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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

2010

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 07-01-2010 and ending 06-30-2011

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

C Name of organization
CENTRAL PENINSULA GENERAL HOSPITAL INC

Doing Business As
Central Peninsula Hospital

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

City or town, state or country, and ZIP + 4
Soldotna, AK 99669

D Employer identification number
92-0077523

E Telephone number
(907) 714-4404

G Gross receipts $ 163,036,521

F Name and address of principal officer
Richard Davis
250 Hospital Place
Soldotna, AK 99669

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 cpgh org

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1994 | **M** State of legal domicile AK

Part I Summary

1 Briefly describe the organization's mission or most significant activities
We are a community initiated and community nurtured organization dedicated to promoting wellness and providing high quality health care that ensures the confidence and loyalty of our patients We strive to improve individual and community health and achieve national standards of excellence

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	11
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	9
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	826
6	Total number of volunteers (estimate if necessary)	**6**	234
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	34,703
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	40,110

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	1,086,302	1,164,424
	9 Program service revenue (Part VIII, line 2g)	139,479,810	160,821,053
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	349,551	280,501
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,458,737	671,090
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	143,374,400	162,937,068
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	122,672	139,192
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	52,650,261	59,648,477
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶109,110		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	87,918,395	97,675,498
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	140,691,328	157,463,167
	19 Revenue less expenses Subtract line 18 from line 12	2,683,072	5,473,901

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	121,468,958	121,920,884
	21 Total liabilities (Part X, line 26)	51,977,585	46,955,610
	22 Net assets or fund balances Subtract line 21 from line 20	69,491,373	74,965,274

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 — 2012-03-01 Date

▶ Loren Weimer Board President
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed ▶☐	PTIN
Firm's name ▶				Firm's EIN ▶
Firm's address ▶				Phone no ▶

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

We are a community initiated and community nurtured organization dedicated to promoting wellness and providing high quality health care that ensures the confidence and loyalty of our patients We strive to improve individual and community health and achieve national standards of excellence

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 exempt purpose achievements for each of the organization's three largest program services 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 $ 138,842,498 including grants of $) (Revenue $ 140,718,083)

Our 49 bed hospital provided patient and ancillary services for 2,253 inpatients and 76,474 outpatients during the 2010 tax year The hospital provides emergency medical services regardless of ability to pay Emergency medical services were provided to 16134 individuals, while 1,471 were admitted to the hospital The surgery department performed over 3,400 surgical cases The imaging department performed 35,981 procedures Over 41,000 physical therapy procedures were performed Over $6 million in gross charges were written off for patients that received charity care

4b (Code) (Expenses $ 9,763,261 including grants of $) (Revenue $ 10,067,520)

Skilled nursing and longterm care services were provided by our 60 bed skilled nursing facility, Heritage Place Heritage Place provides healing and compassionate residential care in a home like setting Total admissions for the 2010 tax year were 62 while total resident days of care were 19,536 An average of 54 residents per day were provided longterm care and nursing Ancillary services for residents included 7,813 physical therapy treatments

4c (Code) (Expenses $ 6,170,179 including grants of $) (Revenue $ 8,802,233)

Family and specialty physician clinics were added to the array of healthcare services provided by the Hospital during tax year 2009 A community healthcare need existed for general and specialty physicians that provide medical services to patients who are financially indigent During the tax year 2010, the hospital added one family practice physician and one surgeon A total of 24,378 patients were provided care at the various medical clinics during the year

4d Other program services (Describe in Schedule O)

(Expenses $ 0 including grants of $ 0) (Revenue $ 0)

4e **Total program service expenses** ▶ $ 154,775,938

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7	Yes	
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e		No
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a	Yes	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**	Yes	
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	**35**		No
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* ☐ **Yes** ☑ **No**			
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	128		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	826		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			3a Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			3b Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a	No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			5a	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			5c	
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			6a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b	
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c	No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			7f	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g	No
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h	No
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8	
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?			9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b	
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O			13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?			14a	No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			14b	

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

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a 11		
b	Enter the number of voting members included in line 1a, above, who are independent	1b 9		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . .	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	5		No
6	Does the organization have members or stockholders?	6		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a		No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . .	7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	Yes	

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

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

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶

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 make 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 makes 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 ▶

Central Peninsula Hospital
Finance Department
250 Hospital Place
Soldotna, AK 99669
(907) 714-4525

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, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(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) John Bramante Board Member	4	X						4,050	0	0
(2) Thomas Boedeker Board President	17	X						15,100	0	0
(3) Henry Krull Board Member	4	X						0	0	0
(4) Michael Navarre Board Member	6 00	X						0	0	0
(5) John Hoyt Board Member	9 00	X						5,500	0	0
(6) Silverio Mattero Board Member	4	X						3,350	0	0
(7) Russell Peterson Board Member	7 00	X						0	0	0
(8) Richard Ross Board Member	8 00	X						4,900	0	0
(9) Judith Salo Board Member	7 00	X						6,200	0	0
(10) Alyson Stogsdill Secretary/Treasurer	7 00	X						6,100	0	0
(11) Trena Richardson Board Member	8 5	X						5,350	0	0
(12) John Torgerson Board Member	1 85	X						4,700	0	0
(13) Loren Wiemer Vice President/Board President	15 0	X						6,700	0	0
(14) Ryan K Smith CEO	40			X				466,558	0	38,781
(15) Jason D Paret CFO	40			X				199,041	0	36,564
(16) Andrea D Posey CNO	40			X				176,140	0	36,191

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 (check all that apply)						(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			
(17) Johnny L Dodd VP of Human Resources	40			X				106,694	0	11,707
(18) Matthew Dammeyer Assistant Administrator	40			X				185,646	0	36,275
(19) Peter Brennan Philanthropy Officer	40			X				93,829	0	31,195
(20) Gregg Motonaga Anesthesia PhD	40 00					X		594,435	0	37,247
(21) Charles C Mickelson Emergency PhD	33					X		489,552	0	32,619
(22) David S Innes Orthopedic Surgeon	40					X		789,489	0	14,130
(23) Angus Warren Emergency PhD	35					X		448,479	0	14,252
(24) Cynthia Kahn Pain Management Physician	40					X		463,025	0	4,636
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								4,074,838	0	293,597

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 63

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization

(A) Name and business address	(B) Description of services	(C) Compensation
McDermott Will & Emery LLP PO Box 6043 Chicago, IL 606806043	Attorney Services	276,087
Molloy Schmidt LLC 110 South Willow St Suite 101 Kenai, AK 99611	Attorney Services	428,330
Sound Physicians 1123 Pacific Avenue Tacoma, WA 98402	Physician Services	380,761
Staff Care Inc PO Box 281923 Atlanta, GA 303841923	Medical Services	151,296
Juniper Advisory LLC 2727 Allen Parkway Suite 1350 Houston, TX 77019	Managment Consulting Services	173,544

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶ 8

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns . . 1a	0				
	b Membership dues 1b	0				
	c Fundraising events 1c	0				
	d Related organizations . . . 1d	211,947				
	e Government grants (contributions) 1e	932,477				
	f All other contributions, gifts, grants, and similar amounts not included above 1f	20,000				
	g Noncash contributions included in lines 1a-1f $	792				
	h **Total.** Add lines 1a-1f . . . . . ▶		1,164,424			
Program Service Revenue		Business Code				
	2a Hospital Service Revenue	622000	140,718,083	140,718,083	0	0
	b Nursing Home Revenue	623000	10,067,520	10,067,520	0	0
	c Physician Clinic Revenue	621110	8,802,233	8,802,233	0	0
	d					
	e					
	f All other program service revenue		1,233,217	1,233,217	0	0
	g **Total.** Add lines 2a–2f . . . . . ▶		160,821,053			
	3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶		277,766	0	0	277,766
	4 Income from investment of tax-exempt bond proceeds . . ▶		51	0	0	51
	5 Royalties . . . . . ▶		0	0	0	0
		(i) Real / (ii) Personal				
	6a Gross Rents	76,733 / 0				
	b Less rental expenses	42,030 / 0				
	c Rental income or (loss)	34,703 / 0				
	d Net rental income or (loss) . . . . . ▶		34,703	0	34,703	0
		(i) Securities / (ii) Other				
	7a Gross amount from sales of assets other than inventory	0 / 2,684				
	b Less cost or other basis and sales expenses	0 / 0				
	c Gain or (loss)	0 / 2,684				
	d Net gain or (loss) . . . . . ▶		2,684	2,684	0	0
Other Revenue	8a Gross income from fundraising events (not including $ 0 of contributions reported on line 1c) See Part IV, line 18 . . . a					
	b Less direct expenses . . . b					
	c Net income or (loss) from fundraising events . . ▶					
	9a Gross income from gaming activities See Part IV, line 19 . a					
	b Less direct expenses . . . . . b					
	c Net income or (loss) from gaming activities . . ▶					
	10a Gross sales of inventory, less returns and allowances . a	209,370				
	b Less cost of goods sold . . b	57,423				
	c Net income or (loss) from sales of inventory . . ▶		151,947	151,947	0	0
	Miscellaneous Revenue	Business Code				
	11a Property tax revenue	900099	127,125	127,125	0	0
	b USAC telephone service revenue	900099	357,315	357,315	0	0
	c					
	d All other revenue		0	0	0	0
	e **Total.** Add lines 11a–11d . . . . . ▶		484,440			
	12 **Total revenue.** See Instructions . . . ▶		162,937,068	161,460,124	34,703	277,817

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).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21	139,192	139,192		
2 Grants and other assistance to individuals in the U S See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	5,401,937	3,563,022	1,729,805	109,110
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	38,081,788	38,081,788		
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,285,966	1,285,966		
9 Other employee benefits	11,996,737	11,996,737		
10 Payroll taxes	2,882,049	2,882,049		
a Fees for services (non-employees) Management				
b Legal	783,347		783,347	
c Accounting	54,128		54,128	
d Lobbying	10,839		10,839	
e Professional fundraising services *See Part IV, line 17*				
f Investment management fees				
g Other	2,456,470	2,456,470		
12 Advertising and promotion	212,806	212,806		
13 Office expenses	12,618,240	12,618,240		
14 Information technology	2,466,060	2,466,060		
15 Royalties				
16 Occupancy	2,076,827	2,076,827		
17 Travel	369,895	369,895		
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	340,703	340,703		
20 Interest	1,696,960	1,696,960		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	8,036,307	8,036,307		
23 Insurance	879,612	879,612		
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a Medicare Patient Deductions	25,560,536	25,560,536	0	0
b Medicaid Patient Deductions	13,916,915	13,916,915	0	0
c Charity Care Patient Deductions	6,114,450	6,114,450	0	0
d Commercial, Government, other Patient Deductions	9,147,431	9,147,431	0	0
e Bad Debt Expense	6,331,500	6,331,500	0	0
f All other expenses	4,602,472	4,602,472		
25 **Total functional expenses.** Add lines 1 through 24f	157,463,167	154,775,938	2,578,119	109,110
26 **Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		0	1	0
	2	Savings and temporary cash investments		23,245,962	2	21,281,704
	3	Pledges and grants receivable, net		114,102	3	200,722
	4	Accounts receivable, net		14,831,114	4	15,114,899
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		2,699,469	8	3,133,692
	9	Prepaid expenses and deferred charges		486,090	9	715,429
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 112,805,991			
	b	Less accumulated depreciation	10b 44,970,418	68,357,506	10c	67,835,573
	11	Investments—publicly traded securities		0	11	0
	12	Investments—other securities See Part IV, line 11		501,471	12	500,000
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		11,233,244	15	13,138,865
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		121,468,958	16	121,920,884
Liabilities	17	Accounts payable and accrued expenses		11,982,197	17	8,708,436
	18	Grants payable		0	18	0
	19	Deferred revenue		12,642	19	12,136
	20	Tax-exempt bond liabilities		39,982,746	20	38,235,038
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D			25	0
	26	**Total liabilities.** Add lines 17 through 25		51,977,585	26	46,955,610
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		68,991,373	27	74,465,274
	28	Temporarily restricted net assets		500,000	28	500,000
	29	Permanently restricted net assets		0	29	0
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		69,491,373	33	74,965,274
	34	Total liabilities and net assets/fund balances		121,468,958	34	121,920,884

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	162,937,068
2	Total expenses (must equal Part IX, column (A), line 25)	2	157,463,167
3	Revenue less expenses Subtract line 2 from line 1	3	5,473,901
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	69,491,373
5	Other changes in net assets or fund balances (explain in Schedule O)	5	
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	74,965,274

Part XII Financial Statements and Reporting

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

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? . .	2a		No
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both ☐ Separate basis ☑ Consolidated basis ☐ Both consolidated and separated basis			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a	Yes	
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 . .	3b	Yes	

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
CENTRAL PENINSULA GENERAL HOSPITAL INC

Employer identification number
92-0077523

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

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

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

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

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

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

_____

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

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

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

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

9 ☐ An organization that normally receives (1) more than 331/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 331/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

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

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

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - 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?

