision for bad debts is made in the period services are rendered based on experience indicating the inability or unwillingness of patients to pay amounts for which they are financially responsible

Identifier	ReturnReference	Explanation
		Part III, Line 8 The Organization used accounting methodology prescribed by the Medicare cost report as its costing methodology to determine the amount of Medicare allowable costs
Millinocket Regional Hospital		Part V, Section B, Line 3 The OneMaine Health Collaborative, which was formed by EMHS/Maine General Health and Maine Health, contracted with the University of New England's Center for Community and Public Health (CCPH) to conduct a Statewide Community health needs Assessment (CHNA) The assessment conducted in collaboration with the University of Southern Maine and Market Decisions, Inc, was designed to identify the most important health issues in the state, both overall and by county, using scientifically valid health indicators and comparative information The assessment also identifies priority health issues where better integration of public health and healthcare can improve access, quality, and cost effectiveness of services to residents of Maine OneMaine shared this information with its fellow stakeholders so it can lead to improved health status and quality of care available to Maine residents, while building upon and strengthening Maine's existing infrastructure of services and providers The four objectives of the OneMaine Community Health Needs Assessment were 1 Develop a comprehensive profile of health status, quality of care and care management indicators for residents of Maine overall and for residents by county 2 Identify a set of priority health needs (public health and health care) for follow-up 3 Provide recommendations on strategies that can be undertaken by healthcare providers, public health staff, communities, policy makers and others to follow-up on the information provided with actions that may improve the health status of Maine people 4 Provide access to the CHNA data and assistance to stakeholders who are interested in using it The methodology for the CHNA was a modified version of CCPH's Community and Institutional Assessment Process (CIAP) The CIAP is a comprehensive planning process that identifies salient healthcare related issues in the community through a systematic analysis of scientifically derived health indicators and comparative and best practice information Indicators are computed from an extensive set of health-related data and a community household telephone survey The CIAP starts with a comprehensive epidemiological-based health profile organized by health domain or condition such as cardiovascular health, respiratory health, cancer health, etc Indicators for most domains are further organized by risk factors, prevalence or incidence of disease or condition, care management indicators and care outcomes The analysis of indicators within each domain provides information to identify, and subsequently explore, which aspects of the healthcare delivery system may be over-or under-performing for that particular domain (e g primary prevention, secondary prevention, etc)Community health needs assessments are designed, in part, to identify issues where changes in the healthcare delivery system can improve both patient care and preventive services for those at risk for health problems Findings and recommendations 1 Maine has several underlying socio-demographic characteristics that impact many of the health indicators, for example, Maine has the oldest population in the U S , a very high proportion of elderly (65+) compared to the U S Being older does not equate to poor health, the reality is that aging populations use more health services than younger populations 2 Maine has a lower median income than the U S but the proportion of Maine residents living below the Federal poverty line is slightly lower than the rest of the country However, in Northern Maine the proportions of residents live below the Federal poverty line than the state as a whole or the U S 3 Unemployment is an important demographic predictor of health and compared to the rest of the U S , Maine has a lower unemployment rate, but several Maine counties individually have high rates of unemployment, many well over 10% On May 26, 2011, Eastern Maine Health Systems (EMHS) presented the OneMaine Health Collaborative Community Health Needs Assessment to community leaders, which was hosted by Millinocket Regional Hospital and Penobscot Valley Hospital Access to Health Care and ED Utilization MRH received Rural Health Clinic status to stabilize primary care reimbursement MRH has recruited a mid-level provider and is in the process of recruiting a part time family practitioner MRH provided a sliding fee and charity care in practices to mirror the hospital to encourage access The RHCs are seeking Patient Centered medical Home status which will encourage expanded coverage hours Currently participating in MaineCare ED utilization project and implemented follow-up call on ED visits to question if primary care was sought Obesity & Chronic Disease Management MRH employs a Wellness Coordinator and has a worksite wellness program MRH incentivizes employee health and wellness via health plan MRH subsidizes and runs only fitness facility north of Bangor MRH supports and employ staff for healthy Maine Partnership Physicians do community talks on nutrition MRH hired a primary care Case Manager whose focus is on diabetes, heart disease, HTN, and COPD MRH maintains a Cardiac Rehab, Diabetes Self-Management Training, and ADEF program Behavioral Healthcare MRH has an ongoing relationship with CHCS Crisis Services for crisis evaluation MRH developed Tele-Psychiatry Program with Acadia Hospital for emergent psychiatric assessment MRH is developing plans to integrate Behavioral healthcare into primary care as part of Patient Centered Medical Home Project MRH petitioned CMS to allow reimbursement of telemedicine in Metropolitan Statistical Areas to allow further expansion of Tele-Psychiatry

Identifier	ReturnReference	Explanation
Millinocket Regional Hospital		Part V, Section B, Line 4 Statewide community health needs assessment "OneMaine Health Collaborative" sponsored by Eastern Maine Health System, MaineGeneral Health, and MaineHealth
Millinocket Regional Hospital		Part V, Section B, Line 20d The Hospital billed amounts to individuals who did not have insurance at cost and applied a 10% discount to private pay patients

