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Form **990**  
 Department of the Treasury  
 Internal Revenue Service

**Return of Organization Exempt From Income Tax**  
**Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)**

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

OMB No 1545-0047  
**2011**  
**Open to Public Inspection**

**A For the 2011 calendar year, or tax year beginning 01-01-2011 and ending 12-31-2011**

- B** Check if applicable:  
 Address change  
 Name change  
 Initial return  
 Terminated  
 Amended return  
 Application pending

**C** Name of organization  
 Calais Regional Hospital

Doing Business As

Number and street (or P O box if mail is not delivered to street address) Room/suite  
 24 Hospital Lane

City or town, state or country, and ZIP + 4  
 Calais, ME 04619

**D** Employer identification number  
 01-0211783

**E** Telephone number  
 (207) 454-7521

**G** Gross receipts \$ 35,798,101

**F** Name and address of principal officer  
 Michael K Lally  
 24 Hospital Lane  
 Calais, ME 04619

**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.calaishospital.com

**K** Form of organization  Corporation  Trust  Association  Other ▶

**L** Year of formation 1938 **M** State of legal domicile ME

**Part I Summary**

<b>Activities &amp; Governance</b>	<b>1</b> Briefly describe the organization's mission or most significant activities Critical Access Hospital		
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a) . . . . .	<b>3</b>	17
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b) . . . . .	<b>4</b>	13
	<b>5</b> Total number of individuals employed in calendar year 2011 (Part V, line 2a) . . . . .	<b>5</b>	310
	<b>6</b> Total number of volunteers (estimate if necessary) . . . . .	<b>6</b>	146
	<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12 . . . . .	<b>7a</b>	0
<b>b</b> Net unrelated business taxable income from Form 990-T, line 34 . . . . .	<b>7b</b>	0	
<b>Revenue</b>	<b>8</b> Contributions and grants (Part VIII, line 1h) . . . . .	<b>Prior Year</b>	<b>Current Year</b>
	<b>9</b> Program service revenue (Part VIII, line 2g) . . . . .	330,708	46,617
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d) . . . . .	28,406,425	33,680,483
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-152,854	64,831
	<b>12</b> Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .	28,584,279	33,791,931
<b>Expenses</b>	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1–3) . . . . .	0	32,958
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4) . . . . .	0	0
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	14,061,579	16,611,727
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e) . . . . .	0	0
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶ <sup>0</sup>		
	<b>17</b> Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) . . . . .	15,599,578	17,790,605
<b>18</b> Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	29,661,157	34,435,290	
<b>19</b> Revenue less expenses Subtract line 18 from line 12 . . . . .	-1,076,878	-643,359	
<b>Net Assets or Fund Balances</b>		<b>Beginning of Current Year</b>	<b>End of Year</b>
	<b>20</b> Total assets (Part X, line 16) . . . . .	28,925,376	29,993,155
	<b>21</b> Total liabilities (Part X, line 26) . . . . .	20,409,606	22,183,488
<b>22</b> Net assets or fund balances Subtract line 21 from line 20 . . . . .	8,515,770	7,809,667	

**Part II Signature Block**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

\*\*\*\*\*  
 Signature of officer  
 Date 2012-11-14

Nancy Glidden CFO  
 Type or print name and title

**Paid Preparer's Use Only**

Preparer's signature ▶ Barbara J McGuan CPA Date 2012-11-14 Check if self-employed  Preparer's taxpayer identification number (see instructions) P00219457

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ Berry Dunn McNeil & Parker LLC PO Box 1100 Portland, ME 041041100 EIN ▶ 01-0523282 Phone no ▶ (207) 775-2387

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

**Part III Statement of Program Service Accomplishments**

Check if Schedule O contains a response to any question in this Part III  Yes  No

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

Calais Regional Hospital exists to provide and plan patient care, educational and restorative services that meet our customer's expectations, commensurate with available resources

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

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

**3** Did the organization cease conducting, or make significant changes in how it conducts, any program services?  Yes  No

If "Yes," describe these changes on Schedule O

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

**4a** (Code ) (Expenses \$ 7,187,818 including grants of \$ ) (Revenue \$ 8,354,444 )  
 Inpatient Services Patients Admitted 870 Average Stay 3.2 days Births 61 Hospitalist Care 3,435

**4b** (Code ) (Expenses \$ 20,628,872 including grants of \$ ) (Revenue \$ 23,977,059 )  
 Outpatient Services Emergency Room Visits 10,989 Laboratory Procedures 251,488 Rehab Services 11,669 Radiology Exams 13,309 Respiratory Care 3,889  
 Cardiac Rehab Visits 3,559 Home Health Visits 10,293 Primary Care Visits 16,246 Surgical and Orthopedic Visits 3,579

**4c** (Code ) (Expenses \$ 1,160,607 including grants of \$ 32,958 ) (Revenue \$ 1,348,980 )  
 Swing Bed, Cafeteria & Other Services

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

(Expenses \$ including grants of \$ ) (Revenue \$ )

**4e Total program service expenses** \$ 28,977,297

**Part IV Checklist of Required Schedules**

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

**Part IV Checklist of Required Schedules** *(continued)*

<b>21</b>	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . . <input checked="" type="checkbox"/>	<b>21</b>		No
<b>22</b>	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> . . . . . <input checked="" type="checkbox"/>	<b>22</b>	Yes	
<b>23</b>	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> . . . . . <input checked="" type="checkbox"/>	<b>23</b>	Yes	
<b>24a</b>	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25</i> . . . . .	<b>24a</b>		No
<b>b</b>	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . . .	<b>24b</b>		
<b>c</b>	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	<b>24c</b>		
<b>d</b>	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . . .	<b>24d</b>		
<b>25a</b>	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> . . . . . <input checked="" type="checkbox"/>	<b>25a</b>		No
<b>b</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> . . . . . <input checked="" type="checkbox"/>	<b>25b</b>		No
<b>26</b>	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i> . . . . . <input checked="" type="checkbox"/>	<b>26</b>		No
<b>27</b>	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i> . . . . . <input checked="" type="checkbox"/>	<b>27</b>		No
<b>28</b>	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)			
<b>a</b>	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . . <input checked="" type="checkbox"/>	<b>28a</b>		No
<b>b</b>	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . . <input checked="" type="checkbox"/>	<b>28b</b>	Yes	
<b>c</b>	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i> . . . . . <input checked="" type="checkbox"/>	<b>28c</b>		No
<b>29</b>	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	<b>29</b>		No
<b>30</b>	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	<b>30</b>		No
<b>31</b>	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	<b>31</b>		No
<b>32</b>	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> . . . . .	<b>32</b>		No
<b>33</b>	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> . . . . .	<b>33</b>		No
<b>34</b>	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i> . . . . .	<b>34</b>		No
<b>35a</b>	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	<b>35a</b>		No
<b>b</b>	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	<b>35b</b>		No
<b>36</b>	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	<b>36</b>		No
<b>37</b>	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>	<b>37</b>		No
<b>38</b>	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	<b>38</b>	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

Table with columns for question number, question text, and Yes/No columns. Includes rows for 1a, 1b, 1c, 2a, 2b, 3a, 3b, 4a, 4b, 5a, 5b, 5c, 6a, 6b, 7, 7a, 7b, 7c, 7d, 7e, 7f, 7g, 7h, 8, 9, 9a, 9b, 10, 10a, 10b, 11, 11a, 11b, 12a, 12b, 13, 13a, 13b, 13c, 14a, 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
<b>1a</b>	Enter the number of voting members of the governing body at the end of the tax year . . . . .		
<b>1b</b>	Enter the number of voting members included in line 1a, above, who are independent . . . . .		
<b>2</b>	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? . . . . .		No
<b>3</b>	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? . . . . .	Yes	
<b>4</b>	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . .		No
<b>5</b>	Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . .		No
<b>6</b>	Did the organization have members or stockholders? . . . . .		No
<b>7a</b>	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? . . . . .	Yes	
<b>7b</b>	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . .	Yes	
<b>8</b>	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
<b>8a</b>	The governing body? . . . . .	Yes	
<b>8b</b>	Each committee with authority to act on behalf of the governing body? . . . . .	Yes	
<b>9</b>	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 . . . . .		No

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

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

**Section C. Disclosure**

- 17** List the States with which a copy of this Form 990 is required to be filed  ME
- 18** Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.  
 Own website  Another's website  Upon request
- 19** Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
- 20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization   
 Nancy Glidden CFO  
 24 Hospital Lane  
 Calais, ME 04619  
 (207) 454-7521

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Herbert Clark Director	1 00	X						0	0	0
(2) Marshall Hennequin Treasurer	6 00	X		X				0	0	0
(3) John Bloemendaal Director	3 00	X						0	0	0
(4) Lawrence Clark Director	2 00	X						0	0	0
(5) Suzanne Crawford Director	3 00	X						0	0	0
(6) Neil Lane Vice Treasurer	7 00	X		X				0	0	0
(7) Aaron Morris Director	2 00	X						0	0	0
(8) Dennis Brown Director	1 00	X						0	0	0
(9) Linda Gralenski Chair	8 00	X		X				0	0	0
(10) Dennis Mahar Director	2 00	X						0	0	0
(11) G Cecil Moreside Director	2 00	X						0	0	0
(12) Sharon Weber Secretary	4 00	X		X				0	0	0
(13) Diane Barnes Director	2 00	X						0	0	0
(14) Robert Chagrasulis MD Director	42 00	X						302,850	0	0
(15) Karen Hadam MD Past Director	40 00	X						224,073	0	33,418
(16) Cressey Brazier MD Director	40 00	X						478,518	0	0
(17) Everett Libby Vice Chair	9 00	X		X				0	0	0

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) Christopher Hayward DO Director	41 00	X					211,628	0	33,158	
(19) P Bernard McAdam Past CFO	40 00			X			83,467	0	9,599	
(20) Michael K Lally CEO	40 00			X			222,166	0	25,549	
(21) Nancy Glidden CFO	40 00			X			66,500	0	7,647	
(22) Mark DeMas Physician	40 00				X		311,627	0	31,791	
(23) Michael Kessler Physician	40 00				X		266,200	0	35,465	
(24) David Walter Physician	40 00				X		230,902	0	3,298	
(25) John Tkach Physician	40 00				X		210,600	0	33,691	
(26) Antoanela Zahara Physician	40 00				X		148,812	0	14,921	
<b>1b Sub-Total</b>										
<b>c Total from continuation sheets to Part VII, Section A</b>										
<b>d Total (add lines 1b and 1c)</b>							2,757,343	0	228,537	

**2** Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **13**

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

**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
National Emergency Service 3724 National Drive Ste 109 Raleigh, NC 27612	Emergency Room Physicians	1,314,598
Quorum Health Resources 105 Continental Place Brentwood, TN 37027	Management Company	998,734
D&Y Locum Tenens PO Box 635715 Cincinnati, OH 45263	Locum Physician Coverage	803,643
Cardinal Health 3763 Collection Center Drive Chicago, IL 60693	Medical Supplies/Pharmacy Drugs	555,227
Staff Care Inc PO Box 281923 Atlanta, GA 30384	Locum Physician/Staff Coverage	481,377

