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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

C Name of organization
NORTH HAWAII COMMUNITY HOSPITAL

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
67-1125 MAMALAHOA HIGHWAY

City or town, state or country, and ZIP + 4
KAMUELA, HI 967438496

D Employer identification number
99-0260423

E Telephone number
(808) 881-4400

G Gross receipts $ 50,070,804

F Name and address of principal officer
WILLIAM BROWN
67-1125 MAMALAHOA HIGHWAY
KAMUELA,HI 967438496

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: ▶ HTTP //WWW NHCH COM

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1989

M State of legal domicile HI

Part I Summary

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

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	9
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	8
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	417
6	Total number of volunteers (estimate if necessary)	**6**	55
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	6,049,371	3,658,004
	9 Program service revenue (Part VIII, line 2g)	39,664,994	44,984,216
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	634,876	22,690
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	5,566,275	1,308,880
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	51,915,516	49,973,790
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	23,178,835	27,301,915
	16a Professional fundraising fees (Part IX, column (A), line 11e)	200,000	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶571,453		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	22,973,660	23,220,217
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	46,352,495	50,522,132
	19 Revenue less expenses Subtract line 18 from line 12	5,563,021	-548,342

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	189,501,488	187,907,766
	21 Total liabilities (Part X, line 26)	14,328,240	14,738,773
	22 Net assets or fund balances Subtract line 21 from line 20	175,173,248	173,168,993

Part II Signature Block

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

Sign Here

****** 2012-11-15
Signature of officer — Date

JASON PARET CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature: KEY E GETTY CPA	Date: 2012-11-13	Check if self-employed ☐	Preparer's taxpayer identification number (see instructions): P00121200
Firm's name (or yours if self-employed), address, and ZIP + 4: MIKUNDA COTTRELL & CO CPA'S, 3601 C STREET SUITE 600, ANCHORAGE, AK 99503			EIN ▶ 92-0088037; Phone no ▶ (907) 278-8878

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

ACUTE CARE HOSPITAL

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 35,459,648 including grants of $) (Revenue $ 44,984,216)

NORTH HAWAII COMMUNITY HOSPITAL (THE HOSPITAL), LOCATED IN KAMUELA, HAWAII ON THE ISLAND OF HAWAII, IS A NOT-FOR-PROFIT, ACUTE-CARE HOSPITAL THAT PROVIDES INPATIENT, OUTPATIENT, AND EMERGENCY CARE SERVICES FOR THE RESIDENTS AND VISITORS OF NORTH HAWAII THE HOSPITAL WAS CHARTERED IN NOVEMBER 1987 AND COMMENCED OPERATIONS IN MAY 1996 THE HOSPITAL IS CURRENTLY LICENSED FOR 39 BEDS ADMITTING PHYSICIANS ARE PRACTITIONERS IN THE LOCAL AREA TOTAL OUTPATIENT VISITS FOR 2011 WERE 54,459 TOTAL ADMISSIONS FOR 2011 WERE 2,687

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

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

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ $ 35,459,648

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, 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	Yes	
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		No
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	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, Part 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, Part 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*	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.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	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**		No
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		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 questions 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**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**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or 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**	Yes	
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	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	**35a**		No
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**		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	82		
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	417		
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		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities 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		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			13a		
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b				
c	Enter the aggregate 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	9		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	8		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	Did the organization have members or stockholders?		6		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		7a		No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review the Form 990			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	Yes	
b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes	
13	Did the organization have a written whistleblower policy?	13	Yes	
14	Did the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
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," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