Identifier	ReturnReference	Explanation
		Part VI, Line 2 A formal community needs assessment is done every 2-3 years These assessments are conducted to obtain information on successes, failures, weaknesses and strengths to be used for guidance in the vision for the future of healthcare delivery in our service areas
		Part VI, Line 3 Inpatients In order to identify those patients who would be eligible for financial assistance, all uninsured inpatients are referred to the Financial Counselor by pre-registration or registration personnel The Financial Counselor will do an initial screening for payment options prior to the patient leaving the hospital, if possible If the patient has left the hospital, the Financial Counselor will attempt to contact the patient for information All inpatients are given a copy of Patient Free Care and Discount Arrangements guidelines at time of admission Surgical outpatients The Financial Counselor will provide information about Patient Free Care, Discount Arrangements and term payment arrangements to all uninsured surgical outpatients All surgical outpatients are provided a copy of Patient Free Care and Discount Arrangements guidelines at time of registration Emergency room patients All emergency room patients are provided a copy of Patient Free Care and Discount Arrangements guidelines at time of registration All other outpatients All other outpatients are provided a copy of the Patient Free Care/Discount Arrangements guidelines at time of registration All patients will receive notice of availability of financial assistance included in their first-time statement Patient Financial Services employees and Physician Practice employees receive training on patient free care and discount arrangements guidelines and are expected to be able to provide contact information about free care and discount arrangements

Identifier	ReturnReference	Explanation
		Part VI, Line 4 Millinocket Regional Hospital has three communities in its primary service area, Millinocket, East Millinocket and Medway There are multiple smaller communities in the secondary service area including, Brownville, Stacyville, Sherman, Patten and Island Falls The area has struggled and realized an unemployment rate in the teens for the past ten years and community outmigration The population of the primary service area is approximately 7500 people The hospital has realized this population change by large volume declines in 2013 The average median household income is 22% behind the state average The average resident age is 14% older than the state median age

Schedule J (Form 990) Department of the Treasury Internal Revenue Service	Compensation Information For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees ▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23. ▶ Attach to Form 990. ▶ See separate instructions.	OMB No 1545-0047
		2012
		Open to Public Inspection

Name of the organization Millinocket Regional Hospital	Employer identification number 01-0223482
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Part I	Questions Regarding Compensation		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☐ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
1b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain			
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?			
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	☒ Compensation committee	☒ Written employment contract		
	☒ Independent compensation consultant	☒ Compensation survey or study		
	☐ Form 990 of other organizations	☒ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
4a	Receive a severance payment or change-of-control payment?			No
4b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?			No
4c	Participate in, or receive payment from, an equity-based compensation arrangement?			No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
5a	The organization?			No
5b	Any related organization?			No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
6a	The organization?			No
6b	Any related organization?			No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III			No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III			No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?			

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use 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				
(1)Mark Kowalski Medical Staff President	(i)	432,157	0	0	10,950	23,088	466,195	0
	(ii)	0	0	0	0	0	0	0
(2)Edward Dunstan Medical Staff Secretary	(i)	184,683	0	0	5,336	22,860	212,879	0
	(ii)	0	0	0	0	0	0	0
(3)Venkataraman Munusamy Medical Staff Vice President	(i)	193,511	0	0	7,929	22,597	224,037	0
	(ii)	0	0	0	0	0	0	0
(4)Marie Vienneau CEO	(i)	200,625	0	0	8,681	26,394	235,700	0
	(ii)	0	0	0	0	0	0	0
(5)Daniel Herbert MD Hospitalist	(i)	229,602	32,100	0	9,497	16,210	287,409	0
	(ii)	0	0	0	0	0	0	0
(6)Kwaku Owusu- Abrokwa MD Hospitalist	(i)	187,948	0	0	7,673	8,967	204,588	0
	(ii)	0	0	0	0	0	0	0
(7)Nilesh Patil Surgeon	(i)	442,712	0	0	2,450	23,078	468,240	0
	(ii)	0	0	0	0	0	0	0
(8)Jason Campbell Surgeon	(i)	262,277	0	0	6,134	22,860	291,271	0
	(ii)	0	0	0	0	0	0	0
(9)Joseph Aquilina ER PA	(i)	178,238	0	0	7,475	16,291	202,004	0
	(ii)	0	0	0	0	0	0	0

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

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				
Mark Kowalski	(i)	432,157	0	0	10,950	23,088	466,195	0
	(ii)	0	0	0	0	0	0	0
Edward Dunstan	(i)	184,683	0	0	5,336	22,860	212,879	0
	(ii)	0	0	0	0	0	0	0
Venkataraman Munusamy	(i)	193,511	0	0	7,929	22,597	224,037	0
	(ii)	0	0	0	0	0	0	0
Marie Vienneau	(i)	200,625	0	0	8,681	26,394	235,700	0
	(ii)	0	0	0	0	0	0	0
Daniel Herbert MD	(i)	229,602	32,100	0	9,497	16,210	287,409	0
	(ii)	0	0	0	0	0	0	0
Kwaku Owusu-Abrokwa MD	(i)	187,948	0	0	7,673	8,967	204,588	0
	(ii)	0	0	0	0	0	0	0
Nilesh Patil	(i)	442,712	0	0	2,450	23,078	468,240	0
	(ii)	0	0	0	0	0	0	0
Jason Campbell	(i)	262,277	0	0	6,134	22,860	291,271	0
	(ii)	0	0	0	0	0	0	0
Joseph Aquilina	(i)	178,238	0	0	7,475	16,291	202,004	0
	(ii)	0	0	0	0	0	0	0

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

Department of the Treasury Internal Revenue Service	Name of the organization Millinocket Regional Hospital	Employer identification number 01-0223482
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Part I Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A Maine Health and Higher Educational Facilities Authority	01-0314384	560427WV4	05-23-2013	1,423,837	Refinancing of 2003 D bond issue		X		X	X	