**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 **32**

**Part VIII Statement of Revenue**

			(A)	(B)	(C)	(D)	
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512, 513, or 514	
<b>Contributions, gifts, grants and other similar amounts</b>	<b>1a</b>	Federated campaigns . . . . . <b>1a</b>					
	<b>b</b>	Membership dues . . . . . <b>1b</b>					
	<b>c</b>	Fundraising events . . . . . <b>1c</b>					
	<b>d</b>	Related organizations . . . . . <b>1d</b>					
	<b>e</b>	Government grants (contributions) <b>1e</b>	22,580				
	<b>f</b>	All other contributions, gifts, grants, and similar amounts not included above <b>1f</b>	24,037				
	<b>g</b>	Noncash contributions included in lines 1a-1f \$ _____					
	<b>h</b>	<b>Total.</b> Add lines 1a-1f . . . . .		46,617			
<b>Program Service Revenue</b>			Business Code				
	<b>2a</b>	Patient Services	621400	56,443,678	56,443,678		
	<b>b</b>	Meaningful Use Revenue	621400	418,037	418,037		
	<b>c</b>	Other Revenue	621400	375,725	375,725		
	<b>d</b>	Cafeteria Income	721000	69,130		69,130	
	<b>e</b>	Contractual/Char Adj	621400	-23,626,087	-23,626,087		
	<b>f</b>	All other program service revenue					
<b>g</b>	<b>Total.</b> Add lines 2a-2f . . . . .		33,680,483				
<b>Other Revenue</b>	<b>3</b>	Investment income (including dividends, interest and other similar amounts) . . . . .		55,442		55,442	
	<b>4</b>	Income from investment of tax-exempt bond proceeds . . . . .					
	<b>5</b>	Royalties . . . . .					
	<b>6a</b>	(i) Real		(ii) Personal			
		<b>b</b>	Gross rents				
		<b>c</b>	Less rental expenses				
		<b>d</b>	Net rental income or (loss) . . . . .				
	<b>7a</b>	(i) Securities		(ii) Other			
		<b>b</b>	Gross amount from sales of assets other than inventory	2,005,059	10,500		
		<b>c</b>	Less cost or other basis and sales expenses	2,004,798	1,372		
		<b>d</b>	Net gain or (loss) . . . . .	261	9,128	9,389	9,389
	<b>8a</b>	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .	<b>a</b>				
	<b>b</b>	Less direct expenses . . . . . <b>b</b>					
	<b>c</b>	Net income or (loss) from fundraising events . . . . .					
	<b>9a</b>	Gross income from gaming activities See Part IV, line 19 . . . . .	<b>a</b>				
<b>b</b>	Less direct expenses . . . . . <b>b</b>						
<b>c</b>	Net income or (loss) from gaming activities . . . . .						
<b>10a</b>	Gross sales of inventory, less returns and allowances . . . . .	<b>a</b>					
<b>b</b>	Less cost of goods sold . . . . . <b>b</b>						
<b>c</b>	Net income or (loss) from sales of inventory . . . . .						
Miscellaneous Revenue		Business Code					
<b>11a</b>							
<b>b</b>							
<b>c</b>							
<b>d</b>	All other revenue . . . . .						
<b>e</b>	<b>Total.</b> Add lines 11a-11d . . . . .						
<b>12</b>	<b>Total revenue.</b> See Instructions . . . . .		33,791,931	33,611,353	0	133,961	

**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)

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

<b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>		<b>(A)</b> Total expenses	<b>(B)</b> Program service expenses	<b>(C)</b> Management and general expenses	<b>(D)</b> Fundraising expenses
<b>1</b>	Grants and other assistance to governments and organizations in the United States See Part IV, line 21				
<b>2</b>	Grants and other assistance to individuals in the United States See Part IV, line 22	32,958	32,958		
<b>3</b>	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
<b>4</b>	Benefits paid to or for members				
<b>5</b>	Compensation of current officers, directors, trustees, and key employees . . . . .	1,698,573	1,283,645	414,928	
<b>6</b>	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .				
<b>7</b>	Other salaries and wages	11,576,131	9,861,559	1,714,572	
<b>8</b>	Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . .	278,992	232,916	46,076	
<b>9</b>	Other employee benefits . . . . .	2,147,300	1,834,268	313,032	
<b>10</b>	Payroll taxes . . . . .	910,731	766,380	144,351	
<b>11</b>	Fees for services (non-employees)				
<b>a</b>	Management . . . . .				
<b>b</b>	Legal . . . . .	114,985	96,760	18,225	
<b>c</b>	Accounting . . . . .	97,133	81,737	15,396	
<b>d</b>	Lobbying . . . . .				
<b>e</b>	Professional fundraising See Part IV, line 17 . . . . .				
<b>f</b>	Investment management fees . . . . .				
<b>g</b>	Other . . . . .	8,221,557	6,918,440	1,303,117	
<b>12</b>	Advertising and promotion . . . . .				
<b>13</b>	Office expenses . . . . .	2,931,969	2,467,252	464,717	
<b>14</b>	Information technology . . . . .				
<b>15</b>	Royalties . . . . .				
<b>16</b>	Occupancy . . . . .	740,677	623,280	117,397	
<b>17</b>	Travel . . . . .	129,456	108,937	20,519	
<b>18</b>	Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .				
<b>19</b>	Conferences, conventions, and meetings . . . . .				
<b>20</b>	Interest . . . . .	914,518	769,567	144,951	
<b>21</b>	Payments to affiliates . . . . .				
<b>22</b>	Depreciation, depletion, and amortization . . . . .	1,357,897	1,142,670	215,227	
<b>23</b>	Insurance . . . . .	615,405	517,863	97,542	
<b>24</b>	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O )				
<b>a</b>	Bad Debt Expense	1,061,262	893,052	168,210	
<b>b</b>	Repairs & Maintenance	661,131	556,342	104,789	
<b>c</b>	Tax & Match	622,586	523,906	98,680	
<b>d</b>	Miscellaneous	322,029	265,765	56,264	
<b>e</b>					
<b>f</b>	All other expenses				
<b>25</b>	<b>Total functional expenses.</b> Add lines 1 through 24f	34,435,290	28,977,297	5,457,993	0
<b>26</b>	<b>Joint costs.</b> Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

**Part X Balance Sheet**

		(A)		(B)
		Beginning of year		End of year
<b>Assets</b>	<b>1</b> Cash—non-interest-bearing . . . . .	970	<b>1</b>	16,603
	<b>2</b> Savings and temporary cash investments . . . . .	2,830,954	<b>2</b>	3,793,304
	<b>3</b> Pledges and grants receivable, net . . . . .	4,282	<b>3</b>	2,754
	<b>4</b> Accounts receivable, net . . . . .	4,153,365	<b>4</b>	4,395,805
	<b>5</b> Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L . . . . .		<b>5</b>	
	<b>6</b> Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L . . . . .		<b>6</b>	
	<b>7</b> Notes and loans receivable, net . . . . .		<b>7</b>	
	<b>8</b> Inventories for sale or use . . . . .	506,973	<b>8</b>	574,608
	<b>9</b> Prepaid expenses and deferred charges . . . . .	126,945	<b>9</b>	144,916
	<b>10a</b> Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	34,479,436		
	<b>b</b> Less accumulated depreciation . . . . .	15,932,017	<b>10c</b>	18,547,419
	<b>11</b> Investments—publicly traded securities . . . . .	827,842	<b>11</b>	702,745
	<b>12</b> Investments—other securities See Part IV, line 11 . . . . .		<b>12</b>	
	<b>13</b> Investments—program-related See Part IV, line 11 . . . . .		<b>13</b>	
	<b>14</b> Intangible assets . . . . .		<b>14</b>	
	<b>15</b> Other assets See Part IV, line 11 . . . . .	2,006,383	<b>15</b>	1,815,001
<b>16</b> <b>Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .	28,925,376	<b>16</b>	29,993,155	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses . . . . .	3,151,828	<b>17</b>	3,587,348
	<b>18</b> Grants payable . . . . .		<b>18</b>	
	<b>19</b> Deferred revenue . . . . .		<b>19</b>	
	<b>20</b> Tax-exempt bond liabilities . . . . .		<b>20</b>	
	<b>21</b> Escrow or custodial account liability Complete Part IV of Schedule D . . . . .		<b>21</b>	
	<b>22</b> Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L . . . . .		<b>22</b>	
	<b>23</b> Secured mortgages and notes payable to unrelated third parties . . . . .	17,257,778	<b>23</b>	17,470,743
	<b>24</b> Unsecured notes and loans payable to unrelated third parties . . . . .		<b>24</b>	
	<b>25</b> 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 . . . . .	0	<b>25</b>	1,125,397
	<b>26</b> <b>Total liabilities.</b> Add lines 17 through 25 . . . . .	20,409,606	<b>26</b>	22,183,488
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>			
	<b>27</b> Unrestricted net assets . . . . .	7,222,085	<b>27</b>	6,559,157
	<b>28</b> Temporarily restricted net assets . . . . .	788,279	<b>28</b>	792,626
	<b>29</b> Permanently restricted net assets . . . . .	505,406	<b>29</b>	457,884
	<b>Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.</b>			
	<b>30</b> Capital stock or trust principal, or current funds . . . . .		<b>30</b>	
	<b>31</b> Paid-in or capital surplus, or land, building or equipment fund . . . . .		<b>31</b>	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds . . . . .		<b>32</b>	
<b>33</b> Total net assets or fund balances . . . . .	8,515,770	<b>33</b>	7,809,667	
<b>34</b> Total liabilities and net assets/fund balances . . . . .	28,925,376	<b>34</b>	29,993,155	

**Part XI Reconciliation of Net Assets**

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

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	33,791,931
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	34,435,290
<b>3</b>	Revenue less expenses Subtract line 2 from line 1	<b>3</b>	-643,359
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	8,515,770
<b>5</b>	Other changes in net assets or fund balances (explain in Schedule O)	<b>5</b>	-62,744
<b>6</b>	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	<b>6</b>	7,809,667

**Part XII Financial Statements and Reporting**

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

		Yes	No
<b>1</b>	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
<b>2a</b>	Were the organization's financial statements compiled or reviewed by an independent accountant?		No
<b>b</b>	Were the organization's financial statements audited by an independent accountant?	Yes	
<b>c</b>	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
<b>d</b>	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separated basis		
<b>3a</b>	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		No
<b>b</b>	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

**SCHEDULE A**  
(Form 990 or 990EZ)

**Public Charity Status and Public Support**

OMB No 1545-0047

**2011**

**Open to Public Inspection**

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

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

Department of the Treasury  
Internal Revenue Service

Name of the organization  
Calais Regional Hospital

Employer identification number

01-0211783

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

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

- 1  A church, convention of churches, or association of churches **section 170(b)(1)(A)(i).**
- 2  A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E )
- 3  A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4  A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state
  
- 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II )
- 6  A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II )
- 8  A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II )
- 9  An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III )
- 10  An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h  
 a  Type I      b  Type II      c  Type III - Functionally integrated      d  Type III - Other
- e  By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
- f  If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?  
 (i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?  
 (ii) a family member of a person described in (i) above?  
 (iii) a 35% controlled entity of a person described in (i) or (ii) above?
- h Provide the following information about the supported organization(s)

	Yes	No
<b>11g(i)</b>		
<b>11g(ii)</b>		
<b>11g(iii)</b>		

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

**Part II Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>4 Total.</b> Add lines 1 through 3						
<b>5</b> 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)						
<b>6 Public Support.</b> Subtract line 5 from line 4						

**Section B. Total Support**

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
<b>7</b> Amounts from line 4						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on						
<b>10</b> Other income (Explain in Part IV.) Do not include gain or loss from the sale of capital assets						
<b>11 Total support</b> (Add lines 7 through 10)						
<b>12</b> Gross receipts from related activities, etc (See instructions)					<b>12</b>	

**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**

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

**Part III Support Schedule for Organizations Described in IRC 509(a)(2)**

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

**Section A. Public Support**

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
<b>2</b> 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						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>6 Total.</b> Add lines 1 through 5						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons						
<b>b</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						
<b>c</b> Add lines 7a and 7b						
<b>8 Public Support</b> (Subtract line 7c from line 6 )						

**Section B. Total Support**

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

**Section C. Computation of Public Support Percentage**

<b>15</b> Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	<b>15</b>	
<b>16</b> Public support percentage from 2010 Schedule A, Part III, line 15	<b>16</b>	

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for <b>2011</b> (line 10c column (f) divided by line 13 column (f))	<b>17</b>	
<b>18</b> Investment income percentage from <b>2010</b> Schedule A, Part III, line 17	<b>18</b>	

- 19a 33 1/3% support tests—2011.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization
- b 33 1/3% support tests—2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization
- 20 Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions

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

<b>Facts And Circumstances Test</b>
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<b>Explanation</b>
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SCHEDULE C (Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No 1545-0047

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.