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

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶

SHANNON OLSEN DIRECTOR OF FINANCIAL SERVICES
67-1125 MAMALAHOA HIGHWAY
KAMUELA, HI 967438496
(808) 881-4675

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) ROBERT MOMSEN CHAIR	6 00	X						0	0	0
(2) DR VIRGINIA PRESSLER VICE CHAIR/TREASURER	3 00	X						0	0	0
(3) DR SHARON VITOUSEK VICE CHAIR	3 00	X						0	0	0
(4) WILLIAM HUTCHINSON TREASURER UNTIL 5/11	3 00	X						0	0	0
(5) ROBERT HASTINGS II SECRETARY	3 00	X						0	0	0
(6) DR DANA LEE BOARD MEMBER UNTIL 1/5/11	3 00	X						0	0	0
(7) KAHU BILLY MITCHELL BOARD MEMBER	3 00	X						0	0	0
(8) CAROLYN QUICK BOARD MEMBER	3 00	X						0	0	0
(9) DR WILLIAM PARK BOARD MEMBER/PHYSICIAN/CHIEF MEDICAL OFFICER	40 00	X						447,041	0	16,100
(10) NIEL KUYPER BOARD MEMBER	3 00	X						0	0	0
(11) RICHARD LEVY BOARD MEMBER	3 00	X						0	0	0
(12) KENNETH F WOOD CEO	40 00			X				250,000	0	18,284
(13) WAYNE CHARLES ALLEN UNTIL 51511 CFO	40 00			X				155,385	0	8,499
(14) JASON D PARET EFF 9122011 CFO	40 00			X				70,673	0	10,449
(15) GERARD SZCZYGIEL PHYSICIAN/CHIEF OF STAFF MAY-DEC2011	40 00			X				260,000	0	16,609
(16) LORRIE ANN MORTENSEN CNO, VP PATIENT CARE	40 00				X			165,781	0	17,220
(17) KERRY L HOWELL VP-DEVELOPMENT, MARKETING, COMMUNICATIONS	40 00				X			152,884	0	7,190

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) DIANE PAYNE PHYSICIAN	40 00					X		560,625	0	20,693
(19) HOWARD WONG PHYSICIAN	40 00					X		355,284	0	7,438
(20) WILLIAM HILLER PHYSICIAN	40 00					X		344,231	0	9,317
(21) PATRICIA GUNTER PHYSICIAN	40 00					X		271,384	0	19,002
(22) ASHLEY BYNO PHYSICIAN	40 00					X		240,252	0	15,060
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								3,273,540	0	165,861

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 35

			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 Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
CLINICAL LABS OF HAWAII LLP 33 LANIHULI ST HILO, HI 96720	LAB SERVICES FOR ENTIRE HOSPITAL	813,502
EDWARD D HON MD PO BOX 6629 KAMUELA, HI 96743	MEDICAL STAFF	455,208
QUORUM HEALTH RESOURCES LLC 105 CONTINENTAL PLACE BRENTWOOD, TN 37027	INTERIM DIRECTOR	421,051
SANDWICH ISLES DEVELOPMENT LLC 3159 OAHU AVENUE HONOLULU, HI 96822	CONSTRUCTION ARCHITECT AND PROJECT MANA	375,449
C&A INDUSTRIES INC 13609 CALIFORNIA ST OMAHA, NE 68154	LOCUMS	371,121

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 19

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e	353,500			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	3,304,504			
	g	Noncash contributions included in lines 1a-1f $ 78,573					
	h	**Total.** Add lines 1a-1f		3,658,004			
Program Service Revenue			Business Code				
	2a	PATIENT SERVICE REVENU	622100	44,984,216	44,984,216		
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		44,984,216			
	3	Investment income (including dividends, interest and other similar amounts)		19,067			19,067
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real	(ii) Personal			
	6a	Gross rents	309,005				
	b	Less rental expenses	0				
	c	Rental income or (loss)	309,005				
	d	Net rental income or (loss)		309,005			309,005
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	67,936	32,701			
	b	Less cost or other basis and sales expenses	67,936	29,078			
	c	Gain or (loss)	0	3,623			
	d	Net gain or (loss)		3,623			3,623
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 a					
	b	Less direct expenses b					
	c	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities See Part IV, line 19 a					
	b	Less direct expenses b					
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances a	285,312				
	b	Less cost of goods sold b	0				
	c	Net income or (loss) from sales of inventory		285,312			285,312
		Miscellaneous Revenue	Business Code				
	11a	MISCELLANEOUS	900099	698,813			698,813
	b	INV IN LIBERTY DIALYSI	900099	15,750			15,750
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d		714,563			
	12	**Total revenue.** See Instructions		49,973,790	44,984,216	0	1,331,570