Part II Proceeds

					A	B	C	D
1	Amount of bonds retired				185,226			
2	Amount of bonds legally defeased							
3	Total proceeds of issue				1,423,837			
4	Gross proceeds in reserve funds							
5	Capitalized interest from proceeds							
6	Proceeds in refunding escrows							
7	Issuance costs from proceeds				15,439			
8	Credit enhancement from proceeds							
9	Working capital expenditures from proceeds							
10	Capital expenditures from proceeds							
11	Other spent proceeds							
12	Other unspent proceeds							
13	Year of substantial completion				2013			
					Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?				X			
15	Were the bonds issued as part of an advance refunding issue?					X		
16	Has the final allocation of proceeds been made?				X			
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?				X			

Part III Private Business Use

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

Part III Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X						
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	%		%		%		%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	%		%		%		%	
6	Total of lines 4 and 5	%		%		%		%	
7	Does the bond issue meet the private security or payment test?		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						
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							

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X						
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X						
b	Exception to rebate?		X						
c	No rebate due?		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						
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X						
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was 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						
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X						
7	Has the organization established written procedures to monitor the requirements of section 148?		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						

Part VI

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

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

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons
▶ Complete if the organization answered
"Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c,
or Form 990-EZ, Part V, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047
2012
Open to Public Inspection

Name of the organization Millinocket Regional Hospital	Employer identification number 01-0223482
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Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

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

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

2 Enter the amount of tax incurred by organization managers or disqualified persons during the year under section 4958 ▶ \$

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

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

Part III Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Julie Brown	Family Member of Ronald Brown, member of Board of Directors	37,392	Employment		No
(2) Rose Ann Hunt	Family Member of Patrick Hunt, member of Board of Directors	125,564	Employment		No
(3) Dale McLaughlin	Family Member of Christine McLaughlin, CFO of Organization	94,640	Employment		No
(4) Ona McAvoy	Family Member of Mellissa Edwards, Board President	67,622	Employment		No
(5) Cynthia Morneault	Family Member of Joyce Given, member of Board of Directors	28,866	Employment		No

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

Identifier	Return Reference	Explanation
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SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public
Inspection

Name of the organization Millinocket Regional Hospital	Employer identification number 01-0223482
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Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 11	
	Form 990, Part VI, Section B, line 12c	Each board member is required to sign a conflict of interest disclosure form on an annual basis. In connection with any actual or possible conflicts of interest, an interested individual must disclose the existence of his or her conflict annually and whenever the conflict arises for action at a meeting. After receiving all annual attestations, the CEO will provide the signed statements to the Hospital's attorney for review. After review, the attorney will determine if a conflict exists and inform the CEO and Board chair of the conflicted individuals. There is a listing of Board, Medical Staff and Manager conflicts available at all meetings for reference. The Agenda for every Board, Medical Staff or Department meeting will clearly list the discussion items that require action during the meeting. At the beginning of the meeting, the President will ask the members to review the list of action items and declare whether or not they have a conflict. All conflicted members will be required to excuse themselves and leave the room during the discussion and vote. If the board or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
	Form 990, Part VI, Section B, line 15	The Organization works with an independent compensation consultant to determine appropriate compensation levels. The Organization's executive committee reviews data used to determine compensation for its respective members. Any compensation related changes must be approved by the board of directors or the executive board.
	Form 990, Part VI, Section C, line 19	The Organization makes its governing documents, conflict of interest policy, and financial statements available to the public upon request.
Other Fees	Form 990, Part IX, line 11g	Purchased Services: Program service expenses 1,820,832; Management and general expenses 374,648; Fundraising expenses 0; Total expenses 2,195,480. Service Contracts: Program service expenses 366,891; Management and general expenses 0; Fundraising expenses 0; Total expenses 366,891. Professional Services: Program service expenses 438,935; Management and general expenses 0; Fundraising expenses 0; Total expenses 438,935. Outside Services: Program service expenses 18,159; Management and general expenses 0; Fundraising expenses 0; Total expenses 18,159.

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
Millinocket Regional Hospital

Employer identification number
01-0223482

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

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) First Millinocket Regional Investment Corp 200 Somerset Street Millinocket, ME 04462 01-0396196	Physician Program Operations	ME	Millinocket Regional Hospital	C	273,301	1,418,343	100 000 %	Yes	

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

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

1s

No

No

No

No

No

No

No

No

No

No

Yes

No

No

No

No

No

Yes

No

No

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) First Millinocket Regional Investment Corp	K	173,660	FMV
(2) First Millinocket Regional Investment Corp	Q	173,660	FMV

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]

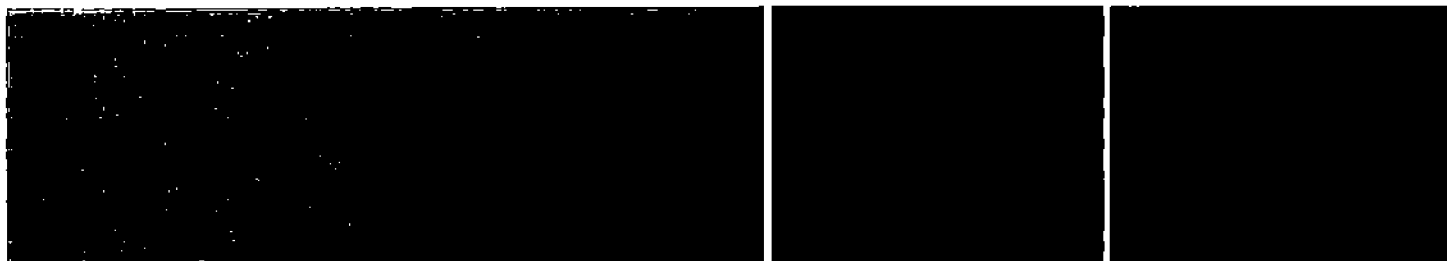
Software ID:
Software Version:
EIN: 01-0223482
Name: Millinocket Regional Hospital