2011

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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

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

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

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

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

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

Name of the organization Calais Regional Hospital

Employer identification number

01-0211783

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

- 1 Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV
2 Political expenditures
3 Volunteer hours

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

- 1 Enter the amount of any excise tax incurred by the organization under section 4955
2 Enter the amount of any excise tax incurred by organization managers under section 4955
3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year?
4a Was a correction made?
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?
5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments

Table with 5 columns: (a) Name, (b) Address, (c) EIN, (d) Amount paid from filing organization's funds, (e) Amount of political contributions received and promptly and directly delivered to a separate political organization.

**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

<b>Limits on Lobbying Expenditures</b> (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals												
<b>1a</b> Total lobbying expenditures to influence public opinion (grass roots lobbying)														
<b>b</b> Total lobbying expenditures to influence a legislative body (direct lobbying)														
<b>c</b> Total lobbying expenditures (add lines 1a and 1b)														
<b>d</b> Other exempt purpose expenditures														
<b>e</b> Total exempt purpose expenditures (add lines 1c and 1d)														
<b>f</b> Lobbying nontaxable amount Enter the amount from the following table in both columns														
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: left;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width: 50%; text-align: left;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <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> </tbody> </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													
<b>g</b> Grassroots nontaxable amount (enter 25% of line 1f)														
<b>h</b> Subtract line 1g from line 1a If zero or less, enter -0-														
<b>i</b> Subtract line 1f from line 1c If zero or less, enter -0-														
<b>j</b> If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No												

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

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

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

	(a)		(b)
	Yes	No	Amount
<b>1</b> 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			
<b>a</b> Volunteers?		No	
<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
<b>c</b> Media advertisements?		No	
<b>d</b> Mailings to members, legislators, or the public?		No	
<b>e</b> Publications, or published or broadcast statements?		No	
<b>f</b> Grants to other organizations for lobbying purposes?		No	
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
<b>i</b> Other activities? If "Yes," describe in Part IV	Yes		4,189
<b>j</b> Total lines 1c through 1i			4,189
<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912			
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
<b>d</b> 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
<b>1</b> Were substantially all (90% or more) dues received nondeductible by members?	<b>1</b>	
<b>2</b> Did the organization make only in-house lobbying expenditures of \$2,000 or less?	<b>2</b>	
<b>3</b> Did the organization agree to carryover lobbying and political expenditures from the prior year?	<b>3</b>	

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

<b>1</b> Dues, assessments and similar amounts from members	<b>1</b>	
<b>2</b> Section 162(e) non-deductible lobbying and political expenditures ( <b>do not include amounts of political expenses for which the section 527(f) tax was paid</b> ).		
<b>a</b> Current year	<b>2a</b>	
<b>b</b> Carryover from last year	<b>2b</b>	
<b>c</b> Total	<b>2c</b>	
<b>3</b> Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	<b>3</b>	
<b>4</b> 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?	<b>4</b>	
<b>5</b> Taxable amount of lobbying and political expenditures (see instructions)	<b>5</b>	

**Part IV Supplemental Information**

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

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

SCHEDULE D (Form 990)

OMB No 1545-0047

Supplemental Financial Statements

2011

Open to Public Inspection

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

Department of the Treasury Internal Revenue Service

Name of the organization Calais Regional Hospital

Employer identification number 01-0211783

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.

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows 1-4: Total number at end of year, Aggregate contributions to (during year), Aggregate grants from (during year), 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?
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?

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, Protection of natural habitat, Preservation of open space, Preservation of an historically important land area, Preservation of a certified historic structure.

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

Table with 2 columns: Description, Held at the End of the Year. Rows 2a-2d: Total number of conservation easements, Total acreage restricted by conservation easements, Number of conservation easements on a certified historic structure included in (a), Number of conservation easements included in (c) acquired after 8/17/06.

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

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

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

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

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year

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

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

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

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

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

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

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

a Revenues included in Form 990, Part VIII, line 1
b Assets included in Form 990, Part X

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

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

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

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

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

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

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

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

	Amount
<b>1c</b> Beginning balance	
<b>1d</b> Additions during the year	
<b>1e</b> Distributions during the year	
<b>1f</b> Ending balance	

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

**b** If "Yes," explain the arrangement in Part XIV

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
<b>1a</b> Beginning of year balance . . . . .					
<b>b</b> Contributions . . . . .					
<b>c</b> Investment earnings or losses . . . . .					
<b>d</b> Grants or scholarships . . . . .					
<b>e</b> Other expenditures for facilities and programs . . . . .					
<b>f</b> Administrative expenses . . . . .					
<b>g</b> End of year balance . . . . .					

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

- a** Board designated or quasi-endowment ▶
- b** Permanent endowment ▶
- c** Term endowment ▶

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

	Yes	No
<b>(i)</b> unrelated organizations . . . . .	<b>3a(i)</b>	
<b>(ii)</b> related organizations . . . . .	<b>3a(ii)</b>	
<b>b</b> If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? . . . . .	<b>3b</b>	

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
<b>1a</b> Land . . . . .		206,221		206,221
<b>b</b> Buildings . . . . .		12,299,374	4,000,363	8,299,011
<b>c</b> Leasehold improvements . . . . .				
<b>d</b> Equipment . . . . .		19,307,792	10,813,098	8,494,694
<b>e</b> Other . . . . .		2,666,049	1,118,556	1,547,493
<b>Total.</b> Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) . . . . .				18,547,419



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

<b>1</b>	Total revenue (Form 990, Part VIII, column (A), line 12)	<b>1</b>	33,791,931
<b>2</b>	Total expenses (Form 990, Part IX, column (A), line 25)	<b>2</b>	34,435,290
<b>3</b>	Excess or (deficit) for the year Subtract line 2 from line 1	<b>3</b>	-643,359
<b>4</b>	Net unrealized gains (losses) on investments	<b>4</b>	-62,744
<b>5</b>	Donated services and use of facilities	<b>5</b>	
<b>6</b>	Investment expenses	<b>6</b>	
<b>7</b>	Prior period adjustments	<b>7</b>	
<b>8</b>	Other (Describe in Part XIV)	<b>8</b>	
<b>9</b>	Total adjustments (net) Add lines 4 - 8	<b>9</b>	-62,744
<b>10</b>	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	<b>10</b>	-706,103

**Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return**

<b>1</b>	Total revenue, gains, and other support per audited financial statements . . . . .	<b>1</b>	33,729,187
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
<b>a</b>	Net unrealized gains on investments . . . . .	<b>2a</b>	-62,744
<b>b</b>	Donated services and use of facilities . . . . .	<b>2b</b>	
<b>c</b>	Recoveries of prior year grants . . . . .	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIV) . . . . .	<b>2d</b>	
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> . . . . .	<b>2e</b>	-62,744
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .	<b>3</b>	33,791,931
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line <b>1</b>		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	<b>4a</b>	
<b>b</b>	Other (Describe in Part XIV) . . . . .	<b>4b</b>	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .	<b>4c</b>	0
<b>5</b>	Total Revenue Add lines <b>3</b> and <b>4c</b> . (This should equal Form 990, Part I, line 12 ) . . . . .	<b>5</b>	33,791,931

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

<b>1</b>	Total expenses and losses per audited financial statements . . . . .	<b>1</b>	34,435,290
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25		
<b>a</b>	Donated services and use of facilities . . . . .	<b>2a</b>	
<b>b</b>	Prior year adjustments . . . . .	<b>2b</b>	
<b>c</b>	Other losses . . . . .	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIV) . . . . .	<b>2d</b>	
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> . . . . .	<b>2e</b>	0
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .	<b>3</b>	34,435,290
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line <b>1</b> :		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	<b>4a</b>	
<b>b</b>	Other (Describe in Part XIV) . . . . .	<b>4b</b>	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .	<b>4c</b>	0
<b>5</b>	Total expenses Add lines <b>3</b> and <b>4c</b> . (This should equal Form 990, Part I, line 18 ) . . . . .	<b>5</b>	34,435,290

**Part XIV Supplemental Information**

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

Identifier	Return Reference	Explanation
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**SCHEDULE H  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Hospitals**

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

OMB No 1545-0047

**2011**

**Open to Public  
Inspection**

**Name of the organization**  
Calais Regional Hospital

**Employer identification number**  
01-0211783

**Part I Charity Care and Certain Other Community Benefits at Cost**

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

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

**7 Charity Care and Certain Other Community Benefits at Cost**

<b>Charity Care and Means-Tested Government Programs</b>	<b>(a) Number of activities or programs (optional)</b>	<b>(b) Persons served (optional)</b>	<b>(c) Total community benefit expense</b>	<b>(d) Direct offsetting revenue</b>	<b>(e) Net community benefit expense</b>	<b>(f) Percent of total expense</b>
<b>a</b> Charity care at cost (from Worksheet 1) . . . . .			1,222,449		1,222,449	3.660 %
<b>b</b> Medicaid (from Worksheet 3, column a) . . . . .			6,961,078	6,647,855	313,223	0.940 %
<b>c</b> Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .						
<b>d Total</b> Charity Care and Means-Tested Government Programs . . . . .			8,183,527	6,647,855	1,535,672	4.600 %
<b>Other Benefits</b>						
<b>e</b> Community health improvement services and community benefit operations (from Worksheet 4) . . . . .			8,201		8,201	0.020 %
<b>f</b> Health professions education (from Worksheet 5) . . . . .			101,820		101,820	0.310 %
<b>g</b> Subsidized health services (from Worksheet 6) . . . . .						
<b>h</b> Research (from Worksheet 7) . . . . .						
<b>i</b> Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .			194		194	0.000 %
<b>j Total</b> Other Benefits . . . . .			110,215		110,215	0.330 %
<b>k Total.</b> Add lines 7d and 7j . . . . .			8,293,742	6,647,855	1,645,887	4.930 %

**Part II Community Building Activities** Complete this table if the organization conducted any community building activities.