Part IX Statement of Functional Expenses

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

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21				
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	1,596,115	739,750	696,291	160,074
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	21,626,605	16,961,936	4,561,371	103,298
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	41,646	30,582	10,291	773
9	Other employee benefits	2,539,451	1,933,759	576,371	29,321
10	Payroll taxes	1,498,098	1,164,648	319,122	14,328
11	Fees for services (non-employees)				
a	Management	2,531,621	1,469,868	1,061,753	
b	Legal	167,053		167,053	
c	Accounting	248,023		248,023	
d	Lobbying				
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees				
g	Other	3,928,650	2,613,882	1,247,709	67,059
12	Advertising and promotion	106,051	6,757	30,550	68,744
13	Office expenses	379,539	145,455	206,782	27,302
14	Information technology	1,090,551		1,090,551	
15	Royalties . .				
16	Occupancy	1,803,110	122,792	1,672,463	7,855
17	Travel	137,227	99,687	34,040	3,500
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	69,679	38,642	26,735	4,302
20	Interest	618,382	440,172	169,193	9,017
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	2,658,770	1,878,018	765,412	15,340
23	Insurance	960,002	700,545	247,168	12,289
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	SUPPLIES	6,148,416	5,724,192	404,457	19,767
b	BAD DEBT EXPENSE	422,146		422,146	
c					
d					
e					
f	All other expenses	1,950,997	1,388,963	533,550	28,484
25	**Total functional expenses.** Add lines 1 through 24f	50,522,132	35,459,648	14,491,031	571,453
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		2,850	1	92,269
	2	Savings and temporary cash investments		6,748,536	2	4,735,373
	3	Pledges and grants receivable, net		1,343,982	3	2,825,270
	4	Accounts receivable, net		4,877,068	4	6,283,153
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		427,915	7	586,765
	8	Inventories for sale or use		1,143,756	8	1,389,949
	9	Prepaid expenses and deferred charges		734,747	9	464,187
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 59,754,051			
	b	Less accumulated depreciation	10b 35,006,240	25,169,239	10c	24,747,811
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		149,053,395	15	146,782,989
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		189,501,488	16	187,907,766
Liabilities	17	Accounts payable and accrued expenses		3,261,153	17	4,152,597
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	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		10,816,975	23	9,624,232
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		250,112	25	961,944
	26	**Total liabilities.** Add lines 17 through 25		14,328,240	26	14,738,773
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		24,189,085	27	23,405,880
	28	Temporarily restricted net assets		8,907,899	28	10,276,805
	29	Permanently restricted net assets		142,076,264	29	139,486,308
		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		175,173,248	33	173,168,993
	34	Total liabilities and net assets/fund balances		189,501,488	34	187,907,766

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	49,973,790
2	Total expenses (must equal Part IX, column (A), line 25)	2	50,522,132
3	Revenue less expenses Subtract line 2 from line 1	3	-548,342
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	175,173,248
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-1,455,913
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	173,168,993

Part XII Financial Statements and Reporting

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

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ 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		No
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		
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		No
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		

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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

2011

Open to Public Inspection

Name of the organization
NORTH HAWAII COMMUNITY HOSPITAL

Employer identification number
99-0260423

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

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

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

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

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

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

_____

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

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

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

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

9 ☐ An organization that normally receives (1) more than 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 IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11 **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 2011 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2010 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2011.** 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—2010.** 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—2011.** 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—2010.** 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 IRC 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

19a **33 1/3% support tests—2011.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶

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

20 **Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions ▶

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

Facts And Circumstances Test

Explanation

Additional Data

Software ID:
Software Version:
EIN: 99-0260423
Name: NORTH HAWAII COMMUNITY HOSPITAL

Form 990, Special Condition Description:

Special Condition Description

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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, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
NORTH HAWAII COMMUNITY HOSPITAL

Employer identification number
99-0260423

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
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06	2d