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	
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MILLINOCKET REGIONAL HOSPITAL

CONSOLIDATED FINANCIAL STATEMENTS

and

ADDITIONAL INFORMATION

June 30, 2013 and 2012

With Independent Auditor's Report



MILLINOCKET REGIONAL HOSPITAL

Consolidated Financial Statements

June 30, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Millinocket Regional Hospital

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Millinocket Regional Hospital (the Hospital), which comprise the balance sheets as of June 30, 2013 and 2012, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 financial statements. The procedures selected depend on the auditor's 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Millinocket Regional Hospital as of June 30, 2013 and 2012, and the results of its operations, changes in its net assets and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

Other Matter

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. Schedules 1, 2 and 3 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

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

Berry Dunn McNeil & Parker, LLC

Portland, Maine
September 23, 2013

MILLINOCKET REGIONAL HOSPITAL**Consolidated Balance Sheets****June 30, 2013 and 2012**

ASSETS		<u>2013</u>	<u>2012</u>
Current assets			
Cash and equivalents		\$ 735,220	\$ 966,432
Accounts receivable, less allowances for doubtful accounts and contractual allowances of \$4,316,186 in 2013 and \$4,497,370 in 2012		2,961,557	2,515,593
Estimated third-party payor settlements		180,607	178,802
Assets limited as to use, current portion		832,178	844,863
Supplies		421,206	404,073
Prepaid expenses and other current assets		420,448	616,272
Due from related parties		14,553	70,941
Total current assets		<u>5,565,769</u>	<u>5,596,976</u>
Assets limited as to use, net of current portion		10,011,794	9,548,937
Property and equipment, net		7,950,095	8,212,259
Other assets		<u>62,766</u>	<u>69,376</u>
Total assets		<u>\$23,590,424</u>	<u>\$23,427,548</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Current installments of long-term debt		\$ 474,710	\$ 465,351
Accounts payable		604,115	560,123
Accrued payroll and amounts withheld		415,201	342,209
Accrued benefit time payable		1,022,449	1,054,443
Accrued retirement payable		955,618	828,460
Other accrued expenses		28,088	79,727
Total current liabilities		<u>3,500,181</u>	<u>3,330,313</u>
Long-term debt, less current installments		<u>5,048,152</u>	<u>5,623,900</u>
Total liabilities		<u>8,548,333</u>	<u>8,954,213</u>
Contingencies (Note 10)			
Net assets			
Unrestricted		14,928,633	14,365,302
Temporarily restricted		108,458	103,033
Permanently restricted		5,000	5,000
Total net assets		<u>15,042,091</u>	<u>14,473,335</u>
Total liabilities and net assets		<u>\$23,590,424</u>	<u>\$23,427,548</u>

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

MILLINOCKET REGIONAL HOSPITAL
Consolidated Statements of Operations
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Unrestricted revenues, gains and other support		
Patient service revenue (net of contractual allowances and discounts)	\$ 28,184,277	\$28,148,399
Less provision for bad debts	<u>1,489,878</u>	<u>1,113,522</u>
Net patient service revenue	26,694,399	27,034,877
Other revenue	283,588	159,999
Meaningful use revenues	279,385	-
Net assets released from restrictions for operating purposes	<u>20,537</u>	<u>37,284</u>
Total revenues, gains and other support	27,277,909	27,232,160
Expenses		
Salaries and wages	13,709,751	13,692,183
Employee benefits	3,482,152	3,417,192
Professional fees	444,635	521,208
Supplies and other expenses	8,824,203	9,041,993
Depreciation and amortization	943,900	823,729
Interest	<u>258,396</u>	<u>243,008</u>
Total expenses	<u>27,663,037</u>	<u>27,739,313</u>
Operating loss	<u>(385,128)</u>	<u>(507,153)</u>
Other gains (losses)		
Investment income	514,081	247,733
Gain (loss) on investment in affiliate	6,771	(12,133)
Other, net	<u>20,365</u>	<u>(11,423)</u>
Other gains, net	<u>541,217</u>	<u>224,177</u>
Excess (deficiency) of revenues, gains and other support over expenses and losses	156,089	(282,976)
Net assets released from restrictions for purchase of property and equipment	155,387	103,591
Net unrealized gains on investments	<u>251,855</u>	<u>59,872</u>
Increase (decrease) in unrestricted net assets	<u>\$ 563,331</u>	<u>\$ (119,513)</u>

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

MILLINOCKET REGIONAL HOSPITAL

Consolidated Statements of Changes in Net Assets

Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Unrestricted net assets		
Operating loss	\$ (385,128)	\$ (507,153)
Other gains, net	541,217	224,177
Net assets released from restrictions for purchase of property and equipment	155,387	103,591
Net unrealized gains on investments	<u>251,855</u>	<u>59,872</u>
Increase (decrease) in unrestricted net assets	<u>563,331</u>	<u>(119,513)</u>
Temporarily restricted net assets		
Contributions	181,344	146,101
Investment income	5	5
Net assets released from restrictions	<u>(175,924)</u>	<u>(140,875)</u>
Increase in temporarily restricted net assets	<u>5,425</u>	<u>5,231</u>
Increase (decrease) in net assets	568,756	(114,282)
Net assets, beginning of year	<u>14,473,335</u>	<u>14,587,617</u>
Net assets, end of year	<u>\$ 15,042,091</u>	<u>\$ 14,473,335</u>