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

**Part III Bad Debt, Medicare, & Collection Practices**

**Section A. Bad Debt Expense**

		Yes	No
<b>1</b> Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?		Yes	
<b>2</b> Enter the amount of the organization's bad debt expense	<b>2</b> 596,900		
<b>3</b> Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	<b>3</b>		
<b>4</b> Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit			

**Section B. Medicare**

<b>5</b> Enter total revenue received from Medicare (including DSH and IME)	<b>5</b> 10,537,293		
<b>6</b> Enter Medicare allowable costs of care relating to payments on line 5	<b>6</b> 10,537,293		
<b>7</b> Subtract line 6 from line 5. This is the surplus or (shortfall)	<b>7</b>		
<b>8</b> 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: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other			

**Section C. Collection Practices**

<b>9a</b> Did the organization have a written debt collection policy during the tax year?	<b>9a</b> Yes	
<b>b</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	<b>9b</b> Yes	

**Part IV Management Companies and Joint Ventures** (see instructions)

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

**Part V Facility Information**

**Section A. Hospital Facilities**

(list in order of size from largest to smallest)

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

Name and address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	Calais Regional Hospital 24 Hospital Lane Calais, ME 04619	X	X			X		X		

**Part V Facility Information** (continued)

**Section B. Facility Policies and Practices.**

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

Calais Regional Hospital

**Name of Hospital Facility:** \_\_\_\_\_

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

	Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 7 are optional for 2011)		
<b>1</b> During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 . . . . . If "Yes," indicate what the Needs Assessment describes (check all that apply)	<b>1</b>	
<b>a</b> <input type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b> <input type="checkbox"/> Demographics of the community		
<b>c</b> <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b> <input type="checkbox"/> How data was obtained		
<b>e</b> <input type="checkbox"/> The health needs of the community		
<b>f</b> <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b> <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs		
<b>h</b> <input type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b> <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
<b>j</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>2</b> Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
<b>3</b> In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	<b>3</b>	
<b>4</b> Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	<b>4</b>	
<b>5</b> Did the hospital facility make its Needs Assessment widely available to the public? . . . . . If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	<b>5</b>	
<b>a</b> <input type="checkbox"/> Hospital facility's website		
<b>b</b> <input type="checkbox"/> Available upon request from the hospital facility		
<b>c</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>6</b> If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
<b>a</b> <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
<b>b</b> <input type="checkbox"/> Execution of the implementation strategy		
<b>c</b> <input type="checkbox"/> Development of a community-wide community benefit plan for the facility		
<b>d</b> <input type="checkbox"/> Participation in community-wide community benefit plan		
<b>e</b> <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b> <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
<b>g</b> <input type="checkbox"/> Prioritization of health needs in the community		
<b>h</b> <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>7</b> Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	<b>7</b>	
<b>Financial Assistance Policy</b>		
<b>8</b> Did the hospital facility have in place during the tax year a written financial assistance policy that explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	<b>8</b>	Yes
<b>9</b> Used federal poverty guidelines (FPG) to determine eligibility for providing free care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>150 000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	<b>9</b>	Yes

**Part V Facility Information** *(continued)*

	Yes	No
<b>10</b> Used FPG to determine eligibility for providing discounted care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>165 000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	<b>10</b> Yes	
<b>11</b> Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply) <b>a</b> <input checked="" type="checkbox"/> Income level <b>b</b> <input type="checkbox"/> Asset level <b>c</b> <input type="checkbox"/> Medical indigency <b>d</b> <input type="checkbox"/> Insurance status <b>e</b> <input type="checkbox"/> Uninsured discount <b>f</b> <input checked="" type="checkbox"/> Medicaid/Medicare <b>g</b> <input type="checkbox"/> State regulation <b>h</b> <input type="checkbox"/> Other (describe in Part VI)	<b>11</b> Yes	
<b>12</b> Explained the method for applying for financial assistance? . . . . .	<b>12</b> Yes	
<b>13</b> 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) <b>a</b> <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site <b>b</b> <input type="checkbox"/> The policy was attached to all billing invoices <b>c</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms <b>d</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices <b>e</b> <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility <b>f</b> <input checked="" type="checkbox"/> The policy was available upon request <b>g</b> <input checked="" type="checkbox"/> Other (describe in Part VI)	<b>13</b> Yes	

**Billing and Collections**

<b>14</b> 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? . . . . .	<b>14</b> Yes	
<b>15</b> Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP <b>a</b> <input checked="" type="checkbox"/> Reporting to credit agency <b>b</b> <input checked="" type="checkbox"/> Lawsuits <b>c</b> <input checked="" type="checkbox"/> Liens on residences <b>d</b> <input type="checkbox"/> Body attachments or arrests <b>e</b> <input type="checkbox"/> Other similar actions (describe in Part VI)		
<b>16</b> 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 <b>a</b> <input checked="" type="checkbox"/> Reporting to credit agency <b>b</b> <input checked="" type="checkbox"/> Lawsuits <b>c</b> <input checked="" type="checkbox"/> Liens on residences <b>d</b> <input type="checkbox"/> Body attachments <b>e</b> <input type="checkbox"/> Other similar actions (describe in Part VI)	<b>16</b> Yes	
<b>17</b> Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) <b>a</b> <input checked="" type="checkbox"/> Notified patients of the financial assistance policy upon admission <b>b</b> <input checked="" type="checkbox"/> Notified patients of the financial assistance policy prior to discharge <b>c</b> <input checked="" type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills <b>d</b> <input checked="" type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy <b>e</b> <input type="checkbox"/> Other (describe in Part VI)		

**Part V Facility Information** *(continued)*

**Policy Relating to Emergency Medical Care**

**18** Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . .

	Yes	No
<b>18</b>	Yes	

If "No," indicate why

- a**  The hospital facility did not provide care for any emergency medical conditions
- b**  The hospital facility's policy was not in writing
- c**  The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d**  Other (describe in Part VI)

**Individuals Eligible for Financial Assistance**

**19** Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care

- a**  The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b**  The hospital facility used the average of 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)

<b>19</b>		
<b>20</b>	Yes	
<b>21</b>	Yes	

**20** Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . .

If "Yes," explain in Part VI

**21** Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?

. . . . .

If "Yes," explain in Part VI

**Part V Facility Information** *(continued)*

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

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

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

**Part VI Supplemental Information**

Complete this part to provide the following information

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6l, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2 **Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc )
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		Part I, Line 7, Column (f) The Bad Debt expense included on Form 990, Part IX, Line 25, Column (A), but subtracted for purposes of calculating the percentage in this column is \$ 1061262

Identifier	ReturnReference	Explanation
		Part III, Line 4 Patient accounts receivable are stated at the amount management expects to collect from outstanding balances Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to patient accounts receivable

Identifier	ReturnReference	Explanation
		Part III, Line 8 The Organization used the Hospital's as-filed cost reports to obtain Medicare and Medicaid costs and expected reimbursement

Identifier	ReturnReference	Explanation
		Part III, Line 9b Self-pay accounts receive a minimum of 3 statements and a final notice Patients must complete an application for Free Care and provide necessary qualifying support in order to receive Free Care Applications are kept on file and tracked in a log The log of patients who are eligible for Free Care is maintained electronically and is available at registration points to simplify the application of Free Care for current services

Identifier	ReturnReference	Explanation
Calais Regional Hospital		Part V, Section B, Line 13g Notices of the Free Care program are posted at the front desk in the main lobby, in the registration areas, patient billing department, cashier's office, credit manager's office, Surgical Services department, Orthopedic Department, and Rural Health Care Clinic Applications are available at all of these points Assistance in completing the applications is provided by the credit manager and staff

Identifier	ReturnReference	Explanation
Calais Regional Hospital		Part V, Section B, Line 19d The minimum level of discount for patients eligible for financial assistance is 10%, which approximates the average of the 3 lowest negotiated commercial insurance rates Most patients qualify for higher level discounts ranging from 25% to 100%

Identifier	ReturnReference	Explanation
Calais Regional Hospital		Part V, Section B, Line 20 During 2011, because of information system limitations in identifying those patients eligible for financial assistance prior to delivery of emergency services, some patients may have received a bill for services prior to the discount being applied The Hospital has since developed a way to identify in the information system patients who are eligible for financial assistance at the time of registration, which will allow for discounting to always occur before a patient bill is issued

Identifier	ReturnReference	Explanation
Calais Regional Hospital		Part V, Section B, Line 21 As noted in response to Part V, Section B, Line 20, during 2011, some patients eligible for financial assistance may have received statements indicating gross charges prior to discount However, all discounts were applied as appropriate and since 2011, improvements in our information system have allowed us to identify patients earlier in the process to allow for gross charges to be discounted before the patient receives a billing statement

Identifier	ReturnReference	Explanation
		Part VI, Line 2 Healthcare Community Needs Surveys are completed every three years The Hospital conducts interviews with various community groups, trustees and staff and conducts an annual community survey In addition, the Hospital participates in joint efforts with other healthcare providers to analyze and act upon regional health status indicators and data

Identifier	ReturnReference	Explanation
		Part VI, Line 3 Notices of the Free Care program are posted at the front desk in the main lobby, in the registration areas, patient billing department, cashier's office, credit manager's office, Surgical Services department, Orthopedic Department, and Rural Health Care Clinic Applications are available at all of these points Assistance in completing the applications is provided by the credit manager and staff

Identifier	ReturnReference	Explanation
		Part VI, Line 4 We serve a rural population of approximately 14,000 (40 miles North, South and West)

Identifier	ReturnReference	Explanation
		Part VI, Line 5 The Hospital participates in programs for community support, including health walks and local fairs and conferences The Hospital supports economic development through participation in Chamber of Commerce, Rotary Club, economic development organizations, and the Aroostook/Washington County Workforce Board The Hospital enhances coalition building by participating in community outreach activities and working with local and regional agencies and organizations to improve access to services The Hospital works to improve the health status in our communities by participating in blood drives, cancer, cardiac and diabetic support groups, providing blood pressure screenings, flu clinics, health fairs, wellness programming, and senior activities The Hospital encourages workforce development through job shadowing, preceptorships, and mentoring programs and participating in career fairs and in area youth coaching programs The Hospital has an open medical staff The Board of Directors are community members from throughout the service area



**Part III Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22.  
Use Schedule I-1 (Form 990) if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) Educational Assistance	5	32,958			

**Part IV Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

Identifier	Return Reference	Explanation
Procedure for Monitoring Grants in the U S	Part I, Line 2	Schedule I, Part I, Line 2 Educational Assistance is awarded to eligible employees upon receipt of their tuition bills and enrollment verification

**Schedule J**  
(Form 990)

**Compensation Information**

OMB No 1545-0047

**2011**

**Open to Public Inspection**

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Department of the Treasury  
Internal Revenue Service

Name of the organization  
Calais Regional Hospital

Employer identification number

01-0211783

**Part I Questions Regarding Compensation**

- 1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.
- |  |   |
|--|---|
| <input type="checkbox"/> First-class or charter travel             | <input checked="" type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions                     | <input type="checkbox"/> Payments for business use of personal residence            |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees              |
| <input type="checkbox"/> Discretionary spending account            | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)            |

**b** If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain

**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

**3** Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply.

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

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

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

**Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.**

**5** For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization?
- b** Any related organization?  
If "Yes," to line 5a or 5b, describe in Part III

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

- a** The organization?
- b** Any related organization?  
If "Yes," to line 6a or 6b, describe in Part III

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

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

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

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

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use Schedule J-1 if additional space needed.