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		7,694,551		7,694,551
b Buildings		20,981,869	11,762,932	9,218,937
c Leasehold improvements		3,289,029	3,180,574	108,455
d Equipment		26,616,518	19,612,229	7,004,289
e Other		1,172,084	450,505	721,579
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				24,747,811

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) DISTRIBUTION RECEIVABLE - PARKER RANCH FOUNDATION TRUST	960,000
(2) INTEREST IN EQUITY OF PARKER RANCH FOUNDATION TRUST	136,494,600
(3) ESTIMATED THIRD PARTY PAYOR SETTLEMENTS	79,664
(4) CONSTRUCTION IN PROGRESS	1,709,572
(5) INVESTMENT IN LIBERTY DLYS	42,106
(6) LOAN ISSUE COSTS - UNAMORTIZED	120,423
(7) BENEFICIAL INTERESTS	4,371,934
(8) CONTRIBUTED USE OF LAND	2,886,625
(9) OTHER RECEIVABLES	118,065
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	146,782,989

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
CAPITAL LEASE OBLIGATION	961,944
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	961,944

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	49,973,790
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	50,522,132
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	-548,342
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-1,455,913
9	Total adjustments (net) Add lines 4 - 8	9	-1,455,913
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-2,004,255

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	48,095,731
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	-1,455,913		
e	Add lines **2a** through **2d**			2e	-1,455,913
3	Subtract line **2e** from line **1**			3	49,551,644
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b	422,146		
c	Add lines **4a** and **4b**			4c	422,146
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	49,973,790

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

1	Total expenses and losses per audited financial statements			1	50,099,986
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	50,099,986
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b	422,146		
c	Add lines **4a** and **4b**			4c	422,146
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	50,522,132

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
PART XI, LINE 8 - OTHER ADJUSTMENTS		CHANGE IN VALUE OF INT IN PARKER RACH FOUNDATION TRUST -1,442,481 CHANGE IN VALUE OF OTHER BENEFICIAL INTERESTS -13,432 TOTAL TO SCHEDULE D, PART XI, LINE 8 -1,455,913
PART XII, LINE 2D - OTHER ADJUSTMENTS		CHANGE IN VALUE OF INT IN PARKER RACH FOUNDATION TRUST -1,442,481 CHANGE IN VALUE OF OTHER BENEFICIAL INTERESTS -13,432
PART XII, LINE 4B - OTHER ADJUSTMENTS		BAD DEBT RECLASSED FROM REVENUE TO EXPENSE 422,146
PART XIII, LINE 4B - OTHER ADJUSTMENTS		BAD DEBT RECLASSED FROM REVENUE TO EXPENSE 422,146

Additional Data

Software ID:
Software Version:
EIN: 99-0260423
Name: NORTH HAWAII COMMUNITY HOSPITAL

Form 990, Schedule D, Part IX, - Other Assets

(a) Description	**(b)** Book value
DISTRIBUTION RECEIVABLE - PARKER RANCH FOUNDATION TRUST	960,000
INTEREST IN EQUITY OF PARKER RANCH FOUNDATION TRUST	136,494,600
ESTIMATED THIRD PARTY PAYOR SETTLEMENTS	79,664
CONSTRUCTION IN PROGRESS	1,709,572
INVESTMENT IN LIBERTY DLYS	42,106
LOAN ISSUE COSTS - UNAMORTIZED	120,423
BENEFICIAL INTERESTS	4,371,934
CONTRIBUTED USE OF LAND	2,886,625
OTHER RECEIVABLES	118,065

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
NORTH HAWAII COMMUNITY HOSPITAL

Employer identification number
99-0260423

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? 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	Did the organization use FPG to determine eligibility for providing *discounted* care? 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 did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's policy provide 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 charity care expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit reportduring 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 Charity Care and Certain Other Community Benefits at Cost