	Yes	No
(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? **11g(i)**		
(ii) a family member of a person described in (i) above? **11g(ii)**		
(iii) a 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

h Provide the following information about the supported organization(s)

(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? Yes	(iv) No	(v) Did you notify the organization in col (i) of your support? Yes	(v) No	(vi) Is the organization in col (i) organized in the U S ? Yes	(vi) No	(vii) Amount of support
Total									

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public Support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (See instructions) **12**

13 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2009 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2010.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2009.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2009.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private Foundation** If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions ▶☐

Part III **Support Schedule for Organizations Described in Section 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public Support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public Support Percentage for 2010 (line 8 column (f) divided by line 13 column (f))	15
16	Public support percentage from 2009 Schedule A, Part III, line 15	16

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f))	17
18	Investment income percentage from **2009** Schedule A, Part III, line 17	18

19a **33 1/3% support tests—2010.** 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—2009.** 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 explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2010

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
CENTRAL PENINSULA GENERAL HOSPITAL INC	92-0077523

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

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities ▶ $ _____

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $ _____

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

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

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

A Check ☐ if the filing organization belongs to an affiliated group

B Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

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

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ Yes ☐ No

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		963
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		9,876
j	Total lines 1c through 1i			10,839
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
SchC_P2B_S00_L01	Schedule C, Part II-B, Line 1	The Hospital engages in very little lobbying on an ongoing basis However, educational discussions with lawmakers and general support of healthcare legistlation do occur on occasion Lobbying expenses for tax year 2010 consisted of one trip to the state capital to meet with legislators ($963) and the % of dues paid to the American Hospital Association and the Alaska State Hospital and Nursing Home Association which were reportedly used for lobbying expenses ($9,876)

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
CENTRAL PENINSULA GENERAL HOSPITAL INC

Employer identification number
92-0077523

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

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit ☐ Yes ☐ No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
- ☑ Preservation of land for public use (e g , recreation or pleasure)
- ☐ Preservation of an historically importantly land area
- ☑ Protection of natural habitat
- ☐ Preservation of a certified historic structure
- ☐ Preservation of open space

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

		Held at the End of the Year
a	Total number of conservation easements	2a 1
b	Total acreage restricted by conservation easements	2b 40
c	Number of conservation easements on a certified historic structure included in (a)	2c 0
d	Number of conservation easements included in (c) acquired after 8/17/06	2d 0

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ 0

4 Number of states where property subject to conservation easement is located ▶ 1

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☑ No

6 Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ▶ 0

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $ 0

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☑ No

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

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

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

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

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

(ii) Assets included in Form 990, Part X ▶ $ _____

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

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

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

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

- 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
c	Beginning balance	1c
d	Additions during the year	1d
e	Distributions during the year	1e
f	Ending balance	1f

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

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

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

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

2 Provide the estimated percentage of the 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
(i) unrelated organizations	3a(i)		
(ii) related organizations	3a(ii)		
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

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

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	1,786,117	0		1,786,117
b Buildings	70,413,745	0	29,783,738	40,630,007
c Leasehold improvements	657,495	0	177,378	480,117
d Equipment	38,008,556	0	14,510,109	23,498,447
e Other	1,940,078	0	499,193	1,440,885
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				67,835,573

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶		

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶		

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

(a) Description	(b) Book value
(1) Plant Replacement Funds	10,097,241
(2) Long Term Investments	3,034,960
(3) Proceeds from 2004 Bond	6,664
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	13,138,865

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	162,937,068
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	157,463,167
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	5,473,901
4	Net unrealized gains (losses) on investments	4	0
5	Donated services and use of facilities	5	0
6	Investment expenses	6	0
7	Prior period adjustments	7	0
8	Other (Describe in Part XIV)	8	85,480
9	Total adjustments (net) Add lines 4 - 8	9	85,480
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	5,559,381

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

1	Total revenue, gains, and other support per audited financial statements			1	102,084,334
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	0		
b	Donated services and use of facilities	2b	0		
c	Recoveries of prior year grants	2c	0		
d	Other (Describe in Part XIV)	2d	218,097		
e	Add lines **2a** through **2d**			2e	218,097
3	Subtract line **2e** from line **1**			3	101,866,237
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	0		
b	Other (Describe in Part XIV)	4b	61,070,831		
c	Add lines **4a** and **4b**			4c	61,070,831
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	162,937,068

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

1	Total expenses and losses per audited financial statements			1	96,524,953
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a	0		
b	Prior year adjustments	2b	0		
c	Other losses	2c	0		
d	Other (Describe in Part XIV)	2d	132,617		
e	Add lines **2a** through **2d**			2e	132,617
3	Subtract line **2e** from line **1**			3	96,392,336
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	0		
b	Other (Describe in Part XIV)	4b	61,070,831		
c	Add lines **4a** and **4b**			4c	61,070,831
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	157,463,167

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
SchD_P02_S00_L09	Schedule D, Part II, Line 9	In 2008 the Hospital purchased a building which resides on 40 acres of land subject to a 'perpetual covenant' for the benefit of all Alaska residents, restricting the use of the land to agricultural purposes as defined in Alaska Statute 38 05 321 The building is used by the Hospital's chemical dependency department There is no value placed on the easement itself and therefore it does not appear on the hospital financial statements or footnotes to those statements However, the cost of the land and the building is recorded on the Hospital's balance sheet at their net book value
SchD_P11_S00_L08	Schedule D, Part XI, Line 8	The Hospital's audited financial statements are consolidated with Central Peninsula Health Foundation, a related organization This adjustment is the net income for the tax year 2010 of the Foundation It must be added to the Change in Net Assets in order to balance to the attached audited financials The Foundation is a separate legal entity however and files its own 990
SchD_P12_S00_L02d	Schedule D, Part XII, Line 2d	Revenues included on line 1, and on the audited financial statements but not on line 12 of 990 Part VIII are $118,644 in revenue of Central Peninsula Health Foundation (a related organization which files its own 990), $42,030 in rental expenses, and $57,423 in Cost of inventory sold
SchD_P12_S00_L04b	Schedule D, Part XII, Line 4b	Amounts reported on the line 1, and the Audited Financial Statements are reported 'net' of certain allowances and deductions from revenue 990 Part VIII, line 12 revenue is reported 'gross' of allowances and deductions of $61,070,831 Deductions include writeoffs for third party payors such as Medicare and Medicaid, Bad debt expenses, and Charity care writeoffs
SchD_P13_S00_L02d	Schedule D, Part XIII, Line 2d	Amounts reported on line 1 which are not included in Part IX, line 25 include $33,164 in expenses of Central Peninsula Health Foundation (a related organization which files its own 990), $42,030 in rent expenses reported in Part VIII, and $57,423 in Cost of Inventory reported in Part VIII
SchD_P13_S00_L04b	Schedule D, Part XIII, Line 4b	Amounts not reported on line 1, which are reported in Part IX line 25 include certain allowances and deductions from revenue for third party payors, charity care write-offs, and bad debt write-offs

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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

2010

Open to Public Inspection

Name of the organization
CENTRAL PENINSULA GENERAL HOSPITAL INC

Employer identification number
92-0077523

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a .	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☑ 200% ☐ Other _____ %	3a	Yes	
b	Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care . . . . . ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☑ 400% ☐ Other _____ %	3b	Yes	
c	If the organization does 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			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . .	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Does the organization prepare a community benefit report during the tax year?	6a		No
6b	If "Yes," did the organization make it available to the public?	6b		
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)	1	7,705	3,473,979	0	3,473,979	3 61 %
b Unreimbursed Medicaid (from Worksheet 3, column a) .	1	20,392	18,463,737	17,113,562	1,350,175	1 4 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)	1	263	44,913	22,698	22,215	0 02 %
d **Total** Financial Assistance and Means-Tested Government Programs	3	28,360	21,982,629	17,136,260	4,846,369	5 03 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)	403	19,019	518,559	100,496	418,063	0 43 %
f Health professions education (from Worksheet 5) . .	117	643	60,222	25,810	34,412	0 04 %
g Subsidized health services (from Worksheet 6) . .	9	13,998	2,461,874	770,693	1,691,180	1 76 %
h Research (from Worksheet 7)	0	0	0	0	0	0 %
i Cash and in-kind contributions to community groups (from Worksheet 8) . .	549	2,539	159,192	0	159,192	0 17 %
j **Total** Other Benefits . . .	1,078	36,199	3,199,847	896,999	2,302,847	2 40 %
k **Total.** Add lines 7d and 7j . .	1,081	64,559	25,182,476	18,033,259	7,149,216	7 43 %

Part II Community Building Activities during the tax year, and describe in Part VI how its community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development						
3	Community support						
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building	20	0	5,124	0	5,124	0 01 %
7	Community health improvement advocacy						
8	Workforce development						
9	Other						
10	**Total**	20	0	5,124	0	5,124	0 01 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense (at cost)	2	3,645,785		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3	2,661,423		
4	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

5	Enter total revenue received from Medicare (including DSH and IME)	5	23,304,868	
6	Enter Medicare allowable costs of care relating to payments on line 5	6	24,184,106	
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-879,238	
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used			

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9a	Yes	
b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI	9b	Yes	

Part IV Management Companies and Joint Ventures

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1					
2					
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Part V Facility Information

Section A. Hospital Facilities

(list in order of size, measured by total revenue per facility, 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	Central Peninsula Hospital 250 Hospital Place Soldotna, AK 99669	X	X					X		

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, measured by total revenue per facility, from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? **15**

	Name and address	Type of Facility (Describe)
1	See Additional Data Table	
1		
2		
3		
4		
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10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the description 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, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
SchH_P01_S00_L07	Schedule H, Part I, Line 7	In activities where costs were reasonably able to be compiled, we used actual costs For activities such as charity, and cost to provide patient care, we used the Cost to Charge ratio as calculated by actual Medicare cost report figures

Identifier	ReturnReference	Explanation
SchH_P01_S00_L072f	Schedule H, Part I, Line 7, Column f	Total bad debt (at gross charges) reported was $6,331,500 However using a cost to charge ratio of 57 58% we reduced bad debt to $3,645,785 to report the amount of 'cost' to the organization for unpaid accounts Of this balance, approximately 72% is estimated to be attributable to patients who may be eligible to receive free or discounted care under the organizations charity care policy

Identifier	ReturnReference	Explanation
SchH_P02_S00_L00	Schedule H, Part II	Community building activities consisted of staff involvement in Local Emergency Planning Committee meetings, communications with the Borough medical reserve corps, Mass casualty blood availability meetings, and Emergency disaster planning Each of these events help to build the medical infrastructure of our community and properly prepare for an emergency