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Robert Chagrasulis MD	(i)	293,000	0	9,850	0	0	302,850	0
	(ii)	0	0	0	0	0	0	0
(2) Karen Hadam MD	(i)	224,073	0	0	5,983	27,435	257,491	0
	(ii)	0	0	0	0	0	0	0
(3) Cressey Brazier MD	(i)	478,518	0	0	0	0	478,518	0
	(ii)	0	0	0	0	0	0	0
(4) Christopher Hayward DO	(i)	211,628	0	0	5,723	27,435	244,786	0
	(ii)	0	0	0	0	0	0	0
(5) P Bernard McAdam	(i)	83,467	0	0	0	9,599	93,066	0
	(ii)	0	0	0	0	0	0	0
(6) Michael K Lally	(i)	214,906	0	7,260	0	25,549	247,715	0
	(ii)	0	0	0	0	0	0	0
(7) Nancy Glidden	(i)	66,500	0	0	0	7,647	74,147	0
	(ii)	0	0	0	0	0	0	0
(8) Mark DeMası	(i)	271,178	40,449	0	4,356	27,435	343,418	0
	(ii)	0	0	0	0	0	0	0
(9) Michael Kessler	(i)	263,179	3,021	0	6,888	28,577	301,665	0
	(ii)	0	0	0	0	0	0	0
(10) David Walter	(i)	230,902	0	0	1,988	1,310	234,200	0
	(ii)	0	0	0	0	0	0	0
(11) John Tkach	(i)	191,988	18,612	0	3,856	29,835	244,291	0
	(ii)	0	0	0	0	0	0	0
(12) Antoanela Zaharia	(i)	146,987	1,825	0	4,399	10,522	163,733	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, 4c, 5a, 5b, 6a, 6b, 7, and 8. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
	Part I, Line 7	Individuals listed with Incentive Bonus amounts are physicians who under their employment agreements/contracts have a provision for Incentive Bonus based on their individual practice Gross Revenue Production or Relative Value Units (RVU) of services exceeding a target amount.
Supplemental Information	Part III	Michael K Lally, CEO, Nancy Glidden, CFO & P Bernard McAdam, Past CFO, are compensated by Quorum Health Resources, an unrelated organization, for services rendered to the Organization. A breakdown of their 2011 compensation is as follows: Michael K Lally, CEO Salary \$214,906 Benefits \$25,549 Automobile Allowance \$7,260; Nancy Glidden, CFO Salary \$66,500 Benefits \$7,647; P Bernard McAdam, Past CFO Salary \$83,467 Benefits \$9,599.

Schedule L (Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2011

Open to Public Inspection

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 lines 38a or 40b. Attach to Form 990 or Form 990-EZ. See separate instructions.

Department of the Treasury Internal Revenue Service

Name of the organization Calais Regional Hospital

Employer identification number 01-0211783

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

Table with 3 main columns: (a) Name of disqualified person, (b) Description of transaction, (c) Corrected? (Yes/No)

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

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

Part II Loans to and/or From Interested Persons.

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

Table with 7 main columns: (a) Name of interested person and purpose, (b) Loan to or from the organization?, (c) Original principal amount, (d) Balance due, (e) In default?, (f) Approved by board or committee?, (g) Written agreement?

Part III Grants or Assistance Benefitting Interested Persons.

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

Table with 3 main columns: (a) Name of interested person, (b) Relationship between interested person and the organization, (c) Amount of grant or type of assistance

**Part IV Business Transactions Involving Interested Persons.**

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Shelly Bodkin	Family Member of G Cecil Moreside, Board Director	74,672	Employment		No
(2) Michael Bodkin	Family Member of G Cecil Moreside, Board Director	86,451	Employment		No

**Part V Supplemental Information**

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

Identifier	Return Reference	Explanation
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**SCHEDULE O**  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990 or 990-EZ**

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

OMB No 1545-0047

**2011**

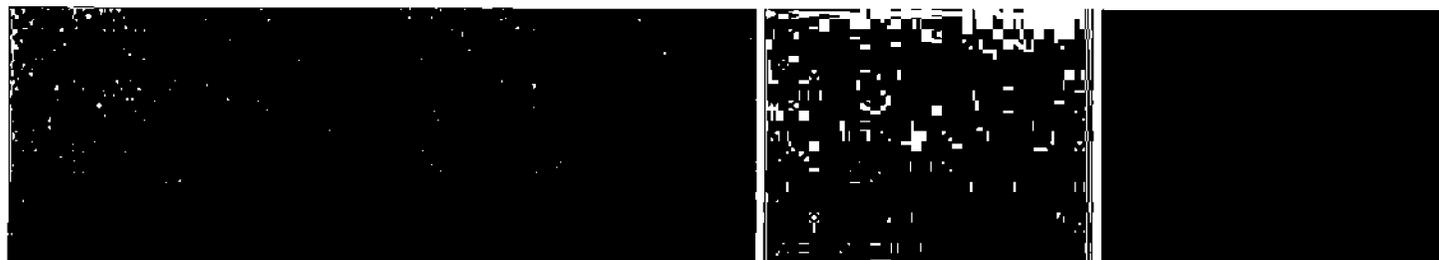
**Open to Public Inspection**

Name of the organization  
Calais Regional Hospital

**Employer identification number**

01-0211783

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 3	The Organization has a management contract with Quorum Health Resources (QHR). The management roles of CEO and CFO are by individuals employed/hired by QHR with individual approval and authorization of and by the Board of Directors. These individuals serve at the will of the Board of Directors.
	Form 990, Part VI, Section A, line 7a	A Board of Trustees elects members of the Board of Directors at an annual meeting of the Board of Trustees.
	Form 990, Part VI, Section A, line 7b	At the annual meeting of the Board of Trustees, actions of the Board of Directors during the year are acted on and ratified.
	Form 990, Part VI, Section B, line 11	The Form 990 filing is reviewed with the Corporate Board Officers.
	Form 990, Part VI, Section B, line 12c	The Organization maintains a "Complaint Hot Line" with a widely published number, which is overseen by the Organization's Compliance Officer. Any complaints received are promptly investigated and acted upon as appropriate.
	Form 990, Part VI, Section B, line 15	The Executive Committee of the Board of Directors serves as an Executive Compensation Committee. Performance review is completed and is presented, along with comparative salary information to the Committee by the Hospital's management company. After consideration of the comparative information and performance review, the Executive Committee determines and authorizes an appropriate compensation level.
	Form 990, Part VI, Section C, line 19	The Hospital prepares and circulates via US Postal Service an Annual Report, which goes to every household in what is defined as the Hospital Service Area. The Annual Report is also available on the Hospital website at <a href="http://www.calaihospital.com">http://www.calaihospital.com</a> . Additionally, at the annual meeting of the Trustees, copies of the audited financial statements are shared with all present including representatives of the press in attendance. Other documents as appropriate would be available upon request.
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Net unrealized losses on investments -62,744
Oversight of Audit	Form 990, Part XI, Line 2c	The audit process has not changed from the prior year.



**FINANCIAL STATEMENTS**

and

**ADDITIONAL INFORMATION**

**December 31, 2011 and 2010**

**With Independent Auditor's Report**



**CALAIS REGIONAL HOSPITAL**

**Financial Statements**

**December 31, 2011 and 2010**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Calais Regional Hospital

We have audited the accompanying balance sheets of Calais Regional Hospital (the Hospital) as of December 31, 2011 and 2010, and the related statements of operations and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Calais Regional Hospital as of December 31, 2011 and 2010, and the results of its operations, changes in its net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2012, on our consideration of Calais Regional Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should not be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of Calais Regional Hospital taken as a whole. The accompanying additional information included in Schedules 1 and 2 is presented for the purpose of additional analysis and is not a required part of the basic 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 additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the additional information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*BerryDunn McNeil & Parker, LLC*

Portland, Maine  
March 9, 2012

**CALAIS REGIONAL HOSPITAL**

**Balance Sheets**

**December 31, 2011 and 2010**

**ASSETS**

	<u><b>2011</b></u>	<u><b>2010</b></u>
Current assets		
Cash and cash equivalents	\$ <b>521,702</b>	\$ 330,537
Patient accounts receivable, net of allowances of \$4,321,699 in 2011 and \$5,923,565 in 2010	<b>4,326,394</b>	4,131,471
Estimated third-party payor settlements	-	1,174,844
Supplies, prepaid expenses and miscellaneous receivables	<u><b>788,935</b></u>	<u>655,812</u>
Total current assets	<u><b>5,637,031</b></u>	<u>6,292,664</u>
Assets limited as to use		
Internally designated for capital acquisition	<b>2,476,711</b>	1,921,037
Internally designated for other purposes	<b>152,707</b>	135,005
By loan agreement	<b>443,399</b>	360,928
By donor restriction	<b>918,133</b>	912,259
Pledges receivable	<u><b>2,754</b></u>	<u>4,282</u>
Total assets limited as to use	<u><b>3,993,704</b></u>	<u>3,333,511</u>
Property and equipment, net	<b>18,547,419</b>	18,467,662
Beneficial interest in perpetual trust	<b>329,622</b>	377,144
Estimated settlements receivable from the State of Maine	<u><b>1,485,379</b></u>	<u>454,395</u>
Total assets	<u><b>\$ 29,993,155</b></u>	<u>\$ 28,925,376</u>

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The accompanying notes are an integral part of these financial statements

## LIABILITIES AND NET ASSETS

	<u>2011</u>	<u>2010</u>
Current liabilities		
Current portion of long-term debt	\$ 411,000	\$ 376,000
Accounts payable	1,677,163	1,756,363
Accrued salaries and related benefits	1,840,178	1,339,209
Accrued expenses and other liabilities	70,007	56,256
Estimated third party payor settlements	<u>1,125,397</u>	<u>-</u>
Total current liabilities	5,123,745	3,527,828
Long-term debt, excluding current portion	<u>17,059,743</u>	<u>16,881,778</u>
Total liabilities	<u>22,183,488</u>	<u>20,409,606</u>
Commitments and contingencies (Note 11)		
Net assets		
Unrestricted	6,559,157	7,222,085
Temporarily restricted	792,626	788,279
Permanently restricted	<u>457,884</u>	<u>505,406</u>
Total net assets	<u>7,809,667</u>	<u>8,515,770</u>
Total liabilities and net assets	<u>\$ 29,993,155</u>	<u>\$ 28,925,376</u>

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**CALAIS REGIONAL HOSPITAL**

**Statements of Operations**

**Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Unrestricted revenues, gains (losses), and other support		
Net patient service revenue	\$ 32,817,591	\$ 28,077,712
Other revenue	467,435	353,825
Meaningful use revenues	418,037	-
Gain (loss) on disposal of property and equipment	<u>9,128</u>	<u>(190,194)</u>
Total unrestricted revenues, gains (losses), and other support	<u>33,712,191</u>	<u>28,241,343</u>
Expenses		
Salaries and benefits	16,611,727	14,203,356
Supplies and other	14,489,886	12,151,130
Depreciation and amortization	1,357,897	1,299,642
Interest	914,518	896,532
Provision for bad debts	<u>1,061,262</u>	<u>1,110,497</u>
Total expenses	<u>34,435,290</u>	<u>29,661,157</u>
Operating loss	(723,099)	(1,419,814)
Other gains		
Investment income	38,222	35,358
Contributions	<u>22,773</u>	<u>103,128</u>
Total other gains, net	<u>60,995</u>	<u>138,486</u>
Deficiency of revenues, gains (losses), and other support over expenses and gains	(662,104)	(1,281,328)
Net unrealized (losses) gains on investments	(824)	14,029
Net assets released from restrictions used for purchase of property and equipment	<u>-</u>	<u>200,000</u>
Decrease in unrestricted net assets	\$ <u>(662,928)</u>	\$ <u>(1,067,299)</u>