Charity Care 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 Charity care at cost (from Worksheet 1)			135,114	0	135,114	0 270 %
b Medicaid (from Worksheet 3, column a)			10,129,737	4,510,912	5,618,825	11 120 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			10,264,851	4,510,912	5,753,939	11 390 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			5,650	5,650		
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j **Total** Other Benefits			5,650	5,650		
k **Total.** Add lines 7d and 7j			10,270,501	4,516,562	5,753,939	11 390 %

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense	2	442,146		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	128,820		
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	6,673,334		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	6,244,634		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	428,700		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?		9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI		9b	Yes	

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

Name and address

	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	NORTH HAWAII COMMUNITY HOSPITAL 67-1125 MAMALAHOA HWY KAMUELA,HI 96743	X	X					X		INCLUDES NORTH HAWAII MEDICAL GROUP AND KOHALA HOME HEALTH AGENCY

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

NORTH HAWAII COMMUNITY HOSPITAL

Name of Hospital Facility:

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		No
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11		No
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☐ Income level			
	b ☐ Asset level			
	c ☐ Medical indigency			
	d ☐ Insurance status			
	e ☐ Uninsured discount			
	f ☐ Medicaid/Medicare			
	g ☐ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☐ The policy was posted at all times on the hospital facility's web site			
	b ☐ The policy was attached to all billing invoices			
	c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☑ The policy was posted in the hospital facility's admissions offices			
	e ☑ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon request			
	g ☐ Other (describe in Part VI)			

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
	a ☑ Reporting to credit agency			
	b ☑ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments or arrests			
	e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments			
	e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☐ Notified patients of the financial assistance policy upon admission			
	b ☐ Notified patients of the financial assistance policy prior to discharge			
	c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**18**		No
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☑ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☑ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**20**		No
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?	**21**	Yes	
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

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

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

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

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
		PART III, LINE 4 BAD DEBT EXPENSE IS SHOWN AS A PERCENTAGE OF TOTAL EXPENSE OF THE HOSPITAL, AND REPRESENTS THE PORTION OF UNREIMBURSED EXPENSE FROM THE HOSPITAL'S APPLICABLE CHARITY CARE PROGRAMS BAD DEBT FINANCIAL STATEMENT FOOTNOTE- 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 NOT 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

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE	PART III LINE 4	THE HOSPITAL PROVIDES CARE WITHOUT CHARGE OR AT AMOUNTS LESS THAN ITS ESTABLISHED RATES TO PATIENTS WHO MEET CERTAIN CRITERIA UNDER ITS CHARITY CARE POLICY SINCE THE HOSPITAL DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE, SUCH AMOUNTS ARE NOT REPORTED AS NET PATIENT REVENUE THE CHARGES AT ESTABLISHED RATES FOREGONE FOR SERVICES AND SUPPLIES PROVIDED BY THE HOSPITAL IN 2010 AND 2009 FOR CHARITY CARE TOTALED $283,293 AND $643,551, RESPECTIVELY

Identifier	ReturnReference	Explanation
EXPLANATION OF SHORTFALL AS COMMUNITY BENEFIT	PART III LINE 8	THE ENTIRE SHORTFALL IS ATTRIBUTABLE TO COMMUNITY BENEFIT

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT	PART VI	ADMITTING PHYSICIANS ARE PRACTITIONERS IN THE LOCAL AREA, AND THE BOARD IS COMPRISED OF COMMUNITY MEMBERS THIS ALLOWS THE HOSPITAL TO ASSESS THE NEEDS OF THE COMMUNITY THAT IT SERVES IN ADDITION, MANY COMMUNITY HEALTH IMPROVEMENT SERVICES ARE OFFERED IN THE FORMS OF ACTIVITIES OR PROGRAMS THAT HELP TO ASSESS AND IMPROVE COMMUNITY HEALTH

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	PART VI	HOSPITAL ADMITTING STAFF MEMBERS ADVISE AND ASSIST ALL SELF-PAY PATIENTS OF THE OPTIONS FOR AVAILABLE ASSISTANCE