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

MILLINOCKET REGIONAL HOSPITAL
Consolidated Statements of Cash Flows
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 568,756	\$ (114,282)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	943,900	823,729
Provision for bad debts	1,489,878	1,113,522
(Gain) loss on disposal of property and equipment	(109,521)	27,440
Net realized and unrealized gains on investments	(588,880)	(143,184)
(Gain) loss on investment in affiliate	(6,771)	12,133
Changes in assets and liabilities		
Accounts receivable	(1,935,842)	(790,379)
Estimated third-party payor settlements	(1,805)	(1,108,447)
Supplies	(17,133)	50,763
Prepaid expenses and other current assets	195,824	(53,140)
Due from related parties	56,388	(6,802)
Accounts payable	43,992	(401,664)
Accrued payroll and amounts withheld	72,992	141,990
Accrued benefit time payable	(31,994)	41,704
Accrued retirement payable	127,158	(38,827)
Other accrued expenses	(51,639)	(5,166)
Net cash provided (used) by operating activities	<u>755,303</u>	<u>(450,610)</u>
Cash flows from investing activities		
Purchases of property and equipment	(731,417)	(1,485,464)
Proceeds from sale of property and equipment	161,290	22,569
Proceeds from sale of investments	3,497,997	2,615,416
Purchases of investments	(3,432,726)	(3,338,208)
Net cash used by investing activities	<u>(504,856)</u>	<u>(2,185,687)</u>
Cash flows from financing activities		
Repayment of long-term debt	(466,220)	(333,323)
Proceeds from issuance of long-term debt	-	2,500,000
Bond issuance costs	(15,439)	-
Net cash (used) provided by financing activities	<u>(481,659)</u>	<u>2,166,677</u>
Net decrease in cash and equivalents	(231,212)	(469,620)
Cash and equivalents, beginning of year	<u>966,432</u>	<u>1,436,052</u>
Cash and equivalents, end of year	\$ <u>735,220</u>	\$ <u>966,432</u>
Supplemental disclosure of cash flow information.		
Cash paid during the year for interest	\$ <u>295,821</u>	\$ <u>244,707</u>

Noncash transactions

During 2013, the Hospital refinanced its 2003D Bonds by issuing 2013A Bonds. The Series 2013A Bonds and retirement of the Series 2003D Bonds have been treated as a noncash transaction.

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

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

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Nature of Operations

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

1. Financial Reporting

Principles of Consolidation

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

2. Summary of Significant Accounting Policies

Use of Estimates

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

Cash and Equivalents

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

To minimize risk, the Hospital utilizes a sweep account. On a daily basis, after activity has been posted to the operating account, the bank will withdraw excess funds above \$300,000 from the account and invest the funds in U.S. government securities. The bank then repurchases the securities at the beginning of the next banking day.

Patient Accounts Receivable

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

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

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

Supplies

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

Assets Limited as to Use and Investment Income

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

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

Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the balance sheets and statements of operations. Investments are periodically reviewed for impairment to determine if such declines are other than temporary. Investments were evaluated for impairment as of June 30, 2013 and 2012, and all impairments were considered temporary. At June 30, 2013, historical cost exceeded market value by approximately \$35,600 for stocks purchased within the past twelve months. No stocks held greater than twelve months had historical cost that exceeded market value.

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

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Property and Equipment

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

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

Temporarily and Permanently Restricted Net Assets

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

Net Patient Service Revenue

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

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Employee Benefit Plans

The Hospital has a defined contribution retirement plan which covers all employees who have met certain eligibility requirements. Each eligible employee receives a 50% match up to 3% of their salary. There is also a 1% base contribution at year-end for employees over 21, who are employed at year-end and have worked at least 416 hours during the fiscal year. Contributions of \$380,501 and \$390,413 were made to the plan in 2013 and 2012, respectively.

The Hospital has a nonqualified deferred compensation plan which was established for a select group of management or highly compensated employees. The plan's assets are invested in mutual funds and were valued at \$832,178 and \$702,438 at June 30, 2013 and 2012, respectively, and are reported in the current portion of assets limited as to use and accrued retirement payable on the balance sheet.

Donor-Restricted Gifts

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

Income Taxes

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

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

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

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

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Reclassification

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

Subsequent Events

For purposes of the preparation of these financial statements, the Hospital has considered transactions or events occurring through September 23, 2013, which was the date that the financial statements were available to be issued.

3. Net Patient Service Revenue and Accounts Receivable

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

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

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

Revenue from the Medicare and MaineCare programs accounted for approximately 50% and 11%, respectively, of the Hospital's net patient revenue for the year ended June 30, 2013, and for approximately 50% and 15%, respectively, of the Hospital's net patient revenue for the year ended June 30, 2012. Laws and regulations governing the Medicare and MaineCare programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient service revenue increased by approximately \$10,000 in 2012 due to differences in retroactive adjustments compared to amounts previously estimated. There was no related impact in 2013.

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

The allowance for doubtful accounts was \$1,855,100 and \$1,629,100 at June 30, 2013 and 2012, respectively, and relates almost entirely to self-pay accounts. Gross self-pay accounts receivable were \$2,405,148 and \$2,166,513 at June 30, 2013 and 2012, respectively. Revenue related to self-pay patients was \$1,988,600 and \$1,857,700 for the years ended June 30, 2013 and 2012, respectively

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

4. Charity Care

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

	<u>2013</u>	<u>2012</u>
Charges forgone, based on established rates	\$ 1,026,140	\$ 1,289,639
Estimated costs and expenses incurred to provide charity care	635,963	798,117
Equivalent percentage of charity care charges to all Hospital patient charges	2.30 %	2 88 %

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

5. Assets Limited as to Use

The composition of assets limited as to use at June 30, 2013 and 2012, is shown below