The accompanying notes are an integral part of these financial statements

**CALAIS REGIONAL HOSPITAL**

**Statements of Changes in Net Assets**

**Years Ended December 31, 2011 and 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balances, January 1, 2010	\$ <u>8,289,384</u>	\$ <u>720,374</u>	\$ <u>480,229</u>	\$ <u>9,489,987</u>
Deficiency of revenues, gains (losses), and other support over expenses and gains	(1,281,328)	-	-	(1,281,328)
Net unrealized gains on investments	14,029	63,455	-	77,484
Net unrealized gain on beneficial interest in perpetual trust	-	-	25,177	25,177
Investment income	-	1,982	-	1,982
Pledges receivable	-	2,468	-	2,468
Net assets released from restrictions used for purchase of property and equipment	200,000	(200,000)	-	-
Contributions	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Change in net assets	<u>(1,067,299)</u>	<u>67,905</u>	<u>25,177</u>	<u>(974,217)</u>
Balances, December 31, 2010	<u>7,222,085</u>	<u>788,279</u>	<u>505,406</u>	<u>8,515,770</u>
Deficiency of revenues, gains (losses), and other support over expenses and gains	<b>(662,104)</b>	-	-	<b>(662,104)</b>
Net unrealized losses on investments	<b>(824)</b>	<b>(14,398)</b>	-	<b>(15,222)</b>
Net unrealized loss on beneficial interest in perpetual trust	-	-	<b>(47,522)</b>	<b>(47,522)</b>
Investment income	-	<b>17,481</b>	-	<b>17,481</b>
Pledges receivable, net	-	<b>(1,528)</b>	-	<b>(1,528)</b>
Contributions	<u>-</u>	<u>2,792</u>	<u>-</u>	<u>2,792</u>
Change in net assets	<u><b>(662,928)</b></u>	<u><b>4,347</b></u>	<u><b>(47,522)</b></u>	<u><b>(706,103)</b></u>
Balances, December 31, 2011	\$ <u><b>6,559,157</b></u>	\$ <u><b>792,626</b></u>	\$ <u><b>457,884</b></u>	\$ <u><b>7,809,667</b></u>

The accompanying notes are an integral part of these financial statements

**CALAIS REGIONAL HOSPITAL**

**Statements of Cash Flows**

**Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Change in net assets	\$ (706,103)	\$ (974,217)
Adjustments to reconcile the change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	1,357,897	1,299,642
Provision for bad debts	1,061,262	1,110,497
(Gain) loss on sale of equipment	(9,128)	190,194
Net realized and unrealized losses (gains) on investments	14,961	(80,436)
Restricted contributions and investment income	(20,273)	(204,450)
Unrealized loss (gain) on beneficial interest in perpetual trust	47,522	(25,177)
(Increase) decrease in		
Patient accounts receivable	(1,256,185)	(3,044,382)
Pledges receivable	1,528	8,846
Estimated third-party payor settlements	814,862	160,347
Prepaid expenses and other current assets	(133,123)	244,551
Other assets	454,395	28,229
Increase (decrease) in		
Accounts payable	(79,200)	919,567
Accrued salaries and related amounts	500,969	207,328
Other liabilities	13,751	(15,231)
Net cash provided (used) by operating activities	<u>2,063,135</u>	<u>(174,692)</u>
Cash flows from investing activities		
Purchases of property and equipment	(1,439,026)	(889,272)
Proceeds from sale of property and equipment	10,500	4,702
Proceeds from sale of investments	2,005,059	18,426
Purchases of investments	(2,681,741)	(478,030)
Net cash used by investing activities	<u>(2,105,208)</u>	<u>(1,344,174)</u>
Cash flows from financing activities		
Payments on long-term debt	(387,035)	(359,430)
Proceeds from issuance of long-term debt	600,000	-
Proceeds from restricted contributions and investment income	20,273	204,450
Net cash provided (used) by financing activities	<u>233,238</u>	<u>(154,980)</u>
Net increase (decrease) in cash and cash equivalents	191,165	(1,673,846)
Cash and cash equivalents, beginning of year	<u>330,537</u>	<u>2,004,383</u>
Cash and cash equivalents, end of year	\$ <u>521,702</u>	\$ <u>330,537</u>
Supplemental disclosure		
Cash paid for interest	\$ <u>913,072</u>	\$ <u>897,214</u>

The accompanying notes are an integral part of these financial statements

**CALAIS REGIONAL HOSPITAL**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2011 and 2010**

**Nature of Business**

Calais Regional Hospital (the Hospital) is a not-for-profit acute care hospital. The Hospital provides inpatient, outpatient, emergency care, swing bed care, and home health care services, primarily to residents of Washington County, Maine. Since 2001, the Hospital has operated as a Critical Access Hospital (CAH).

**1. 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 Cash Equivalents**

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less. The Hospital maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Hospital has experienced no losses in such accounts. Management believes the Hospital is not exposed to any significant risk on cash and cash equivalents.

**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 earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to patient accounts receivable.

**Supplies**

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

**Investments 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 deficiency of revenues, gains (losses), and other support over expenses and gains unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from this measure, and are reported as an increase or decrease in net assets

**CALAIS REGIONAL HOSPITAL**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2011 and 2010**

Investments 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, statements of operations, and statements of changes in net assets

**Assets Limited as to Use**

Assets limited as to use primarily consist of assets held by trustees under indenture agreements and designated assets set aside by the Board of Directors for future capital improvements, over which the Board retains control and which it may at its discretion subsequently use for other purposes.

**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. 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 unreleased net assets and reported in the statement of operations as net assets released from restrictions.

*Donor-restricted endowment gifts are reported as beneficial interest in perpetual trust.*

**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. 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, and are excluded from the deficiency of revenues, gains (losses), and other support over expenses and gains, 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.

**Health Insurance**

The Hospital is partially self-insured with respect to health care coverage subject to a \$45,000 per claim maximum. This coverage is used to provide medical health benefits to its eligible employees

# CALAIS REGIONAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and 2010

and their eligible dependents. A reserve for unprocessed claims totaling \$306,806 and \$184,639, is recorded in current liabilities at December 31, 2011 and 2010, respectively. Expenses incurred related to the plan during 2011 and 2010 were \$2,179,396 and \$1,636,154, respectively.

### **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.

The Hospital has interpreted State law as requiring realized and unrealized gains of permanently restricted net assets to be retained in a temporarily restricted net asset classification until appropriated by the Board and expended. State law allows the Board to appropriate so much of the net appreciation of permanently restricted net assets as is prudent considering the Hospital's long- and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions. No amounts were appropriated in 2011 or 2010

### **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 discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

### **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. The Hospital maintains records to identify the amount of charges foregone for services and supplies furnished under its charity care policy, as well as the estimated cost of those services and supplies and equivalent service statistics. The following information measures the level of charity care provided during the year ended December 31:

	<u>2011</u>	<u>2010</u>
Charges foregone, based on established rates	\$ <u>1,066,131</u>	\$ <u>712,067</u>
Estimated costs and expenses incurred to provide charity care	\$ <u>630,000</u>	\$ <u>433,000</u>

**CALAIS REGIONAL HOSPITAL**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2011 and 2010**

Equivalent percentage of charity care charges to all Hospital patient charges	<u><b>1.89%</b></u>	<u><b>1.52%</b></u>
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Cost of providing charity care services has been estimated based on an overall financial statement ratio of costs to charges applied to charity charges forgone.

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

The statements of operations include deficiency of revenues, gains (losses), and other support over expenses and gains. 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.

**Income Taxes**

The Hospital is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (Code), and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

**Functional Expenses**

The Hospital provides general health care services to residents within its geographic location. Expenses related to providing these services were as follows:

	<u><b>2011</b></u>	<u><b>2010</b></u>
Health care services	\$28,977,297	\$24,959,864
General and administrative	<u>5,457,993</u>	<u>4,701,293</u>
	<u><b>\$34,435,290</b></u>	<u><b>\$29,661,157</b></u>

**Reclassifications**

Certain prior year amounts have been reclassified in order to conform with the current year's presentation.

**Defined Contribution Plan**

The Hospital offers a tax sheltered annuity plan to all permanent employees who have completed one year of service and reached their 21st birthday. The plan provides that in addition to amounts contributed by employees through salary reduction arrangements, the Hospital may make contributions equal to a discretionary percentage to be determined each year. All amounts are 100% vested upon entering the plan. During 2011 and 2010, the Hospital expensed \$290,698 and \$172,287, respectively, related to the Plan.

**CALAIS REGIONAL HOSPITAL**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2011 and 2010**

**New Accounting Pronouncement**

In August 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-23, "*Health Care Entities (Topic 954): Measuring Charity Care for Disclosure*" (ASU 2010-23), which requires that cost be used as a measurement for charity care disclosure purposes and that cost be identified as the direct and indirect cost of providing the charity care. It also requires disclosure of the method used to identify or determine such costs. The Hospital adopted ASU 2010-23 effective for the year ended December 31, 2011. Since ASU 2010-23 amends disclosure requirements only, its adoption did not impact the Hospital's balance sheets, statements of operations, or statements of cash flow.

**Subsequent Events**

The Hospital has considered transactions or events occurring through March 9, 2012, which was the date that the financial statements were available to be issued.

**2. Net Patient Service Revenue**

The Hospital has agreements with third-party payors that provide for payments 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 CAH and is reimbursed based on allowable costs for its inpatient and outpatient services provided to Medicare patients. The Hospital is reimbursed at tentative interim rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary.

The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through December 31, 2005.

**Medicaid**

As a CAH, the Hospital is also reimbursed based on allowable costs for inpatient and outpatient services for services rendered to MaineCare patients. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the fiscal intermediary. The Hospital's MaineCare cost reports have been audited by the MaineCare fiscal intermediary through December 31, 2005.

# CALAIS REGIONAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and 2010

The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per discharge, discounted charges and per diem payments. These agreements do not constitute a significant part of the Hospital's net patient service revenue.

For several years, interim payments from the MaineCare program have been significantly below the amounts due to the Hospital based upon the reimbursement statutes in effect. In fiscal year 2011, the Hospital received an interim settlement for 2007 and tentative settlements for 2008 and 2009. In fiscal year 2010, the Hospital received interim settlements for 2006 and 2007 funded from Federal stimulus appropriations. However, the cost settlements due from the MaineCare program for fiscal years 2010 and 2011 have been reported as a noncurrent asset because the State of Maine's current budget does not provide for any further settlements. Therefore, it is not reasonably expected to be received within one year of the balance sheet date.

Revenue from the Medicare and MaineCare programs accounted for approximately 47% and 22%, respectively, of the Hospital's patient revenue for the years ended December 31, 2011, and 2010. 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 decreased by approximately \$64,000 in 2011 and increased by approximately \$116,500 in 2010 due to adjustment of allowances or recognition of settlements no longer subject to audits, reviews, and investigations.