Identifier	ReturnReference	Explanation
SchH_P03_S0A_L04	Schedule H, Part III, Section A, Line 4	Footnote Text Bad debt provisions are made for the amount of revenue that will not be collected from patients to whom services were billed but not paid The Hospital has determined these patients are neither medically nor financially indigent and do not qualify for the Hospital's charity care program Bad debt provisions are determined by management's assessment with consideration of business and economic conditions, changes and trends in healthcare coverage, and other collection indicators The adequacy of this provision is periodically reviewed and further modified based upon the accounts receivable payor composition and aging, and historical write-off experience by payor category The amount reported on Line 1 is based on total gross charges written off to bad debt $6,331,500 x cost to charge ratio of 57 5% to arrive at Cost of services written off to bad debt The amount reported on Line 2 is based on an estimated 72% of bad debts which may be attributable to patients that qualify for a discount or free care under our financial assistance policy Because Bad Debts are primarily related to uninsured and underinsured patients to which services are provided despite the ability to pay, we believe that bad debts are also considered a community benefit

Identifier	ReturnReference	Explanation
SchH_P03_S0B_L08	Schedule H, Part III, Section B, Line 8	The cost to charge ratio has been calculated based on current charges and costs reported on our 2011 Draft Medicare Cost Report The ratio is slightly lower than that reported due to the removal of community benefit expenses from the total 'costs' (for the purposes of the 990 Schedule H) It is the position of management that virtually all of the shortfall of medicare costs vs reimbursement are considered community benefit The reason for this stance is that the Hospital is required to write off contractual allowances for medicare patients regardless of the shortfall created to provide services The hospital may only collect the portion which is patient co-pay or deductible and may not engage in collection efforts for the remainder

Identifier	ReturnReference	Explanation
SchH_P03_S0C_L09b	Schedule H, Part III, Section C, Line 9b	The hospital's collection policy PFS-546 addresses the various classes of private pay patients and defines the individuals which may request financial assistance based on either financial or medical indigence The collection policy refers the collector first to the Charity care policy for instruction on determining eligiblity As noted in Part I, the charity care policy is based on FPG which is the basis for a sliding scale between 200% and 400% of those guidelines Applicants on the upper end of the scale (400%) are eligible for partial write-off, while those on the lower end (200%) are eligible for free care

Identifier	ReturnReference	Explanation
SchH_P05_S0B_L05	Schedule H, Part V, Section B, Line 5	In addition to the above methods of disbursement, the Health Needs Assessment was also provided via email to Administrators, Hospital board members, and supervisory staff of Central Peninsula Hospital

Identifier	ReturnReference	Explanation
SchH_P05_S0B_L06	Schedule H, Part V, Section B, Line 6	Hospital Administrators and key personnel have not only prioritized the key findings of the health needs assessment, but are already working on meeting those needs These management decisions have not been formally adopted by the board, however, programs are already in place which meet more than half of the findings The remainder have long term solutions which must be developed

Identifier	ReturnReference	Explanation
SchH_P05_S0B_L07	Schedule H, Part V, Section B, Line 7	The health findings which require long term planning are as follows 1 Smoking rates among Central Kenai Peninsula residents remains elevated 2 Cancer risks on the Central Kenai Peninsula are elevated 3 Barriers to oral health care exist due to cost for a large number of residents These items require additional efforts to devise a strategy and implement solutions Management is beginning to address item 2 by recruiting an Oncologist or Oncology group to provide services on the Kenai Peninsula from a Cancer Center which would be built on the hospital campus

Identifier	ReturnReference	Explanation
SchH_P05_S0B_L13	Schedule H, Part V, Section B, Line 13	The Hospital employs 2 full time Financial Counselors that meet personally with patients to review bills, set payment arrangements, explain the financial assistance policy, and assist patients with the application process for receiving free or discounted care

Identifier	ReturnReference	Explanation
SchH_P05_S0B_L17	Schedule H, Part V, Section B, Line 17	Our Financial Counselors attempt to contact all patients with suspected financial need to communicate the various options for payment arrangements or charity assistance prior to sending an account to collections

Identifier	ReturnReference	Explanation
SchH_P05_S0B_L19	Schedule H, Part V, Section B, Line 19	The Hospital offers all self pay patients a prompt pay discount of 25% on hospital charges This discount is greater than commercial payer discounts Additionally, those patients which are uninsured, underinsured, or medically indigent may qualify for either free or discounted care

Identifier	ReturnReference	Explanation
SchH_P06_S00_L02	Schedule H, Part VI, Line 2	In addition to the Health Needs Assessment report, the Hospital also determines health needs of the community through a variety of ways A Patient Advisory committee comprised of area residents and hospital representavies assists in determining the adequacy of facilities and services to meet the health needs of the community The Hospital periodically employs consultants to determine the physician and specialty physician needs of the community to direct physician recruiting and strategic planning

Identifier	ReturnReference	Explanation
SchH_P06_S00_L03	Schedule H, Part VI, Line 3	The Hospital attempts to provide a Financial Assistance Program Brochure to every patient during discharge The brochure is also available on our website under Patient Financial Services Additionally, the hospital has two full time Financial counselors who personally contact patients and explain the financial assistance policy, assist with the completion of the application, and set up payment plans if necessary

Identifier	ReturnReference	Explanation
SchH_P06_S00_L04	Schedule H, Part VI, Line 4	The area served by Central Peninsula Hospital is comprised of 13 Census Designated Places or towns, and has a total population of nearly 35,000 residents according to the 2008 census estimates The Geographic region is in the Central Kenai Peninsula of the State of Alaska Based on the 2000 Census , approximately 7 percent of the population is age 65 or older, 25 percent are between 45 and 64, while 37 percent are between age 18 and 44 Basic social and economic characteristics of the region indicate high unemployement and uninsured rates, nearly 3 percent higher than the US average and 2 percent higher than the State average

Identifier	ReturnReference	Explanation
SchH_P06_S00_L05	Schedule H, Part VI, Line 5	The Hospital engages in numerous community efforts to improve the health of the region served Monetary and personnel support of local non-profits, public service announcements, healthy choice advertising campaigns, child safety programs, low cost health fairs, physician speakers bureau, community health newsletters, and many other programs

Additional Data

Software ID: 10000077
Software Version: v1.00
EIN: 92-0077523
Name: CENTRAL PENINSULA GENERAL HOSPITAL INC

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size, measured by total revenue per facility, from largest to smallest) How many non-hospital facilities did the organization operate during the tax year? **15** Name and address	Type of Facility (Describe)
Heritage Place 232 Rockwell Ave Soldotna, AK 99669	Skilled nursing facility, long term care
Serenity House 47480 Kristina Way Soldotna, AK 99669	Chemical dependency treatment center
Central Peninsula Pain Management 289 N Fireweed Unit B Soldotna, AK 99669	Pain Management clinic
Central Peninsula Neurology 198 West Corral Soldotna, AK 99669	Neurology clinic
Central Peninsula Family Practice Kenai 506 Lake Street Kenai, AK 99611	Family practice clinic
Kenai Physical Medicine 130 Willow Street Unit 1 Kenai, AK 99611	Physical therapy clinic
Soldotna Physical Medicine 35551 Kenai Spur Hwy Soldotna, AK 99669	Physical Therapy clinic
Kenai Health Center 630 Barnacle Way Kenai, AK 99611	Diagnostic Imaging, lab, and DV services
Central Peninsula Family Practice Kobuk 431 S Kobuk Suite B Soldotna, AK 99669	Family practice clinic
Central Peninsula Surgical Services 245 N Binkley Street Suite 101 Soldotna, AK 99669	Surgical clinic
Central Peninsula Pediatrics 289 N Fireweed Unit C Soldotna, AK 99669	Pediatric clinic
Central Peninsula Family Practice Fireweed 289 N Fireweed Unit D Soldotna, AK 99669	Family practice clinic
Serenity House Intake Office 245 N Binkley St Suite 203 Soldotna, AK 99669	Chemical dependency intake, behavioral health
Peninsula Medical Center 265 N Binkley St Soldotna, AK 99669	Owned medical office building
Central Peninsula Medical Center 245 N Binkley St Soldotna, AK 99669	Owned Medical office building
Central Peninsula Hospital 158 W Corral Soldotna, AK 99669	Vacant building for remodel
Central Peninsula Hospital 166 W Corral Soldotna, AK 99669	Vacant building for remodel

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments and Individuals in the United States

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
CENTRAL PENINSULA GENERAL HOSPITAL INC

Employer identification number
92-0077523

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☑ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Part II can be duplicated if additional space is needed. . . . . ▶ ☐

1 (a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) Kenai Watershed Forum PO BOX 2937 Soldotna, AK 99669	91-1829284	501 c 3	7,500				$5,000 Capital campaign donation $2,500 Run for the River sponsorship donation Cash contributions support the mission of the Forum, to provide for healthy watersheds on the Kenai Peninsula
(2) Kenai Peninsula United Way11355 Frontage Road Benco Building Suite 101 Kenai, AK 99611	92-0111698	501 c 3	10,500				$10,000 2010/2011 Match for Employee giving campaign $500 program donation The United Way on the Kenai peninsula provides support to financial indigent area residents as well as support to other local non-profits
(3) Kenai Peninsula Youth Foundation Kenai River Brown BearsPO Box 2605 Soldotna, AK 99669	26-2580744	501 c 3	7,500				2010/11 Season Sponsorship -- Peninsula Youth Foundation The Kenai Peninsula Youth Foundation is an organization dedicated to providing developmental programs for aspiring student athletes This cash contribution was made to the foundation owned Kenai River Brown Bears to support a Breast Cancer Awareness sporting event All proceeds from the event were donated to the Breast Cancer fund of Central Peninsula Health Foundation, a related organization
(4) Boys and Girls club of the Kenai Peninsula705 Frontage Road Suite B Kenai, AK 99611	94-3067142	501 c 3	13,800				$2,500 Annual 2010 auction sponsorship $500 Adult basketball season sponsorship $300 Are you Smarter than our kids sponsorship $500 Kids soccer sponsorship $10,000 Golf classic sponsorship 2011 Cash contributions are used to support the provision of safe after-school programs and healthy activities and events for Peninsula children
(5) Kenai River Sportfishing Association224 Kenai Ave Suite 102 Soldotna, AK 99669	92-0142688	501 c 3	11,500				$10,000 Kenai River Women's Classic 2010 sponsorship $1,500 Annual Fundraiser sponsorship Cash contributions to KRSA fundraisers help to ensure the sustainability of the Kenai River through programs focused on habitat, fishing management, research and education
(6) Kenai River Professional Guide AssociationPO box 3674 Soldotna, AK 99669	92-0162358	501 c 3	10,000				Wounded warrior program sponsor 2010
(7) Kenai Peninsula Food Bank Inc33955 Community College Drive Soldotna, AK 99669	94-3112445	501 c 3	26,000				$25,000 Building fund donation $1,000 Soup Supper sponsorship
(8) Southcentral Foundation 4501 Diplomacy Drive Anchorage, AK 99508	92-0086076	501 c 3	5,500				All Alaska Pediatric Partnership sponsor
(9) Soldotna Chamber of Commerce44790 Sterling Highway Soldotna, AK 99669	92-0061612	501 c 6	5,400				$400 Alaska chamber awards banquet $5,000 Community partner sponsorship Cash contributions to the Chamber of commerce help support scholarships for local teens, foster community partnerships, and support the Toys for tots program
(10) Friends of Kenai Community LibraryPO Box 656 Kenai, AK 99611	92-0133770	501 c 3	10,000				Support for construction of new Kenai Community library

2 Enter total number of section 501(c)(3) and government organizations . . . . . ▶ 9

3 Enter total number of other organizations . . . . . ▶ 1

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

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

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

Identifier	Return Reference	Explanation
SchI_P01_S00_L02	Schedule I, Part I, Line 2	The hospital does not provide 'grants' but cash contributions to local organizations which support community initiatives and healthy living on the Kenai Peninsula The Hospital provides funding to organizations of good community standing Hospital officers are responsible for approving all assistance payments to organizations, and do so with discretion