	<u>2013</u>	<u>2012</u>
Under Board designation for capital improvements		
Cash and cash equivalents	\$ 1,091,308	\$ 1,195,689
U.S. Government bonds	421,520	598,117
Corporate bonds	1,173,479	1,184,526
Equity securities	5,918,706	5,167,624
Mutual funds	<u>1,032,596</u>	<u>1,029,058</u>
	9,637,609	9,175,014
Under debt agreements		
Cash and cash equivalents	374,185	516,348
Deferred compensation plan		
Mutual funds	<u>832,178</u>	<u>702,438</u>
	10,843,972	10,393,800
Less current portion	<u>832,178</u>	<u>844,863</u>
	<u>\$10,011,794</u>	<u>\$ 9,548,937</u>

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

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

	<u>2013</u>	<u>2012</u>
Interest and dividend income	\$ 177,056	\$ 164,421
Realized gain on sales of securities	<u>337,025</u>	<u>83,312</u>
	514,081	247,733
Unrealized gain on securities	<u>251,855</u>	<u>59,872</u>
	<u>\$ 765,936</u>	<u>\$ 307,605</u>

6. Line of Credit

On November 5, 2012, the Hospital extended the maturity date of its \$700,000 line of credit with a bank to October 30, 2013. The line of credit has a variable rate equal to the Wall Street Journal prime, with a rate floor of 3.75%. There was no outstanding balance as of June 30, 2013 or 2012.

7. Property and Equipment

The details of property and equipment at June 30, 2013 and 2012, were as follows:

	<u>2013</u>	<u>2012</u>
Land and improvements	\$ 708,554	\$ 810,779
Buildings and fixed equipment	13,783,758	13,506,329
Major movable equipment	6,794,168	5,931,436
Construction in progress	<u>5,804</u>	<u>767,172</u>
	21,292,284	21,015,716
Less accumulated depreciation and amortization	<u>13,342,189</u>	<u>12,803,457</u>
	<u>\$ 7,950,095</u>	<u>\$ 8,212,259</u>

MILLINOCKET REGIONAL HOSPITAL
Notes to Consolidated Financial Statements
June 30, 2013 and 2012

8. Long-Term Debt

Long-term debt at June 30, 2013 and 2012, consisted of the following:

	<u>2013</u>	<u>2012</u>
4.25% mortgage note payable to the U.S. Department of Agriculture, Rural Development due in monthly principal and interest payments of \$12,300 through August 2041; collateralized by property and equipment, contract rights, accounts receivable and general intangibles of the Hospital.	\$ 2,421,305	\$ 2,464,987
4.25% mortgage note payable to the U.S. Department of Agriculture, Rural Development due in monthly principal and interest payments of \$5,658 through July 2037; collateralized by property and equipment, contract rights, accounts receivable and general intangibles of the Hospital.	1,022,300	1,046,196
5% mortgage note payable to the U S Department of Agriculture, Rural Development due in monthly principal and interest payments of \$12,828 through July 2015, collateralized by property and equipment, contract rights, accounts receivable and general intangibles of the Hospital	262,141	400,043
Maine Health and Higher Educational Facilities Authority (MHHEFA) Revenue Bonds, Series 2013A (average coupon rate 3.95%), requiring annual debt service payments ranging from \$100,000 to \$150,000 through July 2023, including original issue premium of \$135,536 in 2013; collateralized by a security interest in the Hospital's gross receipts, equipment, and a mortgage lien on its facility.	1,238,611	-
Maine Health and Higher Educational Facilities Authority (MHHEFA) Revenue Bonds, Series 2003D (average coupon rate 4.4%). Bonds were refinanced during 2013	-	1,443,780
Capital lease bearing fixed interest of 5.35%, in monthly installments of \$10,778, including interest through June 2017, collateralized by equipment.	464,784	566,283

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Capital lease bearing fixed interest of 5.25%, in monthly installments of \$4,478, including interest through August 2015; collateralized by equipment.	109,828	156,466
Other	<u>3,893</u>	<u>11,496</u>
	5,522,862	6,089,251
Less current installments	<u>474,710</u>	<u>465,351</u>
Long-term debt, excluding current installments	<u>\$ 5,048,152</u>	<u>\$ 5,623,900</u>

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

A debt service fund of \$154,000 is maintained in accordance with the provisions of the 5% mortgage note payable maturing in 2015. A debt service fund in accordance with the provisions of the 4.25% mortgage note payable, maturing in 2037, was \$67,896, and a debt service fund in accordance with the provisions of the 4.25% mortgage note payable, maturing in 2041, was \$147,600 at June 30, 2013.

The indentures related to the revenue bond contain provisions regarding debt service coverage ratios, limitations on additional indebtedness, liens on property and equipment and restrictions on encumbering revenues. At June 30, 2013, the Hospital was in compliance with these covenants.

Maturities of long-term debt and capital leases for the five years subsequent to June 30, 2013, are as follows:

	<u>Long-term debt</u>	<u>Capital leases</u>
2014	\$ 317,213	\$ 183,066
2015	307,000	183,066
2016	190,000	138,286
2017	200,000	129,330
2018	205,000	-
Thereafter	<u>3,729,037</u>	<u>-</u>
	<u>\$ 4,948,250</u>	633,748
Less amount representing interest under capital leases obligations		<u>59,136</u>
		<u>\$ 574,612</u>

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

9. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes.

	<u>2013</u>	<u>2012</u>
Health care services		
Health services	<u>\$ 108,458</u>	<u>\$ 103,033</u>

Permanently restricted net assets are restricted as follows.