### 3. Net Patient Accounts Receivable

Net patient accounts receivable was as follows:

	<u>2011</u>	<u>2010</u>
Gross patient accounts receivable	\$ 8,648,093	\$ 10,055,036
Less:		
Allowance for doubtful accounts	1,420,486	1,795,753
Contractual allowances	<u>2,901,213</u>	<u>4,127,812</u>
	<u>4,321,699</u>	<u>5,923,565</u>
Net patient accounts receivable	<u>\$ 4,326,394</u>	<u>\$ 4,131,471</u>

**CALAIS REGIONAL HOSPITAL**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2011 and 2010**

**4. Assets Limited as to Use and Restricted Funds**

Assets limited as to use and restricted funds consist of the following:

	<u>2011</u>	<u>2010</u>
Internally designated by the Board		
Cash and cash equivalents	\$ 2,535,394	\$ 1,968,118
Marketable equity securities	35,327	28,614
Mutual funds	38,431	41,897
U.S. Treasury obligations and government securities	<u>20,266</u>	<u>17,413</u>
	<b>2,629,418</b>	<b>2,056,042</b>
Under loan agreement:		
Cash and cash equivalents	443,399	360,928
Donor restricted:		
Cash and cash equivalents	309,412	247,758
Marketable equity securities	228,710	216,252
Mutual funds	248,808	316,639
U.S. Treasury obligations and government securities	131,203	131,610
Pledges receivable	<u>2,754</u>	<u>4,282</u>
	<u>920,887</u>	<u>916,541</u>
	<b>\$ 3,993,704</b>	<b>\$ 3,333,511</b>

Investment income and gains on investments are comprised of the following:

	<u>2011</u>	<u>2010</u>
Investment income		
Interest and dividend income	\$ 37,961	\$ 32,406
Realized gains on sales of investments	<u>261</u>	<u>2,952</u>
	<b>\$ 38,222</b>	<b>\$ 35,358</b>
Other changes in net assets		
Unrestricted unrealized gains (losses) on investments	\$ (824)	\$ 14,029
Temporarily restricted investment income	17,481	1,982
Temporarily restricted net realized and unrealized gains (losses) on investments	<u>(14,398)</u>	<u>63,455</u>
	<b>\$ 2,259</b>	<b>\$ 79,466</b>

**CALAIS REGIONAL HOSPITAL**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2011 and 2010**

**5. Beneficial Interest in Perpetual Trust**

The Hospital is the beneficiary of a trust, a portion of the income from which is to be paid to the Hospital in perpetuity. The Hospital's interest in the trust is recognized as an asset at the fair value of its share of the underlying assets, which totaled \$329,622 and \$377,144 as of December 31, 2011 and 2010, respectively. Increases and decreases in the carrying value of this asset are included in permanently restricted net assets.

**6. Property and Equipment**

A summary of property and equipment follows:

	<u>2011</u>	<u>2010</u>
Land and land improvements	\$ 2,872,270	\$ 2,779,095
Buildings and improvements	12,299,374	11,562,352
Fixed equipment	11,299,851	11,097,196
Major moveable equipment	<u>8,007,941</u>	<u>7,594,860</u>
	<b>34,479,436</b>	33,033,503
Less accumulated depreciation and amortization	<u>(15,932,017)</u>	<u>(14,592,505)</u>
	<b>18,547,419</b>	18,440,998
Construction in progress	<u>-</u>	<u>26,664</u>
Property and equipment, net	<u><b>\$ 18,547,419</b></u>	<u><b>\$ 18,467,662</b></u>

**7. Long-Term Debt**

A summary of long-term debt follows:

	<u>2011</u>	<u>2010</u>
Variable rate note payable to a bank, rate of the Wall Street Journal prime rate with a 3 75% floor (3 75% at December 31, 2011), due in monthly installments of \$3,103, including interest, through May 2036, collateralized by investments	\$ 591,516	\$ -
4.25% mortgage notes payable to the U S Department of Agriculture, Rural Development, due in monthly installments of \$67,404, including interest, through August 2036; collateralized by substantially all assets of the Hospital.	12,345,095	12,624,181
7 29% notes payable to a bank, due in monthly installments of \$36,615, including interest, through August 2031, collateralized by substantially all assets of the Hospital	<u>4,534,132</u>	<u>4,633,597</u>
	<b>17,470,743</b>	17,257,778
Less current portion	<u>411,000</u>	<u>376,000</u>
Long-term debt, excluding current portion	<u><b>\$ 17,059,743</b></u>	<u><b>\$ 16,881,778</b></u>

**CALAIS REGIONAL HOSPITAL**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2011 and 2010**

The mortgage note agreements with the U.S. Department of Agriculture require the Hospital to fund monthly payments into a cash reserve account until a balance of \$808,848 is reached. The reserve may be used for unseen damages, approved improvements to property or, as a last resort, for monthly loan payments. At December 31, 2011 and 2010, the balance was \$443,399 and \$360,928, respectively.

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

2012 (included in current liabilities)	\$ 411,000
2013	433,000
2014	455,000
2015	479,000
2016	503,000
Thereafter	<u>15,189,743</u>
	<u>\$ 17,470,743</u>

**8. Line of Credit**

The Hospital has a \$1,000,000 available line of credit with a bank. Interest on borrowings is charged at the Wall Street Journal prime rate (3.25% as of December 31, 2011). The credit line is reviewed annually. There were no amounts outstanding at December 31, 2011 and 2010.

**9. Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes

	<u>2011</u>	<u>2010</u>
Plant and replacement expansion	\$ 135,089	\$ 131,890
Other special purpose	36,687	36,655
Healthcare services	<u>620,850</u>	<u>619,734</u>
	<u>\$ 792,626</u>	<u>\$ 788,279</u>

Permanently restricted net assets are restricted to

Investments to be held in perpetuity, the income from which is expendable to support health care services	<u>\$ 457,884</u>	<u>\$ 505,406</u>
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**CALAIS REGIONAL HOSPITAL**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2011 and 2010**

**10. Concentrations of Credit Risk**

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

	<u>2011</u>	<u>2010</u>
Medicare	21 %	24 %
Medicaid	25	29
Blue Cross	3	7
Commercial	23	15
Patients	<u>28</u>	<u>25</u>
	<u>100 %</u>	<u>100 %</u>

**11. Commitments and Contingencies**

**Medical Malpractice Claims**

The Hospital insures its medical malpractice risks on a claims-made basis under a policy which covers all employees of the Hospital. A claims-made policy provides specified coverage for claims reported during the policy term. The policy contains a provision which allows the Hospital to purchase "tail" coverage for an indefinite period of time to avoid any lapse in insurance coverage. As of December 31, 2011 and 2010, there were no known malpractice claims outstanding which, in the opinion of management, will be settled for amounts in excess of insurance coverage nor are there any unasserted claims or incidents which require loss accrual. The Hospital intends to renew coverage on a claims-made basis and anticipates that such coverage will be available.

The possibility exists, as a normal risk of doing business, that malpractice claims in excess of insurance coverage may be asserted against the Hospital. In the event a loss contingency should occur, the Hospital would give it appropriate recognition in its financial statements in conformity with applicable accounting principles.

**12. Meaningful Use Revenues**

The Medicare and Medicaid electronic health record (EHR) incentive programs provide a financial incentive for achieving "meaningful use" of certified EHR technology. The Medicare criteria for meaningful use will be staged in three steps from fiscal year 2011 through 2015. The meaningful use attestation is subject to audit by CMS in future years. As part of this process, a final settlement amount for the incentive payments could be established that differs from the initial calculation, and could result in return of a portion or all of the incentive payments received by the Hospital.

The Medicaid program will provide incentive payments to hospitals and eligible professionals as they adopt, and 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.

**CALAIS REGIONAL HOSPITAL**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2011 and 2010**

During 2011, the Hospital recorded meaningful use revenues of \$418,037 from the Medicaid EHR program. The Hospital has demonstrated a minimum of 10% Medicaid encounters and is upgrading to a certified EHR.

**13. Fair Value Measurement**

FASB ASC 820 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. FASB 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.

Items measured at fair value in these financial statements are as follows:

	<u>Total</u>	<u>Fair Value Measurements at December 31, 2011, Using</u>		
		<u>Quoted Prices In Active Markets for Identical assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<b>Assets.</b>				
Cash and equivalents	<b>\$ 3,288,205</b>	<b>\$ 3,288,205</b>	<b>\$ -</b>	<b>\$ -</b>
Treasury obligations and government securities	<b>151,469</b>	<b>151,469</b>	<b>-</b>	<b>-</b>
Marketable equity securities				
Consumer discretionary	<b>11,250</b>	<b>11,250</b>	<b>-</b>	<b>-</b>
Consumer staples	<b>33,266</b>	<b>33,266</b>	<b>-</b>	<b>-</b>
Energy	<b>16,952</b>	<b>16,952</b>	<b>-</b>	<b>-</b>
Financials	<b>83,631</b>	<b>83,631</b>	<b>-</b>	<b>-</b>
Healthcare	<b>27,215</b>	<b>27,215</b>	<b>-</b>	<b>-</b>
Industrials	<b>48,225</b>	<b>48,225</b>	<b>-</b>	<b>-</b>
Information technology	<b>43,498</b>	<b>43,498</b>	<b>-</b>	<b>-</b>
Total marketable equity securities	<b>264,037</b>	<b>264,037</b>	<b>-</b>	<b>-</b>
Mutual funds - index funds	<b>287,239</b>	<b>287,239</b>	<b>-</b>	<b>-</b>
Beneficial interest in perpetual trust	<b>329,622</b>	<b>-</b>	<b>-</b>	<b>329,622</b>
 Total assets	 <b><u>\$ 4,320,572</u></b>	 <b><u>\$ 3,990,950</u></b>	 <b><u>\$ -</u></b>	 <b><u>\$ 329,622</u></b>

**CALAIS REGIONAL HOSPITAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2011 and 2010**

	<u>Fair Value Measurements at December 31, 2010, Using</u>			
	<u>Total</u>	<u>Quoted Prices In Active Markets for Identical assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<b>Assets:</b>				
Cash and equivalents	\$ 2,576,804	\$ 2,576,804	\$ -	\$ -
Treasury obligations and government securities	149,023	149,023	-	-
Marketable equity securities				
Consumer discretionary	28,266	28,266	-	-
Consumer staples	48,498	48,498	-	-
Energy	14,624	14,624	-	-
Financials	39,931	39,931	-	-
Healthcare	39,680	39,680	-	-
Industrials	34,273	34,273	-	-
Information technology	<u>39,594</u>	<u>39,594</u>	-	-
Total marketable equity securities	244,866	244,866	-	-
Mutual funds				
Index funds	282,047	282,047	-	-
Balanced funds	<u>76,489</u>	<u>76,489</u>	-	-
Total mutual funds	358,536	358,536	-	-
Beneficial interest in perpetual trust	<u>377,144</u>	<u>-</u>	-	<u>377,144</u>
 Total assets	 <u>\$ 3,706,373</u>	 <u>\$ 3,329,229</u>	 <u>\$ -</u>	 <u>\$ 377,144</u>

The fair value of Level 3 assets is primarily based on market prices of the underlying assets, but is classified as Level 3 as there is no market in which to trade the beneficial interest itself.