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
CENTRAL PENINSULA GENERAL HOSPITAL INC

Employer identification number
92-0077523

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☑ Tax idemnification and gross-up payments ☑ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**		No
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?	**2**	Yes	
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply ☑ Compensation committee ☑ Written employment contract ☑ Independent compensation consultant ☑ Compensation survey or study ☐ Form 990 of other organizations ☑ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment from the organization or a related organization?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**	Yes	
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**	Yes	
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured 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	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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

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

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(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) Gregg Motonaga	(i)	543,177	52,310	1,004	21,983	20,556	639,030	0
	(ii)	0	0	0	0	0	0	
(2) Charles C Mickelson	(i)	491,615	30	944	5,283	30,374	528,246	0
	(ii)	0	0	0	0	0	0	
(3) David S Innes	(i)	547,815	210,267	32,977	0	15,700	806,759	0
	(ii)	0	0	0	0	0	0	0
(4) Angus Warren	(i)	448,927	30	519	5,283	9,966	464,725	0
	(ii)	0	0	0	0	0	0	0
(5) Ryan K Smith	(i)	257,764	161,319	50,512	14,575	30,374	514,544	0
	(ii)	0	0	0	0	0	0	0
(6) Jason D Paret	(i)	153,497	28,634	19,948	9,228	30,374	241,681	0
	(ii)	0	0	0	0	0	0	0
(7) Andrea D Posey	(i)	134,778	26,313	18,086	8,855	30,374	218,406	0
	(ii)	0	0	0	0	0	0	0
(8) Johnny L Dodd	(i)	84,081	20,223	3,453	2,144	10,625	120,526	0
	(ii)	0	0	0	0	0	0	0
(9) Cynthia Kahn	(i)	429,335	30	34,175	0	5,151	468,691	0
	(ii)	0	0	0	0	0	0	0
(10) Matthew Dammeyer	(i)	139,774	26,931	21,978	8,939	30,374	227,996	0
	(ii)	0	0	0	0	0	0	0
(11)								
(12)								
(13)								
(14)								
(15)								
(16)								

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
SchJ_P01_S00_L01a	Schedule J, Part I, Line 1a	Gross up payments are made for certain fringe benefits and for the value of life insurance over $50,000 A year end wage adjustment is made for all affected employees to include the gross up for fringe benefits and excess life insurance benefits The Hospital has historically paid all social security and medicare taxes on such benefits The employee is responsible for federal income taxes Among the fringe benefits offered to the employees are health club discounts The hospital pays for one-half of gym membership fees
SchJ_P01_S00_L01b	Schedule J, Part I, Line 1b	The year end gross up adjustment for fringe benefits and life insurance over $50,000 is based on historical practice of the hospital and is not governed by a hospital policy The hospital maintains that at some future date, employees may be required to pay their own FICA taxes on fringe benefits Similarly, payment of one-half of health club memberships is also not a written policy Although the hospital currently extends this benefit to its employees, it may not always choose to do so
SchJ_P01_S00_L03	Schedule J, Part I, Line 3	The hospital contracts with an independent consultant to perform a review of CEO wages and benefits using comparable data The resulting report is provided to the Board of Directors for review The Board then sets the compensation for the CEO The CEO has a written employment contract with the organization
SchJ_P01_S00_L04	Schedule J, Part I, Line 4	The hospital provides a 457 Top Hat plan to certain key employees and management The following individuals on Schedule J participated in the 457 plan and either deferred their own compensation or received hospital contribution into the plan during the tax year Gregg Motonaga $15,865, Ryan Smith $8,970, Jason Paret $3,993, Andrea Posey $3,500, Johnny Dodd $2,606, Matthew Dammeyer $3,582, and Peter Brennan $1,680
SchJ_P01_S00_L05	Schedule J, Part I, Line 5	In accordance with their employment contract, Emergency Room Physicians receive a percentage of their physician fees billed However, physician compensation is not based on the entity's overall performance of revenues
SchJ_P01_S00_L06	Schedule J, Part I, Line 6	The Hospital pays an annual incentive plan bonus to all employees, supervisors, and officers based on a series of 4 operational quality measures One of these 4 measures is based on the hospital meeting its net earnings budget This element comprises only one-fourth of the potential incentive plan bonus payment The remaining measures are 1) patient satisfaction 2) quality measures, and 3) utilization

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
CENTRAL PENINSULA GENERAL HOSPITAL INC

Employer identification number
92-0077523

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	Kenai Peninsula Borough	92-0030894	488530NF9	12-18-2003	47,985,000	Hospital expansion project		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	0			
2	Amount of bonds legally defeased	0			
3	Total proceeds of issue	53,952,406			
4	Gross proceeds in reserve funds	518,266			
5	Capitalized interest from proceeds	0			
6	Proceeds in refunding escrow	0			
7	Issuance costs from proceeds	544,896			
8	Credit enhancement from proceeds	0			
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	53,587,225			
11	Other spent proceeds	0			
12	Other unspent proceeds	6,664			
13	Year of substantial completion	2008			

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X						
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X						
b	Are there any research agreements that may result in private business use of bond-financed property?		X						
c	Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?		X						
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %							
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 %							
6	Total of lines 4 and 5	0 %							
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?		X						

Part IV Arbitrage

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

Part V Supplemental Information

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

Identifier	Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493067005442

Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38a or 40b.**

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
CENTRAL PENINSULA GENERAL HOSPITAL INC

Employer identification number
92-0077523

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) John Bramante	Dr Bramante is employed by Peninsula Internal Medicine and on the active medical staff of Hospital	85,976	Payments from Hospital to Peninsula Internal Medicine		No
(2) Charles Weimer	Mr Weimer is the husband of CPGH Board President Loren Weimer	10,000	Fair market value for rental of residential real estate to house LifeMed crew		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

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493067005442

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

2010

Open to Public Inspection

Name of the organization
CENTRAL PENINSULA GENERAL HOSPITAL INC

Employer identification number
92-0077523

Identifier	Return Reference	Explanation
F990_P06_S0A_L07b	Form 990, Part VI, Section A, Line 7b	Central Peninsula General Hospital Inc manages the hospital through a Lease and Operating Agreement with the Kenai Peninsula Borough CPGH Inc Board's decisions regarding the purchase of significant capital assets and plant expansion are subject to approval by the Borough Assembly Bonds, loans, and capital expenditures not funded through the Hospital's plant replacement funds must be approved by a vote of Borough constituents if greater than $1 0 million

Identifier	Return Reference	Explanation
F990_P06_S0A_L09	Form 990, Part VI, Section A, Line 9	Jason Paret 651229A Opelo Rd Kamuela, HI 96743

Identifier	Return Reference	Explanation
F990_P06_S0B_L11a	Form 990, Part VI, Section B, Line 11a	The 990 is prepared by the Finance Department and submitted to management for review Management submits edits to the Finance Dept The 2nd Draft and all schedules and statements are then submitted to each Board Member for review and comment Final edits are made to the 990 prior to electronic submission by the CFO or Board President

Identifier	Return Reference	Explanation
F990_P06_S0B_L12c	Form 990, Part VI, Section B, Line 12c	After completion of the conflict of interest questionnaire, the board reviews and discusses any conflicts which may arise and appropriate action which should be taken

Identifier	Return Reference	Explanation
F990_P06_S0B_L15	Form 990, Part VI, Section B, Line 15	An independent professional Executive remuneration study was performed for 2011 by the HayGroup, project manager Ronald Keimach Remuneration reports are submitted to the Board for review and used to set wage scales for the CEO, CFO, CNO, and COO Contemporaneous documentation exists for this study

Identifier	Return Reference	Explanation
F990_P06_S0C_L19	Form 990, Part VI, Section C, Line 19	The Hospital publishes its 3 most recent 990s on its website at www cpgh org The 990 is also available at Guidestar com The Hospital provides its governing documents, conflict of interest policy, and audited financial statements, in electronic format upon request

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493067005442

SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
CENTRAL PENINSULA GENERAL HOSPITAL INC

Employer identification number
92-0077523

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) Central Peninsula Health Foundation 250 Hospital Place Soldotna, AK 99669 20-2778670	To support quality healthcare activities	AK	501(c)3	Public Charity	N/A		No
(2) Kenai Peninsula Borough 144 N Binkley Street Soldotna, AK 99669 92-0030894	Local Government which owns the hospital assets	AK	115		N/A		No

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership

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

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

		Yes	No
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	1a		No
b Gift, grant, or capital contribution to other organization(s)	1b		No
c Gift, grant, or capital contribution from other organization(s)	1c	Yes	
d Loans or loan guarantees to or for other organization(s)	1d		No
e Loans or loan guarantees by other organization(s)	1e		No
f Sale of assets to other organization(s)	1f		No
g Purchase of assets from other organization(s)	1g		No
h Exchange of assets	1h		No
i Lease of facilities, equipment, or other assets to other organization(s)	1i		No
j Lease of facilities, equipment, or other assets from other organization(s)	1j	Yes	
k Performance of services or membership or fundraising solicitations for other organization(s)	1k		No
l Performance of services or membership or fundraising solicitations by other organization(s)	1l	Yes	
m Sharing of facilities, equipment, mailing lists, or other assets	1m	Yes	
n Sharing of paid employees	1n	Yes	
o Reimbursement paid to other organization for expenses	1o	Yes	
p Reimbursement paid by other organization for expenses	1p	Yes	
q Other transfer of cash or property to other organization(s)	1q	Yes	
r Other transfer of cash or property from other organization(s)	1r		No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) Central Peninsula Health Foundation	c	211,947	Actual cash value of contributions or payments received from Central Peninsula Health Foundation
(2) Kenai Peninsula Borough	j	1	Central Peninsula General Hospital Inc operates the Hospital through a lease and operating agreement with the Kenai Peninsula Borough Ultimately, the Borough owns the hospital facility and all related assets under the agreement and leases them to CPGH Inc to operate on its behalf The amount stated in that lease and operating agreement is $1 per annum
(3) Central Peninsula Health Foundation	m	15,331	Central Peninsula Hospital provides office space to Central Peninsula Health Foundation The value of that space is determined based on our most recently filed Medicare Cost Report (2010) facility, administrative, and support service values allocated per square foot
(4) Central Peninsula Health Foundation	n	93,206	Actual cost of wages, payroll taxes, pension contribution, and health insurance for shared employees
(5) Central Peninsula Health Foundation	p	61,498	Actual dollar value of services and operating expenses purchased by the Hospital and reimbursed by the Foundation
(6) Kenai Peninsula Borough	q	5,723,773	Per the Lease and Operating agreement all cash on hand >90 days must be transferred to an account held by the Kenai Peninsula Borough This is the total amount of cash transferred to that account during FY11

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) Disproprtionate allocations?		(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation

Additional Data

Return to Form

Software ID: 10000077
Software Version: v1.00
EIN: 92-0077523
Name: CENTRAL PENINSULA GENERAL HOSPITAL INC

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(1)	Central Peninsula Health Foundation	c	211,947	Actual cash value of contributions or payments received from Central Peninsula Health Foundation
(2)	Kenai Peninsula Borough	j	1	Central Peninsula General Hospital Inc operates the Hospital through a lease and operating agreement with the Kenai Peninsula Borough Ultimately, the Borough owns the hospital facility and all related assets under the agreement and leases them to CPGH Inc to operate on its behalf The amount stated in that lease and operating agreement is $1 per annum
(3)	Central Peninsula Health Foundation	m	15,331	Central Peninsula Hospital provides office space to Central Peninsula Health Foundation The value of that space is determined based on our most recently filed Medicare Cost Report (2010) facility, administrative, and support service values allocated per square foot
(4)	Central Peninsula Health Foundation	n	93,206	Actual cost of wages, payroll taxes, pension contribution, and health insurance for shared employees
(5)	Central Peninsula Health Foundation	p	61,498	Actual dollar value of services and operating expenses purchased by the Hospital and reimbursed by the Foundation
(6)	Kenai Peninsula Borough	q	5,723,773	Per the Lease and Operating agreement all cash on hand >90 days must be transferred to an account held by the Kenai Peninsula Borough This is the total amount of cash transferred to that account during FY11