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

The Hospital maintains malpractice insurance coverage on a claims made basis. The Hospital is subject to complaints, claims and litigation due to potential claims which arise in the normal course of business. U.S generally accepted accounting principles require the Hospital to accrue the ultimate cost of malpractice claims when the incident that gives rise to the claim occurs, without consideration of insurance recoveries. Expected recoveries are presented as a separate asset. The Hospital has evaluated its exposure to losses arising from potential claims and determined no such accrual is necessary for the year ended June 30, 2013. The Hospital intends to renew coverage on a claims made basis and anticipates that such coverage will be available.

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

11. Investment in Affiliate

The Hospital is a member of a shared services not-for-profit corporation, Katahdin Shared Services, Inc (the "Affiliate"), which provides ultrasound and occupational therapy to Millinocket Regional Hospital and another member hospital. The Hospital's share of the gain of the Affiliate, which is based proportionately on charges to each member for the year ended June 30, 2013 was \$6,771 and the Hospital's share of the loss of the Affiliate at June 30, 2012 was \$12,133. The Hospital's investment in the Affiliate is included in other assets and amounted to \$47,327 and \$40,556 at June 30, 2013 and 2012, respectively.

Ultrasound services purchased from the Affiliate by the Hospital for the years ended June 30, 2013 and 2012, were approximately \$283,400 and \$299,600, respectively, and occupational therapy services were approximately \$99,200 and \$125,300, respectively.

MILLINOCKET REGIONAL HOSPITAL
Notes to Consolidated Financial Statements
June 30, 2013 and 2012

12. Concentrations

Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of gross receivables from patients and third-party payors was as follows:

	<u>2013</u>	<u>2012</u>
Medicare	31.9 %	24.6 %
MaineCare	11.9	27.6
Blue Cross	6.7	3.6
Other third-party payors	18.0	15.0
Patients	<u>31.5</u>	<u>29.2</u>
	<u>100.0 %</u>	<u>100.0 %</u>

Labor Force

The Hospital's unionized labor workforce are members of the Maine State Nurses Association Local Unit #1082. The union contract is in effect through May 14, 2014. Renegotiations will begin three months prior to the expiration date.

13. Functional Expenses

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

	<u>2013</u>	<u>2012</u>
Health care services	\$ 25,842,637	\$ 25,946,285
General and administrative	<u>1,820,400</u>	<u>1,793,028</u>
	<u>\$ 27,663,037</u>	<u>\$ 27,739,313</u>

14. Electronic Health Records Incentive Program

The Medicare and Medicaid electronic health record (EHR) incentive programs provide a financial incentive for achieving "meaningful use" of certified EHR technology. The Medicare criteria for meaningful use will be staged in three steps from fiscal year 2013 through 2016. The meaningful use attestation is subject to audit by CMS in future years. As part of this process, a final settlement amount for the incentive payments could be established that differs from the initial calculation, and could result in return of a portion or all of the incentive payments received by the Hospital.

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

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

During 2013, the Hospital recorded meaningful use revenues of \$279,385, from the Medicaid EHR program. The Hospital has demonstrated a minimum of 10% Medicaid encounters and is upgrading to a certified physician practice EHR.

15. Fair Value Measurements

ASC Topic 820, *Fair Value Measurements and Disclosures*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

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

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

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

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

Fair Value Measurements at June 30, 2013, Using				
	<u>Total</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Cash and cash equivalents	\$ 1,465,493	\$ 1,465,493	\$ -	\$ -
U S Government bonds	421,520	421,520	-	-
Corporate bonds	1,173,479	-	1,173,479	-
Equity securities	5,918,706	5,918,706	-	-
Mutual funds	1,032,596	1,032,596	-	-
Investments to fund deferred compensation	832,178	832,178	-	-
Total	\$ 10,843,972	\$ 9,670,493	\$ 1,173,479	\$ -

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Fair Value Measurements at June 30, 2012, Using				
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash and cash equivalents	\$ 1,712,037	\$ 1,712,037	\$ -	\$ -
U.S. Government bonds	598,117	598,117	-	-
Corporate bonds	1,184,526	-	1,184,526	-
Equity securities	5,167,624	5,167,624	-	-
Mutual funds	1,029,058	1,029,058	-	-
Investments to fund deferred compensation	<u>702,438</u>	<u>702,438</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 10,393,800</u>	<u>\$ 9,209,274</u>	<u>\$ 1,184,526</u>	<u>\$ -</u>

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

ADDITIONAL INFORMATION

MILLINOCKET REGIONAL HOSPITAL
Consolidating Statement of Operations
Year Ended June 30, 2013