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value:

Balance, January 1, 2010	\$ 351,967
Change in value of trust	<u>25,177</u>
Balance, December 31, 2010	377,144
Change in value of trust	<u>(47,522)</u>
 Balance, December 31, 2011	 <u>\$ 329,622</u>

## CALAIS REGIONAL HOSPITAL

## Schedule of Unrestricted Revenues and Other Support

Years Ended December 31, 2011 and 2010

	Total Revenues		Inpatient		Outpatient		Swing Bed	
	2011	2010	2011	2010	2011	2010	2011	2010
Routine services								
Acute	\$ 3,993,459	\$ 2,856,950	\$ 3,993,459	\$ 2,856,950	\$ -	\$ -	\$ -	\$ -
Intensive care	464,250	294,800	464,250	294,800	-	-	-	-
Nursery	112,717	138,896	112,717	138,896	-	-	-	-
Swing bed	500,952	289,344	-	-	-	-	500,952	289,344
	<u>5,071,378</u>	<u>3,579,990</u>	<u>4,570,426</u>	<u>3,290,646</u>	<u>-</u>	<u>-</u>	<u>500,952</u>	<u>289,344</u>
Ancillary services								
Surgery	2,071,923	2,018,328	604,514	621,882	1,466,910	1,396,964	499	(518)
Recovery	318,734	313,329	71,466	68,614	247,268	244,715	-	-
Delivery	151,864	181,004	74,609	110,923	77,255	70,081	-	-
Anesthesiology	1,405,754	1,490,522	494,785	575,739	910,839	914,783	130	-
Medical and surgical supplies	2,688,417	2,707,035	1,436,134	1,691,413	1,232,883	999,715	19,400	15,907
Laboratory/blood	6,524,314	5,357,540	1,027,315	725,456	5,366,044	4,563,033	130,955	69,051
Pharmacy	6,502,262	5,049,750	2,673,015	1,717,493	3,019,887	2,867,751	809,360	464,506
Intravenous therapy	2,063,748	1,432,350	817,722	539,858	1,075,213	807,875	170,813	84,617
Radiology/MRI	11,156,645	9,864,204	416,911	340,846	10,702,408	9,500,805	37,326	22,553
Respiratory therapy	1,588,887	1,235,929	799,870	578,610	598,634	579,220	190,383	78,099
Physical therapy	3,568,924	2,530,299	280,219	183,962	2,940,460	2,211,276	348,245	135,061
Emergency/dialysis/clinic	6,011,676	4,709,832	94,853	26,654	5,916,823	4,683,178	-	-
EKG/Holter	500,305	467,764	32,871	22,619	466,271	443,681	1,163	1,464
Cardiac rehab	50,873	74,600	-	-	50,873	74,600	-	-
Reference lab	7,985	8,244	-	-	7,985	8,244	-	-
Rose Room	212,588	215,755	-	-	212,588	215,755	-	-
Home health	659,438	632,842	-	-	659,438	632,842	-	-
Hospitalist	741,096	272,005	606,144	198,604	83,479	51,201	51,473	22,200
Sleep studies	136,448	43,900	-	-	136,448	43,900	-	-
Physicians services	5,010,419	4,714,910	-	-	5,010,419	4,714,910	-	-
	<u>51,372,300</u>	<u>43,320,142</u>	<u>9,430,428</u>	<u>7,402,673</u>	<u>40,182,125</u>	<u>35,024,529</u>	<u>1,759,747</u>	<u>892,940</u>
	<u>56,443,678</u>	<u>46,900,132</u>	<u>14,000,854</u>	<u>10,693,319</u>	<u>40,182,125</u>	<u>35,024,529</u>	<u>2,260,699</u>	<u>1,182,284</u>
Deductions from revenues								
Contractual adjustments	21,970,744	17,544,285	-	-	-	-	-	-
Free care	1,066,131	712,067	-	-	-	-	-	-
Discounts	589,212	566,068	-	-	-	-	-	-
	<u>23,626,087</u>	<u>18,822,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net patient service revenue	<u>32,817,591</u>	<u>28,077,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other revenue (expense)								
Cafeteria income	69,130	62,100	-	-	-	-	-	-
Grant receipts	22,580	25,112	-	-	-	-	-	-
(Loss) gain on disposal of property and equipment	9,128	(190,194)	-	-	-	-	-	-
Meaningful use revenues	418,037	-	-	-	-	-	-	-
All other	375,725	266,613	-	-	-	-	-	-
	<u>894,600</u>	<u>163,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total unrestricted revenues and other support	<u>\$ 33,712,191</u>	<u>\$ 28,241,343</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## CALAIS REGIONAL HOSPITAL

## Schedule of Operating Expenses

Years Ended December 31, 2011 and 2010

	Total Expenses		Salaries and Benefits		Supplies and Expenses	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Professional services						
Acute care	\$ 2,174,945	\$ 1,559,380	\$ 1,623,192	\$ 1,437,420	\$ 551,753	\$ 121,960
Nursing administration	522,701	510,921	464,341	456,748	58,360	54,173
Surgery	683,089	619,447	382,452	389,139	300,637	230,308
Anesthesiology	437,969	387,729	57,016	15,187	380,953	372,542
Medical and surgical supplies	415,549	501,980	38,247	37,820	377,302	464,160
Laboratory	1,331,469	1,133,199	551,229	484,189	780,240	649,010
Pharmacy	1,215,528	1,253,696	44,342	31,796	1,171,186	1,221,900
Intravenous therapy	60,100	46,653	-	-	60,100	46,653
Radiology/MRI	2,532,625	2,168,985	600,736	899,690	1,931,889	1,269,295
Respiratory therapy	326,410	280,206	222,623	223,872	103,787	56,334
Physical therapy	790,577	741,087	448,599	390,698	341,978	350,389
Social services	61,108	63,261	59,306	58,166	1,802	5,095
Medical records and library	422,776	284,855	245,905	205,260	176,871	79,595
Emergency room and clinics	2,895,714	1,827,724	1,308,603	803,864	1,587,111	1,023,860
EKG/Holter	57,214	65,301	53,436	61,569	3,778	3,732
Medical evaluation	281,402	156,698	227,024	123,260	54,378	33,438
Cardiac rehab	134,368	79,082	132,988	77,865	1,380	1,217
Home health	473,513	431,495	416,778	372,845	56,735	58,650
Rose Room	69,224	67,521	68,688	67,093	536	428
Case management	79,425	85,717	66,220	77,554	13,205	8,163
Physicians services	4,424,012	4,000,227	3,420,922	2,977,493	1,003,090	1,022,734
Hospital based clinic	332,960	228,974	301,995	221,007	30,965	7,967
Outside contract services	93,592	73,641	83,397	64,047	10,195	9,594
	<u>19,816,270</u>	<u>16,567,779</u>	<u>10,818,039</u>	<u>9,476,582</u>	<u>8,998,231</u>	<u>7,091,197</u>

## CALAIS REGIONAL HOSPITAL

## Schedule of Operating Expenses (Concluded)

Years Ended December 31, 2011 and 2010

	Total Expenses		Salaries and Benefits		Supplies and Expenses	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Dietary, household and property						
Dietary	461,676	422,696	335,923	313,665	125,753	109,031
Housekeeping	292,675	257,520	229,359	205,624	63,316	51,896
Laundry and linen	75,799	59,413	52,655	42,477	23,144	16,936
Operation of plant	443,355	677,029	192,139	168,642	251,216	508,387
Security	114,600	110,087	114,268	110,028	332	59
New facilities	694,645	623,050	-	-	694,645	623,050
	<u>2,082,750</u>	<u>2,149,795</u>	<u>924,344</u>	<u>840,436</u>	<u>1,158,406</u>	<u>1,309,359</u>
Administration and general						
Administration	1,366,051	1,387,027	107,675	86,018	1,258,376	1,301,009
Accounting	233,420	165,591	106,775	93,605	126,645	71,986
Data processing	516,098	455,146	259,258	230,002	256,840	225,144
Registration	171,431	159,694	158,773	146,693	12,658	13,001
Patient accounts	354,280	289,035	231,455	177,294	122,825	111,741
Insurance	398,323	503,632	-	-	398,323	503,632
Credit and collections	97,526	81,083	60,385	57,957	37,141	23,126
Employee benefits	3,446,394	2,653,395	3,446,394	2,653,395	-	-
Materials management	174,832	154,236	119,527	110,864	55,305	43,372
Communications	140,923	144,708	59,680	59,736	81,243	84,972
Human resources	325,623	246,164	163,094	159,110	162,529	87,054
Education	22,227	6,525	-	-	22,227	6,525
Community relations	187,396	156,501	122,765	93,032	64,631	63,469
Hospitalist	959,383	454,785	-	-	959,383	454,785
Sleep studies	64,863	34,399	33,563	18,632	31,300	15,767
Other expenses	121,237	137,218	-	-	121,237	137,218
Tax and match	622,586	607,773	-	-	622,586	607,773
	<u>9,202,593</u>	<u>7,636,912</u>	<u>4,869,344</u>	<u>3,886,338</u>	<u>4,333,249</u>	<u>3,750,574</u>
Depreciation and amortization	1,357,897	1,299,642	-	-	1,357,897	1,299,642
Interest	914,518	896,532	-	-	914,518	896,532
Provision for bad debts	1,061,262	1,110,497	-	-	1,061,262	1,110,497
	<u>\$ 34,435,290</u>	<u>\$ 29,661,157</u>	<u>\$ 16,611,727</u>	<u>\$ 14,203,356</u>	<u>\$ 17,823,563</u>	<u>\$ 15,457,801</u>

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

The Board of Directors  
Calais Regional Hospital

We have audited the financial statements of Calais Regional Hospital (the Hospital) as of and for the year ended December 31, 2011, and have issued our report thereon dated March 9, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency in internal control described in the accompanying schedule of findings and responses as Item 2011-1 to be a material weakness.

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. We consider the deficiency in internal control described in the accompanying schedule of findings and responses as Item 2011-2 to be significant deficiency.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.

The Board of Directors  
Calais Regional Hospital

**Compliance and Other Matters**

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

We noted certain other matters that we reported to management of the Hospital in a separate letter dated March 9, 2012.

The Hospital's responses to the deficiencies identified in our audit have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Directors, finance committee, management, and federal awarding agencies, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Berry Dunn McNeil & Parker, LLC*

Portland, Maine  
March 9, 2012

**CALAIS REGIONAL HOSPITAL**  
**Schedule of Findings and Responses**  
**Year Ended December 31, 2011**

Finding 2011-1

Criteria

Management is responsible for developing and maintaining internal control to insure financial statements are in accordance with Generally Accepted Accounting Principles (GAAP) in all material respects.

Condition and Cause

Reconciliations of operating and other cash accounts were not being performed timely and documented review of reconciliations was not being performed consistently.

Effect

The untimely reconciliations resulted in several adjustments being posted at year-end to correctly state the cash balances.

Recommendation

In order for errors to be minimized and time spent on reconciliations reduced, reconciliations for all cash accounts should be performed on a monthly basis and all reconciliations should be reviewed by a person other than the preparer with the documentation of this review being retained.

*Views of responsible officials and corrective action plan:*

Reconciliations of cash accounts have been prioritized and are current. In order to ensure that cash reconciliations will remain current, accounting staff from the Hospital and the physician practices are working on process changes and better information flow. The target date for completion of process review and revision is April 1, 2012. The Chief Financial Officer now reviews cash reconciliations on a monthly basis.

## CALAIS REGIONAL HOSPITAL

### Schedule of Findings and Responses (Concluded)

Year Ended December 31, 2010

#### Finding 2011-2

##### Criteria

Management is responsible for developing and maintaining internal control to insure financial statements are in accordance with GAAP in all material respects.

##### Condition and Cause

Department Directors' time cards are not being reviewed by another individual.

##### Effect

Potential for Directors to overstate hours worked and/or understate earned time utilized causing excess cash payments for unworked hours or the accrual of additional improper earned time and recognition of additional expense

##### Recommendation

We recommend a documented review process be implemented for the Directors' time cards to prevent potential errors and maintain appropriate control over payroll. Presently all other employees' time cards are being reviewed and such review is documented. We understand that at times, logistics make it difficult to review time cards prior to processing of payroll. In these instances, payroll can be processed, however, time cards should be reviewed and approved as soon as possible after payroll processing by the designated individual(s).

##### *Views of responsible officials and corrective action plan:*

All department directors report to the CEO, CFO or CNO. Departmental timesheets will be distributed to these individuals for approval of their respective department director's time. This review will be documented by initials and a date on the timesheet for each director. Director's timesheets will be reviewed beginning with the first pay period in March 2012.



## Additional Data

**Software ID:**

**Software Version:**

**EIN:** 01-0211783

**Name:** Calais Regional Hospital

**Form 990, Special Condition Description:**

**Special Condition Description**