CENTRAL PENINSULA GENERAL HOSPITAL

Service Area Enterprise Fund
(An Enterprise Fund of the Kenai Peninsula Borough)

Financial Statements and Supplemental Information

Years Ended June 30, 2011 and 2010

CENTRAL PENINSULA GENERAL HOSPITAL

Service Area Enterprise Fund
Financial Statements

June 30, 2011 and 2010

Table of Contents

Mikunda, Cottrell & Co., Inc.
Certified Public Accountants & Consultants

McGLADREY ALLIANCE | McGladrey

Independent Auditor's Report

To the Honorable Mayor and Members
of the Kenai Peninsula Borough Assembly,
Central Peninsula General Hospital Service
Area Board, and Central Peninsula General
Hospital, Inc. Operating Board
Soldotna, Alaska

We have audited the accompanying financial statements of the Central Peninsula General Hospital Service Area Enterprise Fund of the Kenai Peninsula Borough, Alaska, as of and for the years ended June 30, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Kenai Peninsula Borough's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 1, the financial statements present only the Central Peninsula General Hospital Service Area Enterprise Fund and do not purport to, and do not, present fairly the financial position of the Kenai Peninsula Borough, Alaska, as of June 30, 2011 and 2010 and the changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Peninsula General Hospital Service Area Enterprise Fund of the Kenai Peninsula Borough, Alaska, as of June 30, 2011 and 2010, and the changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

3601 "C" Street, Suite 600 * Anchorage, Alaska 99503 * (907) 278-8878 * Fax (907) 278-5779 * www.mcc-cpa.com

To the Honorable Mayor and Members
of the Kenai Peninsula Borough Assembly,
Central Peninsula General Hospital Service
Area Board, and Central Peninsula General
Hospital, Inc. Operating Board

Management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Central Peninsula General Hospital Service Area Enterprise Fund of the Kenai Peninsula Borough's basic financial statements. The schedules and statements listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Mikunda, Cottrell & Co.

Anchorage, Alaska
October 5, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

CENTRAL PENINSULA GENERAL HOSPITAL
Service Area Enterprise Fund

Management's Discussion and Analysis

Years Ended June 30, 2011 and 2010

Introduction

The following discussion and analysis presents the highlights of Central Peninsula General Hospital Service Area Enterprise Fund's (the Hospital) financial activities and financial position. The analysis focuses on significant financial issues and major financial activities and the resulting changes in financial position, as well as comparisons to the operating budget approved by the Hospital's Board of Directors.

Financial Statements

The Hospital is an enterprise fund of the Kenai Peninsula Borough. As an enterprise fund, the Hospital's financial statements are prepared using proprietary fund accounting that focuses on the determination of changes in net assets, financial position and cash flows in a manner similar to a private-sector business. The financial statements are prepared on an accrual basis of accounting which recognizes revenue when earned and expenses when incurred. The basic financial statements include a *statement of net assets*, *statement of revenues, expenses and changes in net assets*, and *statement of cash flows*, followed by notes to the financial statements.

The *statement of net assets* presents information on the Hospital's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may indicate whether the financial position of the Hospital is improving or deteriorating.

The *statement of revenues, expenses and changes in net assets* presents both the operating revenues and expenses and non-operating revenues and expenses along with other changes in net assets for the year. This statement is an indication of the success of the Hospital's operations over the past year.

The *statement of cash flows* presents the change in cash and cash equivalents for the year resulting from operating activities, non- capital financing activities, capital and related financing activities, and investing activities. The primary purpose of this statement is to provide information about the Hospital's cash receipts and cash payments during the year.

Financial Highlights

- The Hospital's 2011 Net Assets increased over the prior year by $5.6 million or 8.0%.
- The Hospital's cash and cash equivalents decreased by approximately $1.8 million while non-current cash and investments increased by $1.9 million.
- Operating income increased by approximately $4.2 million in 2011 compared to 2010.

The Hospital's Net Assets

Summarized financial information of the Hospital's Statement of Net Assets as of June 30, 2011 and 2010 is as follows:

	(In Thousands)		
	2011	2010	Change from prior year
Assets:			
Cash and cash equivalents	$ 21,700	23,561	(1,861)
Patient accounts receivable, net	14,339	13,946	393
Other current assets	4,767	4,147	620
Non-current cash and investments	13,681	11,770	1,911
Capital assets, net	67,843	68,369	(526)
Total assets	$ 122,330	121,793	537
Liabilities:			
Current liabilities	$ 11,525	14,694	(3,169)
Long-term debt, net of current portion	35,431	37,284	(1,853)
Total liabilities	46,956	51,978	(5,022)
Net assets:			
Invested in capital assets, net of related debt	30,343	29,859	484
Restricted	802	719	83
Unrestricted	44,229	39,237	4,992
Total net assets	75,374	69,815	5,559
Total liabilities and net assets	$ 122,330	121,793	537

The most noteworthy changes in the Hospital's net assets during 2010 and 2011 are the reduction in cash and cash equivalents and the corresponding increase in non-current cash and investments. Also of note was the reduction in current liabilities.

An increase in non-current cash and investments resulted from the transfer of $3.0 million cash in savings to a 24-month certificate of deposit. The certificate of deposit is now classified as long-term investments as the maturity date at inception was greater than 12 months. Consequently, cash and cash equivalents decreased by $1.9 million in total from 2010 to 2011 due to the purchase of the new certificate of deposit.

The Hospital's Net Assets, continued

Total current liabilities decreased by $3.2 million from 2010 to 2011 as a result of reimbursement to the Medicare program for the 2010 cost reporting year for payments received in excess of expected reimbursements. The Hospital notified their financial intermediary of the payment error for 2010 and requested that 2011 reimbursement rates be appropriately adjusted. As a result, 2011 liabilities do not include a significant reserve for Medicare overpayments.

Net assets of the Hospital increased from $69.8 million as of June 30, 2010 to $75.4 million as of June 30, 2011, reflecting overall performance for fiscal year 2011 of $5.6 million in total net income. The $2.9 million increase in total net income from 2010 to 2011 is primarily the result of increased net patient revenues from physician clinics and annual charge adjustments.

Operating Results and Changes in the Hospital's Net Assets

Summarized financial information of the Hospital's Statement of Revenues, Expenses and Changes in Net Assets for the years ended June 30, 2011 and 2010 follows:

	(In Thousands)		
	2011	2010	Change from prior year
Operating revenues:			
Net patient revenue (net of bad debt)	$ 98,517	86,919	11,598
Other revenue	2,762	2,023	739
Total operating revenue	101,279	88,942	12,337
Operating expenses:			
Salaries, wages and benefits	58,140	53,491	4,649
Supplies and drugs	14,551	13,108	1,443
Purchased services and professional fees	11,513	9,563	1,950
Depreciation and amortization	8,057	8,381	(324)
Other	2,567	2,165	402
Total operating expenses	94,828	86,708	8,120
Operating income	6,451	2,234	4,217
Non-operating revenues (expenses):			
Property taxes	127	2,135	(2,008)
Investment income	278	346	(68)
Other non-operating	(1,510)	(2,231)	721
Total non-operating revenues (expenses)	(1,105)	250	(1,355)

Operating Results and Changes in the Hospital's Net Assets, continued

	(In Thousands)		
	2011	2010	Change from prior year
Capital grants	$ 213	176	37
Increase in net assets	$ 5,559	2,660	2,899

The Hospital's net patient revenue for fiscal year 2011 showed an increase of $11.6 million from fiscal year 2010. Similarly, net patient revenues for fiscal year 2010, showed an increase of $11.8 million from 2009.

A 13% increase in 2011 net patient revenues was the result of a 4% increase in outpatient visits, a 12% increase in surgery cases, annual charge increases, and $5.7 million in additional revenues from physician clinics since 2010.

Operating expenses increased by 9% from fiscal year 2010 to 2011 and 10% from fiscal year 2009 to 2010. Healthcare service line expansion into primary care and specialty physician care have been significant drivers in the increase in operating expenses such as salaries, employee benefits, and supplies.

Salaries and benefits for 2011 increased by 8% due to a 3% annual wage increase for all Hospital staff, the addition of three primary care physicians, one surgeon, and staffing for two new physician clinics. Radiopharmaceuticals for use in nuclear medicine studies comprised 21% of the 2011 supply increase over prior year. Purchased services and professional fees increased by 20% in 2011 due to increased physician fees under the new hospitalist program and the use of a locums surgeon to provide coverage during 2011. The hospitalist program provides for a primary care physician to be on-staff at the Hospital 24 hours per day to admit, manage, and discharge inpatients.

Non-operating revenue consists primarily of service area property tax revenue, investment earnings, and grants. Property tax revenues decreased by $2 million in 2011 compared to 2010 due to Hospital management's and the Board of Director's desire for the Hospital to be self-sustaining through adequate strategic planning and business line expansion. In 2011, the Hospital operated without significant financial support from the Kenai Peninsula Borough by focusing more heavily on expanding new service lines and recapturing market share.

During 2010 five physician practice clinics were opened in the service area. Three more physician practices were opened during 2011. Gross patient revenue from physician clinics increased by $5.7 million in 2011 over prior year.

Operating Results and Changes in the Hospital's Net Assets, continued

Investment income for 2011 declined $67 thousand from fiscal year 2010 which in turn declined $127 thousand from fiscal year 2009. A decline in interest rates on existing cash and investments led to the decrease in investment income over the past two fiscal years. Capital grants for 2011 increased by 20% over 2010 due to receipt of a grant from the Denali Commission for a bedside medication verification project.

Budget Comparison

The following schedule presents a comparison of actual results to budget for the year ended June 30, 2011:

	(In Thousands)		
	Actual	Budget	Variance
Operating revenues:			
Net patient revenue	$ 98,517	98,970	(453)
Other revenue	2,762	2,415	347
Total operating revenue	101,279	101,385	(106)
Operating expenses	94,828	94,779	49
Operating income	6,451	6,606	(155)
Non-operating revenues (expenses)	(1,105)	(1,491)	386
Capital grants	213	113	100
Increase in net assets	$ 5,559	5,228	331

Net patient service revenue missed budget by 0.4% in 2011 due to an increase in Medicare deductions from revenue. Other revenue was 14% higher than budget due to the receipt of an additional $150 thousand in operating grants for women's substance abuse treatment, increased sales of durable medical equipment (DME), and increased cafeteria and catering revenues.

Operating expenses were nearly the same as budget during 2011 and 3.6% higher than budget in 2010 due to an increase in patient census and patient service line expansion. Salaries and benefits exceeded the 2011 budget by 1.3% due to increased employment of primary care and specialty physicians. Professional fees were 26% lower than budget in 2011 due to decreased usage of attorneys and consultants.

Non-operating expenses were $386 thousand lower than budget due to lower than expected interest expense. Interest expense on long-term debt was $130 thousand lower than budget. Meanwhile, interest earnings were $37 thousand higher than budget.

Capital Assets Discussion

2011

Capital asset additions of $7.2 million were placed in service during fiscal year 2011. Significant additions to property, plant, and equipment include the purchase of two medical office buildings and land adjacent to the Hospital, the build out of unfinished Mountain Tower space for an additional patient room and staff rejuvenation space, purchase of an O-Arm to assist in spine surgery cases, and a bedside medication verification project.