	Millinocket Regional Hospital	First Millinocket Regional Investment Company	Eliminations	Consolidated
Unrestricted revenues, gains and other support				
Routine service	\$ 2,475,640	\$ -	\$ -	\$ 2,475,640
Ancillary services				
Inpatient	9,228,921	-	-	9,228,921
Outpatient	<u>32,827,148</u>	<u>-</u>	<u>-</u>	<u>32,827,148</u>
	44,531,709	-	-	44,531,709
Deductions from revenue				
Contractual adjustments	15,321,292	-	-	15,321,292
Charity care	<u>1,026,140</u>	<u>-</u>	<u>-</u>	<u>1,026,140</u>
Patient service revenue (net of contractual allowances and discounts)	28,184,277	-	-	28,184,277
Less provision for bad debts	<u>1,489,878</u>	<u>-</u>	<u>-</u>	<u>1,489,878</u>
Net patient service revenue	26,694,399	-	-	26,694,399
Other revenue	163,412	293,836	(173,660)	283,588
Meaningful use revenues	279,385	-	-	279,385
Net assets released from restrictions for operating purposes	<u>20,537</u>	<u>-</u>	<u>-</u>	<u>20,537</u>
Total revenues, gains and other support	27,157,733	293,836	(173,660)	27,277,909
Expenses				
Salaries and wages	13,709,751	-	-	13,709,751
Employee benefits	3,482,152	-	-	3,482,152
Professional fees	444,635	-	-	444,635
Supplies and other expenses	8,833,232	164,631	(173,660)	8,824,203
Depreciation and amortization	870,933	72,967	-	943,900
Interest	<u>258,396</u>	<u>-</u>	<u>-</u>	<u>258,396</u>
Total expenses	<u>27,599,099</u>	<u>237,598</u>	<u>(173,660)</u>	<u>27,663,037</u>
Operating (loss) gain	<u>(441,366)</u>	<u>56,238</u>	<u>-</u>	<u>(385,128)</u>
Other gains (losses)				
Investment income	514,081	-	-	514,081
Gain on investment in affiliate	6,771	-	-	6,771
Gain from subsidiary (FMRIC)	56,238	-	(56,238)	-
Other, net	<u>20,365</u>	<u>-</u>	<u>-</u>	<u>20,365</u>
Other gains, net	<u>597,455</u>	<u>-</u>	<u>(56,238)</u>	<u>541,217</u>
Excess of revenues, gains and other support over expenses and losses	156,089	56,238	(56,238)	156,089
Net assets released from restrictions for purchase of property and equipment	155,387	-	-	155,387
Net unrealized gains on investments	<u>251,855</u>	<u>-</u>	<u>-</u>	<u>251,855</u>
Increase in unrestricted net assets	<u>\$ 563,331</u>	<u>\$ 56,238</u>	<u>\$ (56,238)</u>	<u>\$ 563,331</u>

MILLINOCKET REGIONAL HOSPITAL

Schedule of Net Patient Service Revenue
(Hospital Only)

Year Ended June 30, 2013

	<u>Inpatient</u>	<u>Outpatient</u>	<u>Total</u>
Adults and pediatrics	\$ 2,475,640	\$ -	\$ 2,475,640
Operating room	1,275,865	3,308,423	4,584,288
Recovery room	62,799	170,662	233,461
Anesthesiology	722,884	1,008,607	1,731,491
Radiology - diagnostic	718,062	6,246,382	6,964,444
Laboratory	729,031	4,169,249	4,898,280
Respiratory therapy	136,216	625,251	761,467
Physical therapy	233,834	909,691	1,143,525
Occupational therapy	103,713	136,227	239,940
Medical supplies charged to patients	3,315,357	2,223,280	5,538,637
Drugs charged to patients	1,719,278	2,943,741	4,663,019
Other ancillary services	-	121,614	121,614
Provider-based clinics	-	5,607,917	5,607,917
Emergency	161,246	4,875,680	5,036,926
Observation beds	9,497	395,817	405,314
Speech	<u>41,139</u>	<u>84,607</u>	<u>125,746</u>
Total gross patient revenue	\$ <u>11,704,561</u>	\$ <u>32,827,148</u>	44,531,709
Contractual allowances			15,321,292
Charity care			<u>1,026,140</u>
Patient service revenue (net of contractual allowances and discounts)			28,184,277
Less provision for bad debts			<u>1,489,878</u>
Net patient service revenue			\$ <u>26,694,399</u>

MILLINOCKET REGIONAL HOSPITAL

Schedule of Operating Expenses
(Hospital Only)

Year Ended June 30, 2013

	<u>Salaries</u>	<u>Non-salary</u>	<u>Total</u>
Employee benefits	\$ 140,030	\$ 3,482,152	\$ 3,622,182
Administrative and general	1,545,148	2,136,434	3,681,582
Maintenance and repairs	267,420	179,888	447,308
Operation of plant	-	480,270	480,270
Laundry and linen	39,798	15,874	55,672
Housekeeping	263,891	94,315	358,206
Dietary	228,932	110,799	339,731
Nursing administration	672,713	29,255	701,968
Central services and supply	-	(1,544)	(1,544)
Medical records	171,406	176,393	347,799
Social services	135,007	30,676	165,683
Adults and pediatrics	1,917,969	224,576	2,142,545
Operating room	504,240	215,907	720,147
Recovery room	82,878	-	82,878
Anesthesiology	478,474	16,170	494,644
Radiology	558,234	1,471,502	2,029,736
Laboratory	786,070	806,125	1,592,195
Cardio-pulmonary therapy	95,795	54,619	150,414
Physical therapy	444,550	13,188	457,738
Occupational therapy	63,331	1,842	65,173
Electrocardiology	21,536	97,215	118,751
Electroencephalography	629,274	52,767	682,041
Medical supplies charged to patients	-	1,115,051	1,115,051
Drugs charged to patients	204,601	1,510,005	1,714,606
Other ancillary services	83,435	8,131	91,566
Provider-based clinics	2,804,528	326,402	3,130,930
Emergency	1,487,034	70,529	1,557,563
Speech	68,506	1,663	70,169
Nonreimbursable cost centers			
Occupational health	958	-	958
Community relations	-	39,815	39,815
Other non-reimbursable services	<u>13,993</u>	<u>-</u>	<u>13,993</u>
	<u>\$13,709,751</u>	<u>\$ 12,760,019</u>	26,469,770
Depreciation and amortization			870,933
Interest			<u>258,396</u>
Total operating expenses			<u>\$ 27,599,099</u>

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

Board of Trustees
Millinocket Regional Hospital

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Millinocket Regional Hospital (the Hospital), which comprise the consolidated balance sheets as of as of June 30, 2013, and the related consolidated statements of operations, changes in net assets and cash flows for the the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 23, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Hospital's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
September 23, 2013