2010

Capital asset additions of $4.8 million were placed in service during fiscal year 2010. Significant additions to property, plant, and equipment included a replacement of the Hospital's building security system, automation of medical records, replacement of heating and hot water systems for the River Pavilion, an HVAC system controls replacement, and the purchase of a building adjacent to the Hospital for use as a neurology clinic.

Debt

As of June 30, 2011 the Hospital had $36 million in general obligation bonds outstanding as detailed in *Note 6* to the financial statements. Principal payments totaling $1.9 million and interest payments of $1.8 million were made on long-term debt during 2011. The Hospital did not issue any new bonds in 2011 or 2010. Current General Obligation (GO) bonds have been used exclusively to fund the Hospital expansion project. There have been no changes in the Hospital's debt ratings in the past two years.

Subsequent to year-end the Hospital's 2003 GO bonds were refunded through the Alaska Municipal Bond Bank in September 2011. The re-issuance of these bonds at a lower rate of interest will save the Hospital nearly $2.7 million in interest over the next 12 years.

In November 2010, the Hospital entered into two capital leases with Johnson & Johnson Finance Corporation for the acquisition of Vitros 350 and Vitros 5600 chemistry analyzers. The total principal amount of these leases at inception was $348 thousand. Principal payments totaling $25 thousand and interest payments of $5 thousand were made on these capital leases during 2011.

Contacting the Hospital's Financial Management

This financial report is designed to provide our patients, suppliers, investors and creditors with a general overview of the Hospital's finances. If you have questions about this report or need additional information, contact the Hospital's Finance Office at 250 Hospital Place, Soldotna, Alaska 99669.

CENTRAL PENINSULA GENERAL HOSPITAL
Service Area Enterprise Fund
Statements of Net Assets
June 30, 2011 and 2010

		2011	2010
Assets			
Current assets:			
Cash and cash equivalents	$	18,621,737	20,444,046
Equity in Central Treasury of Borough		3,078,565	3,116,958
		21,700,302	23,561,004
Patient receivables		17,558,201	17,621,548
Less estimated uncollectibles		(3,219,702)	(3,675,407)
		14,338,499	13,946,141
Property taxes receivable		7,771	46,558
Less estimated uncollectible taxes		(257)	(1,018)
		7,514	45,540
Other receivables		899,260	916,531
Prepaid expenses		726,753	486,090
Inventory		3,133,692	2,699,469
Total current assets		40,806,020	41,654,775
Long-term investments		3,041,968	-
Assets whose use is limited:			
Plant replacement funds		10,097,241	10,528,599
Other reserved funds		535,489	536,551
Bond funds		6,664	704,645
Total assets whose use is limited		10,639,394	11,769,795
Property, plant and equipment:			
Land and land improvements		3,359,934	3,017,922
Buildings		70,413,745	71,997,627
Equipment		38,026,314	37,905,470
Leasehold improvements		657,495	673,731
Construction in progress		366,261	7,500
Less accumulated depreciation and amortization		(44,980,818)	(45,233,913)
Total property, plant and equipment		67,842,931	68,368,337
Total noncurrent assets		81,524,293	80,138,132
Total assets	$	122,330,313	121,792,907

The accompanying notes are an integral part of the financial statements.

CENTRAL PENINSULA GENERAL HOSPITAL
Service Area Enterprise Fund
Statements of Net Assets, continued

Liabilities and Net Assets		2011	2010
Current liabilities:			
Accounts and contracts payable	$	2,233,352	2,324,742
Accrued liabilities		4,106,787	4,444,346
Claims payable		2,266,001	2,410,854
Due to third party payors		56,724	2,750,141
Deferred revenue		12,136	12,642
Bond interest payable		728,885	768,648
Current portion of bonds payable		2,025,000	1,930,000
Current portion of capital leases		50,038	-
Other current liabilities		45,572	52,114
Total current liabilities		11,524,495	14,693,487
Long-term liabilities, net of current portion:			
Bonds payable		33,965,000	35,990,000
Capital leases		267,876	-
Premium on bonds payable		1,198,239	1,294,098
Total long-term liabilities		35,431,115	37,284,098
Total liabilities		46,955,610	51,977,585
Net assets:			
Invested in capital assets, net of related debt		30,343,441	29,858,885
Restricted		802,279	719,195
Unrestricted		44,228,983	39,237,242
Total net assets		75,374,703	69,815,322
Total liabilities and net assets	$	122,330,313	121,792,907

The accompanying notes are an integral part of the financial statements.

CENTRAL PENINSULA GENERAL HOSPITAL
Service Area Enterprise Fund
Statements of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2011 and 2010

		2011	2010
Operating revenues:			
Net patient service revenue (net of provision for bad debt)	$	98,517,005	86,918,686
Other operating revenue		2,762,070	2,023,202
Total operating revenues		101,279,075	88,941,888
Operating expenses:			
Salaries		44,176,743	39,839,727
Employee benefits		13,963,049	13,651,337
Depreciation		8,056,595	8,381,029
Other supplies		6,165,302	5,912,257
Medical supplies		4,587,988	3,793,028
Drugs and IV solutions		3,797,515	3,402,607
Other professional fees		3,520,758	3,514,825
Repairs and maintenance		2,799,296	2,261,684
Utilities		2,312,982	2,073,346
Physician fees		1,338,875	285,622
Insurance		879,607	812,145
Leases and rentals		661,691	615,220
Other		2,567,643	2,164,893
Total operating expenses		94,828,044	86,707,720
Income from operations		6,451,031	2,234,168
Non-operating revenues (expenses):			
General property taxes		127,125	2,135,217
Investment income		278,457	345,804
Interest expense		(1,696,909)	(1,775,589)
Other revenues (expenses)		186,732	(456,233)
Total non-operating revenues (expenses)		(1,104,595)	249,199
Income before contributions		5,346,436	2,483,367
Capital contributions		212,945	176,391
Change in net assets		5,559,381	2,659,758
Net assets, beginning of year		69,815,322	67,155,564
Net assets, end of year	$	75,374,703	69,815,322

The accompanying notes are an integral part of the financial statements.

CENTRAL PENINSULA GENERAL HOSPITAL
Service Area Enterprise Fund
Statements of Cash Flows
For the Years Ended June 30, 2011 and 2010

		2011	2010
Cash flows from operating activities:			
Receipts from patients and users	$	98,193,300	88,922,903
Payments to suppliers		(29,459,886)	(25,574,137)
Payments to employees		(58,549,522)	(54,028,725)
Net cash flows from operating activities		10,183,892	9,320,041
Cash flows from non-capital financing activities:			
Receipts from property taxes		164,645	1,859,256
Grants and other non-operating sources		186,732	2,443
Net cash flows from non-capital financing activities		351,377	1,861,699
Cash flows from capital and related financing activities:			
Purchase of capital assets		(7,531,189)	(4,636,291)
Principal paid on capital debt		(1,934,483)	(1,855,000)
Issuance of capital lease		322,397	-
Capital contributions from grants		212,945	176,391
Interest paid/received on capital debt		(1,832,531)	(1,905,614)
Net cash flows from capital and related financing activities		(10,762,861)	(8,220,514)
Cash flows from investing activities:			
Change in assets whose use is limited		1,130,401	(5,668,135)
Investments (purchased)/matured		(3,041,968)	2,017,100
Investment income received		278,457	345,804
Net cash flows from investing activities		(1,633,110)	(3,305,231)
Net decrease in cash and cash equivalents		(1,860,702)	(344,005)
Cash and cash equivalents and equity in Central Treasury, beginning of year		23,561,004	23,905,009
Cash and cash equivalents and equity in Central Treasury, end of year	$	21,700,302	23,561,004

The accompanying notes are an integral part of the financial statements.

CENTRAL PENINSULA GENERAL HOSPITAL
Service Area Enterprise Fund
Statements of Cash Flows, continued

		2011	2010
Reconciliation of income from operations to net cash flows from operating activities:			
Income from operations	$	6,451,031	2,234,168
Adjustments to reconcile income from operations to net cash provided (used) by operating activities:			
Depreciation expense		8,056,595	8,381,029
Other non-operating income		-	150,806
Changes in assets and liabilities:			
Patient receivables (net)		(392,358)	(1,648,201)
Other receivables		17,271	397,637
Inventory		(434,223)	(462,707)
Prepaid expenses		(240,663)	(106,662)
Accounts and contracts payable		(91,390)	(514,499)
Accrued liabilities		(337,559)	(688,467)
Claims payable		(144,853)	(37,911)
Due to /from third party payors		(2,693,417)	1,629,216
Other current liabilities		(6,542)	(14,368)
Total adjustments		3,732,861	7,085,873
Net cash flows from operating activities	$	10,183,892	9,320,041

The accompanying notes are an integral part of the financial statements.

(1) The Reporting Entity

The Central Peninsula General Hospital Service Area Enterprise Fund (the Fund) is an enterprise fund of the Kenai Peninsula Borough, which was incorporated as a second-class borough on January 1, 1964, under provisions of the State of Alaska Borough Act of 1961. The Fund is to account for the provision of hospital services for the Central Peninsula area within the Kenai Peninsula Borough. Effective December 14, 1992, the Borough entered into a lease and operating agreement with Central Peninsula General Hospital, Inc., (the Hospital) an Alaskan nonprofit corporation, to operate the facility. The agreement, which was renewed January 1, 2008 and is effective through December 31, 2017, requires the Kenai Peninsula Borough to provide funds to the Hospital for operating purposes, payment of general obligation bonds, and for additions and replacements of property, plant and equipment as needed. The activities of Central Peninsula General Hospital, Inc. are included as part of the Enterprise Fund.

On May 6, 2005, Central Peninsula Health Foundation (the Foundation), a 501(c)3 nonprofit corporation, was created to provide philanthropic support for the Hospital and other nonprofit entities in support of healthcare initiatives on the Kenai Peninsula. The Hospital has paid various expenses on behalf of the Foundation, and leased employees to the Foundation to sustain its operations. Although the Hospital does not control the Foundation, the Foundation is reported as a blended component unit of the Hospital because it provides services and benefits almost exclusively for the Hospital.

(2) Summary of Significant Accounting Policies

Enterprise Fund Accounting

Enterprise funds are used to account for government operations that are financed and operated in a manner similar to private business enterprises where the intent of the Kenai Peninsula Borough is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

The acquisition, maintenance, and improvement of the physical plant facilities required to provide these services by the Fund are financed from existing cash resources of the Hospital and the Kenai Peninsula Borough, the issuance of general obligation bonds by the Kenai Peninsula Borough on behalf of the Hospital, and State grants.

The accrual basis of accounting is followed by the Hospital. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when incurred. The Hospital follows all applicable Financial Accounting Standards Board (FASB) guidance issued prior to December 1, 1989 as long as it does not conflict with Governmental Accounting Standards Board (GASB) pronouncements.

Summary of Significant Accounting Policies, continued

Cash Equivalents

For purposes of the statement of cash flows, the Hospital considers all highly liquid investments with a maturity of less than three months when purchased and deposits in the Kenai Peninsula Borough Central Treasury to be cash equivalents, except those included in Assets whose use is limited.

Equity in Central Treasury

The Kenai Peninsula Borough has combined monies available for investment from all of the Borough's separate reporting funds into a "Central Treasury". The Central Treasury concept permits more efficient investment of the combined assets from the separate funds. Each fund whose monies are deposited in the Central Treasury, therefore, has equity therein.

Assets Whose Use is Limited

Assets whose use is limited are assets set aside by the Board for future capital improvements or other uses over which the Board retains control and may, at its discretion, use for other purposes, except for Bond Funds which must be used for hospital expansion. These investments are recorded at fair value and are included in unrestricted net assets.

Investments

Investments are stated at fair value.

Inventory

Inventory is stated at the lower of cost (first-in, first-out method) or market.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Property, Plant and Equipment

Property, plant and equipment acquisitions greater than $2,500 are stated at cost less accumulated depreciation. Depreciation is charged to operations by use of the straight-line method over the useful lives of the assets, estimated to be thirty (30) years for buildings and generally five (5) to fifteen (15) years for equipment in accordance with the standards used by the American Hospital Association. Land is not depreciated. Expenditures for renewals and betterments greater than $2,500 which increase the value or useful life of existing assets are capitalized. Maintenance and repairs are expensed when incurred. Gains and losses upon asset disposal are reflected in other non-operating income. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets. Interests costs incurred after the period of construction are reported as other non-operating expenses.

Summary of Significant Accounting Policies, continued

Property, Plant and Equipment, continued

Equipment under a capital lease obligation is amortized on the straight-line method over the lease term or the estimated useful life of the equipment, whichever period is shorter. Such amortization is included with depreciation in the accompanying statements of revenues, expenses and changes in net assets.

Bad Debts

Bad debt provisions are made for the amount of revenue that will not be collected from patients to whom services were billed but not paid. The Hospital has determined these patients are neither medically nor financially indigent and do not qualify for the Hospital's charity care program. Bad debt provisions are determined by management's assessment with consideration of business and economic conditions, changes and trends in healthcare coverage, and other collection indicators. The adequacy of this provision is periodically reviewed and further modified based upon the accounts receivable payor composition and aging, and historical write-off experience by payor category.

Operating Income and Expense

Operating income includes any revenue generated by the Hospital's core business purpose of providing healthcare services to the public. Other operating income includes grants and subsidies that also support operations. Operating expenses represent all expenses incurred to generate operating income such as labor, supplies, and facility expense.

Non-Operating Income/Expense

Income and expenses not attributed to the Hospital's core business purpose of providing healthcare services are assigned to non-operating income. The most commonly found items in this account are property tax revenue, investment income, interest expense, and non-operating grants.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and other services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors, charity care adjustments, and the provision for bad debt. 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.

Summary of Significant Accounting Policies, continued

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied by the Kenai Peninsula Borough on July 1 and are due in either two installments on September 15 and November 15, or one installment due October 15. The Borough bills and collects its own property taxes of the Borough service areas including the Central Peninsula General Hospital Service Area Enterprise Fund, and those of the cities within the Borough.

Deferred Revenue

Deferred revenue consists of payments received as of June 30, for property taxes due September 15. Such deferred property tax revenues are for the support of the following fiscal year's operations.

Use of Estimates

The preparation of financial statements in conformity with 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Related Party Transactions

The Hospital has entered into various business relationships in the normal course of business with related parties which are employees of the Hospital. Certain leases exist with related parties which are identified in the Operating Lease footnote (Note 11).

(3) **Charity Care**

The Hospital provides care to patients regardless of their ability to pay. Patients must meet certain criteria to receive care without charge or at amounts less than its established rates through the charity care program. The charity care policy classifies a charity patient as a patient who is unable to pay based on income level, financial analysis, and/or further healthcare needs based on diagnosis. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not included in net revenue. The following information provides the graduated scale in which no payment or reduced payment is determined based upon the Federal Poverty Income Guidelines, published by the Department of Health and Human Services:

Federal Poverty Level	% of Financial Assistance
100 – 200%	100%
201 – 250%	70%
251 – 300%	40%
301 – 400%	10%

Charity Care, continued

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy, the estimated cost of those services and supplies and equivalent service statistics. The following information measures the level of charity care provided and the estimated net cost of charity care services provided, calculated using a cost to charge ratio methodology during the years ended June 30, 2011 and 2010:

	2011	2010
Charges forgone, based on established rates	$ 6,114,450	4,875,739
Net cost of charity care services provided	$ 3,729,087	3,051,125

(4) **Deposits and Investments**

Deposits and investments consisted of the following at June 30:

	2011		2010	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Deposits:				
Bank accounts	$ 18,619,427	19,578,635	20,468,719	20,417,512
Petty cash	4,310	-	3,860	-
Total deposits	18,623,737	19,578,635	20,472,579	20,417,512
Investments:				
Certificates of deposit	3,534,960	3,534,960	501,471	501,471
U.S. Government and government agency securities	40,497	40,497	6,547	6,547
Total investments	3,575,457	3,575,457	508,018	508,018
Total deposits and investments	$ 22,199,194	23,154,092	20,980,597	20,925,530

The Hospital's deposits and investments are recorded on the statement of net assets as follows:

	2011	2010
Cash and cash equivalents	$ 18,621,737	20,444,046
Long-term investments	3,041,968	-
Assets whose use is limited - Other reserved funds	535,489	536,551
	$ 22,199,194	20,980,597

Deposits and Investments, continued

Use of a portion of these investments is limited under restrictions placed by the Board of Directors. U.S. Government Securities and government agency securities held by the Hospital's agent in the Hospital's name is in the lowest risk category. Money market funds are not categorized as to risk.

On September 13, 2006, a restriction was placed on a portion of the Malpractice Trust to secure a $500,000 letter-of-credit whose beneficiary is Steadfast Insurance Company. Upon dissolution of the Malpractice Trust on September 19, 2008, a $500,000 certificate of deposit was purchased to secure the letter-of-credit. The balance of that certificate of deposit was $500,000 as of June 30, 2011. Also included in other reserved funds is an investment account in which both the corpus and earnings are restricted for use by the Dr. Isaak Scholarship Fund of the Foundation.

The Kenai Peninsula Borough has combined monies available for investment from all of the Borough's separate funds into a "Central Treasury". The Hospital's investment in the Central Treasury is recorded on the statement of net assets as follows:

	2011	2010
Current assets -		
equity in Central Treasury of		
Kenai Peninsula Borough	$ 3,078,565	3,116,958
Assets whose use is limited:		
Bond funds	6,664	704,645
Plant replacement funds	10,097,241	10,528,599
	$ 13,182,470	14,350,202

(5) **Capital Assets**

A summary of the changes in property, plant and equipment during fiscal year 2011 follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Land and land improvements	$ 3,017,922	445,201	(103,189)	3,359,934
Buildings	71,997,627	3,004,649	(4,588,531)	70,413,745
Equipment	37,905,470	3,774,468	(3,653,624)	38,026,314
Leasehold improvements	673,731	-	(16,236)	657,495
Construction in progress	7,500	366,261	(7,500)	366,261
Total property, plant and equipment	113,602,250	7,590,579	(8,369,080)	112,823,749
Accumulated depreciation and amortization	(45,233,913)	(8,056,594)	8,309,689	(44,980,818)
Net property, plant and equipment	$ 68,368,337	(466,015)	(59,391)	67,842,931

(6) **Long-Term Debt**

Hospital Bonds

The voters of the Central Peninsula General Hospital Service Area authorized the sale of $49,900,000 in general obligation bonds on October 7, 2003. The bond proceeds were used to fund the construction costs of the hospital expansion project. The 20-year bonds were issued at a premium on December 18, 2003 with an average coupon rate of 4.86%. The final payment is due on August 1, 2023. The premium is being amortized using the straight-line method over the life of the bonds.

Defeasance is authorized by the Kenai Peninsula Borough Assembly and Central Peninsula Hospital Service Area Board contingent upon meeting certain savings thresholds.

Bonds payable consisted of the following as of June 30:

	2011	2010
General obligation bonds 2003 series payable in semi-annual installments, including an average coupon rate of 4.86%, maturing in August, 2023	$ 35,990,000	37,920,000
Less current portion	(2,025,000)	(1,930,000)
Bonds payable, net of current portion	$ 33,965,000	35,990,000

The remaining annual requirements to amortize bond debt outstanding as of June 30, 2011, are as follows:

	Principal	Interest	Total
Year ending June 30:			
2012	$ 2,025,000	1,734,719	3,759,719
2013	2,125,000	1,638,125	3,763,125
2014	2,225,000	1,533,250	3,758,250
2015	2,340,000	1,422,250	3,762,250
2016	2,460,000	1,302,250	3,762,250
2017-21	14,320,000	4,485,750	18,805,750
2022-24	10,495,000	804,375	11,299,375
Total	$ 35,990,000	12,920,719	48,910,719

Long-Term Debt, continued

Capital Leases

In November 2010, the Hospital entered into two capital leases for equipment. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of June 30, 2011, are as follows:

Year ending June 30:	
2012	$ 57,966
2013	63,235
2014	63,235
2015	63,235
2016	63,235
Thereafter	33,489
Total minimum lease payments	344,395
Less amount representing interest	(26,481)
Present value of net minimum lease payments	317,914
Less current portion	(50,038)
Capital leases payable, net of current portion	$ 267,876

(7) **Functional Expenses**

Operating expenses grouped according to function are as follows:

	2011	2010
Operating expenses:		
Nursing expenses	$ 23,559,839	21,235,074
Other professional services	24,325,400	19,858,825
General services	8,429,286	8,217,307
Fiscal and administrative services	30,456,924	29,015,485
Provision for depreciation	8,056,595	8,381,029
Total operating expenses	$ 94,828,044	86,707,720

(8) **Third-Party Payor Programs**

The Hospital has agreements with third-party payors that provide reimbursement at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with major third-party payors follows:

Third-Party Payor Programs, continued

Medicare

Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient non-acute services, outpatient services, and certain defined capital and medical education costs related to Medicare beneficiaries are paid based upon a cost reimbursement method. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports and audits by the Medicare fiscal intermediary.

Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed based on prospective payment rates. Inpatient stays are paid on a per day rate with limits based on diagnosis. Outpatient services are reimbursed as a percentage of charges.

(9) **Pension Plan**

Employees of the Hospital may elect to participate in the Central Peninsula General Hospital Employee Pension Plan, a defined contribution single-employer pension plan under IRC 403(b), established on July 1, 1995.

After the first year of employment, and at the next open enrollment period, employees who work 1,000 hours or more are eligible to participate in the Plan. The Hospital will contribute 2% of an employee's eligible salary for all eligible employees. In addition, the Hospital will match the employee's voluntary contribution up to 3% of gross pay, should the employee elect to participate. As of January 1, 2009 the Hospital's total contribution for each employee was $5,220. On January 1, 2010 the Hospital increased its contribution for each employee to $5,283. The employee may contribute an additional amount above the 2% voluntary contribution. The additional amount shall not exceed the lesser of 18% of their eligible salary, or $22,000 for employees over the age of fifty, and $16,500 for all others. Participants are fully vested in their contributions and after five years, are 100% vested in the Hospital's matching contribution.

The Hospital's matching contributions vest in accordance with the following schedule based on years of service:

1 year	20%
2 years	40%
3 years	60%
4 years	80%
5 years	100%

Pension Plan, continued

The Hospital's covered payroll for the years ended June 30, 2011 and 2010 was $35,545,540 and $33,106,462, respectively. Total payroll for the years ended June 30, 2011 and 2010 was $44,238,146 and $39,650,818, respectively.

Employee contributions to the Plan for the years ended June 30, 2011 and 2010 were $2,227,166 and $2,126,932 respectively. Employer contributions were $1,331,802 and $1,254,114 for the same periods. Total contributions to the Plan were 10.0% of covered payroll for June 30, 2011 and 10.2% for June 30, 2010.

(10) **Risk Management**

The Hospital is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; medical malpractice; errors and omissions; injuries to employees; and natural disasters. The Hospital purchases commercial insurance for risks of loss except as described below.

Malpractice Trust

The Hospital was partially self-insured for malpractice claims from 1987 through 1995 and carried stop-loss coverage to cover the excess over $200,000 on single malpractice claims or over $600,000 on aggregate claims annually. In order to fund potential uncovered losses, the Hospital established a revocable trust, held by Wells Fargo Bank, Alaska N.A., from which the Hospital's portion of any claims would be paid. Beginning January 1, 1996, commercial insurance was obtained to cover the amounts described in this paragraph. The trust account was established to pay future claims that arose from the period the Hospital was self-insured. In September 2009, the Hospital dissolved the Malpractice Trust and the accumulated cash of $2,849,279 was transferred to operating cash.

Self-Insured Health Plan

The Hospital is self-insured for employee health insurance claims. The health plan was administered by Risk Benefit Management Services, LLC (RBMS) during fiscal year 2009. A change in third party administration occurred on July 1, 2009 to Employee Benefit Management Services (EBMS). Health expense claims, administrative fees, and stop loss premiums are accrued in the period incurred. An estimate for claims incurred but not reported (IBNR) and claims incurred but not paid (IBNP) as of the Statement of Net Asset's date has been recorded based on claims lag reports from the plan administrator.

Risk Management, continued

Self-Insured Health Plan, continued

	2011	2010
Health insurance claims liabilities, beginning of year	$ 1,179,338	1,028,532
Current year claims incurred and changes in estimates for claims incurred in prior years	9,131,556	9,017,650
Claims and expenses paid	(9,203,727)	(8,866,844)
Health insurance claims liabilities, end of year	$ 1,107,167	1,179,338

Professional and General Liability

The Hospital maintains malpractice insurance through a claims-made commercial insurance policy. As of March 2003, the policy deductible was increased to $500,000 per occurrence and provided coverage up to $1 million per occurrence and up to an aggregate of $3 million for claims filed within the period of the policy term. The Hospital also has $10 million of umbrella insurance coverage.

The Hospital used actuarial studies performed by Milliman, Inc. dated May 23, 2011 to estimate its projected claims liabilities as of June 30, 2011 and a study dated June 4, 2010 to estimate liabilities which existed as of June 30, 2010. The liability that existed as of June 30, 2011 and 2010 is as follows:

	2011	2010
Malpractice claims liabilities, beginning of year	$ 1,231,516	1,420,233
Current year claims incurred and changes in estimates for claims incurred in prior years	39,727	112,048
Claims and expenses paid	(112,409)	(300,765)
Malpractice claims liabilities, end of year	$ 1,158,834	1,231,516

(11) **Operating Leases**

The Hospital is currently leasing facilities from several individual lessors to provide office, clinical, and storage necessary to meet Hospital operating needs. These lease agreements are classified as Operating Leases and expire before, or may be terminated in conjunction with the end of the Hospital's lease and operating agreement with the Kenai Peninsula Borough.

Operating Leases, continued

The following is a schedule by years of future minimum lease payments under the operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2011:

Year ending June 30:	
2012	$ 233,459
2013	216,017
2014	216,017
2015	177,517
2016	165,017
Thereafter	452,862
Total minimum lease payments	$ 1,460,889

Actual operating lease expense for the years ending June 30, 2011 and 2010 was $327,091 and $288,076, respectively.

The Hospital has entered into various operating leases for medical clinic space with certain individuals who are also employees or trustees of the Hospital. All leases for medical clinic space are rented at fair market value for that property type. Lease agreements are reviewed and approved by management and the Hospital Board of Directors.

Future minimum lease payments under these related party operating leases which are included in the operating lease footnote above are as follows:

Year ending June 30:	
2012	$ 29,442
2013	12,000
2014	12,000
2015	12,000
2016	3,000
Total minimum lease payments	$ 68,442

In October 2010, the Hospital purchased certain real property for which non-cancellable operating leases to medical professionals were transferred to the Hospital. Total receipts from the lease of medical office space to medical professionals during 2011 was $76,039. Options to renew leases do exist, however future projected receipts from the non-cancellable portion of leases as of June 30, 2011 were $25,963.

(12) **Subsequent Events**

In September 2011, the Borough issued Central Kenai Peninsula Hospital Refunding Bonds of $27,905,000 to refund $29,615,000 of previously issued Hospital expansion bonds. The bonds were issued at a premium of $4,711,814 and issuance costs were $199,549. The present value of the savings on the debt service is $2,397,813.

SUPPLEMENTAL INFORMATION

CENTRAL PENINSULA GENERAL HOSPITAL
Service Area Enterprise Fund
Schedules of Patient Service Revenues
For the Years Ended June 30, 2011 and 2010

		2011	2010
Daily patient services:			
Adults and pediatrics	$	15,523,023	15,185,915
Skilled nursing		9,189,607	8,249,340
Intensive care unit		4,009,567	3,559,920
Total daily patient services		28,722,197	26,995,175
Other nursing services:			
Operating room		18,729,585	16,243,506
Emergency		18,244,370	17,135,764
Central services and supply		9,885,443	9,046,020
Recovery room		1,370,899	1,238,474
Oncology/infusion		917,558	935,379
Total other nursing services		49,147,855	44,599,143
Other professional services:			
Imaging		28,579,891	25,640,102
Laboratory		13,480,229	11,850,146
Pharmacy		10,891,818	10,272,465
Clinic		10,027,283	4,078,640
Respiratory therapy		6,813,640	5,843,760
Physical therapy		3,687,279	2,641,669
Anesthesia		3,600,710	3,171,867
Chemical dependency		1,683,640	1,477,147
Intravenous therapy		1,654,835	1,461,429
Electro cardiology		1,297,742	1,127,452
Shared services		717	18,869
Total other professional services		81,717,784	67,583,546
Total patient service revenues		159,587,836	139,177,864
Contractual adjustments:			
Medicare		(25,558,670)	(22,879,662)
Medicaid		(13,877,198)	(10,444,641)
Other contractual		(9,189,013)	(6,994,996)
Total contractual adjustments		(48,624,881)	(40,319,299)
Uncompensated care:			
Bad debt expense		(6,331,500)	(7,064,140)
Charity discounts		(6,114,450)	(4,875,739)
Total uncompensated care		(12,445,950)	(11,939,879)
Net patient service revenue	$	98,517,005	86,918,686

CENTRAL PENINSULA GENERAL HOSPITAL
Service Area Enterprise Fund
Schedule of Operating Expenses - By Function
For the Years Ended June 30, 2011 and 2010

	2011			2010		
	Salaries	Supplies and Other Expenses	Total	Salaries	Supplies and Other Expenses	Total
Nursing services						
Emergency	$ 5,401,708	319,974	5,721,682	4,918,451	273,470	5,191,921
Adults and pediatrics	4,381,146	425,113	4,806,259	4,370,207	402,970	4,773,177
Skilled nursing	2,891,270	172,433	3,063,703	2,811,481	185,750	2,997,231
Operating room	1,834,496	1,155,612	2,990,108	1,834,162	762,871	2,597,033
Intensive care unit	1,291,819	119,800	1,411,619	1,309,731	101,851	1,411,582
Recovery room	444,609	16,860	461,469	410,982	15,598	426,580
Oncology / infusion	392,315	37,177	429,492	310,239	36,433	346,672
Central services and supply	153,591	3,662,514	3,816,105	152,919	3,337,959	3,490,878
Hospitalist program	-	859,402	859,402	-	-	-
Total nursing services	16,790,954	6,768,885	23,559,839	16,118,172	5,116,902	21,235,074
Other professional services						
Clinic	5,013,217	1,156,962	6,170,179	2,352,174	909,926	3,262,100
Imaging	1,941,113	1,831,401	3,772,514	1,929,728	1,611,818	3,541,546
Anesthesiology	1,583,638	116,604	1,700,242	1,441,869	65,485	1,507,354
Laboratory	1,569,687	2,183,876	3,753,563	1,550,064	1,888,174	3,438,238
Physical therapy	1,523,992	270,343	1,794,335	1,338,687	202,863	1,541,550
Pharmacy	1,152,699	3,639,058	4,791,757	1,155,789	3,243,283	4,399,072
Respiratory therapy	816,330	212,327	1,028,657	787,661	178,077	965,738
Chemical dependency	744,332	283,254	1,027,586	707,450	217,300	924,750
Electro cardiology	-	86,177	86,177	-	79,129	79,129
Intravenous therapy	-	200,390	200,390	-	199,348	199,348
Total other professional services	14,345,008	9,980,392	24,325,400	11,263,422	8,595,403	19,858,825
General services						
Dietary	1,455,779	1,545,559	3,001,338	1,392,709	1,427,958	2,820,667
Operation of plant	1,268,222	2,654,743	3,922,965	1,268,823	2,539,767	3,808,590
Housekeeping	892,361	352,217	1,244,578	954,409	394,331	1,348,740
Laundry and linen services	132,742	127,663	260,405	130,543	108,767	239,310
Total general services	3,749,104	4,680,182	8,429,286	3,746,484	4,470,823	8,217,307
Administrative and fiscal services						
Administrative and general	6,471,684	6,504,964	12,976,648	5,908,748	6,140,653	12,049,401
Medical records and library	2,024,468	612,879	2,637,347	2,064,368	476,367	2,540,735
Nursing administration	795,525	84,355	879,880	738,533	35,479	774,012
Employee benefits	-	13,963,049	13,963,049	-	13,651,337	13,651,337
Total administration and fiscal services	9,291,677	21,165,247	30,456,924	8,711,649	20,303,836	29,015,485
Depreciation	-	8,056,595	8,056,595	-	8,381,029	8,381,029
Total operating expenses	44,176,743	50,651,301	94,828,044	39,839,727	46,867,993	86,707,720
Reclass bad debt expense	-	6,331,500	6,331,500	-	7,064,140	7,064,140
Reclass interest expense	-	1,696,909	1,696,909	-	1,775,589	1,775,589
	$ 44,176,743	58,679,710	102,856,453	39,839,727	55,707,722	95,547,449

CENTRAL PENINSULA GENERAL HOSPITAL
Service Area Enterprise Fund
Central Peninsula Health Foundation - Component Unit
Statements of Net Assets
For the Years Ended June 30, 2011 and 2010

		2011	2010
Assets			
Current assets:			
Cash and cash equivalents*	$	420,598	343,575
Prepaid expenses		11,324	-
Pledges receivable		58,002	82,227
Total current assets		489,924	425,802
Noncurrent assets:			
Long term investments		40,497	6,547
Property, plant and equipment, net of accumulated depreciation		7,358	10,831
Total noncurrent assets		47,855	17,378
Total assets	$	537,779	443,180
Liabilities and Net Assets			
Current liabilities - due to Central Peninsula General Hospital*	$	128,350	119,231
Net assets:			
Invested in capital assets		7,358	10,831
Temporarily restricted*		302,279	219,195
Unrestricted*		99,792	93,923
Total net assets		409,429	323,949
Total liabilities and net assets	$	537,779	443,180

* Eliminations for inter-company transfers have been made for amounts in this account group before consolidation into the entity-wide financial statements.

CENTRAL PENINSULA GENERAL HOSPITAL
Service Area Enterprise Fund
Central Peninsula Health Foundation - Component Unit
Statements of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2011 and 2010

		2011	2010
Change in unrestricted net assets:			
Revenues and gains:			
Contributions	$	176,394	148,453
Net unrealized and realized gains on investments		230	291
Total unrestricted revenues and gains		176,624	148,744
Net assets released from restrictions - satisfaction of program restrictions		92,545	177,800
Total unrestricted revenues, gains, and other support		269,169	326,544
Expenses:			
Management and general		93,624	74,331
Fundraising		67,736	81,914
WOW program		30,185	70,536
Other programs		25,390	26,814
CPH employee emergency assistance		11,680	13,381
Serenity House		10,190	12,272
Safe Kids program		9,170	22,032
Heritage Place		7,793	5,256
RAFT program		4,017	6,486
Cancer Care		3,869	11,623
Soroptimists		3,000	9,400
Total expenses		266,654	334,045
Increase (decrease) in unrestricted net assets		2,515	(7,501)
Change in temporarily restricted net assets:			
Contributions		175,100	159,905
Net unrealized and realized gains on investments		410	2,081
Net assets released from restrictions		(92,545)	(177,800)
Increase (decrease) in temporarily restricted net assets		82,965	(15,814)
Increase (decrease) in net assets		85,480	(23,315)
Net assets, beginning of year		323,949	347,264
Net assets, end of year	$	409,429	323,949