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	PART VI	NORTH HAWAII COMMUNITY HOSPITAL (HOSPITAL) IS LOCATED IN KAMUELA, HI, ALSO KNOWN AS WAIMEA, HI, IN THE KOHALA DISTRICT OF THE NORTHEASTERN REGION OF THE ISLAND OF HAWAII IT IS A NOT-FOR-PROFIT, ACUTE CARE HOSPITAL THAT PROVIDES INPATIENT, OUTPATIENT, AND EMERGENCY CARE SERVICES FOR ABOUT 30,000 RESIDENTS AND VISITORS OF NORTH HAWAII THE HOSPITAL'S PRIMARY SERVICE AREA CONSISTS OF APPROXIMATELY ONE FOURTH, OR 1,000 SQUARE MILES OF THE BIG ISLAND'S 4,028 TOTAL SQUARE MILES THERE ARE CURRENTLY NO OTHER GENERAL ACUTE CARE HOSPITALS IN THE PRIMARY SERVICE AREA THE HOSPITAL WAS CHARTERED IN NOVEMBER 1987 AND COMMENCED OPERATIONS IN MAY 1996 THE HOSPITAL IS CURRENTLY LICENSED FOR 39 BEDS ADMITTING PHYSICIANS ARE PRACTITIONERS IN THE LOCAL AREA

Identifier	ReturnReference	Explanation
	PART VI	N/A

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE SYSTEM ROLES AND PROMOTION	PART VII	N/A

Identifier	ReturnReference	Explanation
STATES WHERE COMMUNITY BENEFIT REPORT FILED	PART VI	HI

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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

2011

Open to Public Inspection

Name of the organization
NORTH HAWAII COMMUNITY HOSPITAL

Employer identification number
99-0260423

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**		
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**		
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?	**4a**	Yes	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		No
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**		No
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**		No
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 Schedule J-1 if additional space needed.

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) DR WILLIAM PARK	(i)	447,041	0	0	4,499	11,601	463,141	0
	(ii)	0	0	0	0	0	0	0
(2) KENNETH F WOOD	(i)	250,000	0	0	2,524	15,760	268,284	0
	(ii)	0	0	0	0	0	0	0
(3) WAYNE CHARLES ALLEN UNTIL 51511	(i)	155,385	0	0	0	8,499	163,884	0
	(ii)	0	0	0	0	0	0	0
(4) GERARD SZCZYGIEL	(i)	260,000	0	0	2,650	13,959	276,609	0
	(ii)	0	0	0	0	0	0	0
(5) LORRIE ANN MORTENSEN	(i)	165,781	0	0	1,679	15,541	183,001	0
	(ii)	0	0	0	0	0	0	0
(6) KERRY L HOWELL	(i)	152,884	0	0	0	7,190	160,074	0
	(ii)	0	0	0	0	0	0	0
(7) DIANE PAYNE	(i)	560,625	0	0	5,627	15,066	581,318	0
	(ii)	0	0	0	0	0	0	0
(8) HOWARD WONG	(i)	355,284	0	0	0	7,438	362,722	0
	(ii)	0	0	0	0	0	0	0
(9) WILLIAM HILLER	(i)	344,231	0	0	0	9,317	353,548	0
	(ii)	0	0	0	0	0	0	0
(10) PATRICIA GUNTER	(i)	271,384	0	0	2,743	16,259	290,386	0
	(ii)	0	0	0	0	0	0	0
(11) ASHLEY BYNO	(i)	240,252	0	0	0	15,060	255,312	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 3	A BOARD RESOLUTION IS REQURED
	PART I, LINE 4A	PART I, LINE 4A MICHAEL KENDALL 55,000 SEVERANCE PAYMENT 1,500 CAREER TRANSITION ASSISTANCE 6 MONTHS COBRA BENEFITS PAID BY HOSPITAL WAYNE ALLEN 97,500 SEVERANCE PAYMENT 9 MONTHS COBRA BENEFITS PAID BY HOSPITAL

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SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

NonCash Contributions

▶Complete if the organization answered "Yes" on Form 990, Part IV, lines 29 or 30.
▶ Attach to Form 990.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
NORTH HAWAII COMMUNITY HOSPITAL

Employer identification number
99-0260423

Part I Types of Property

		(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining contribution amounts
1	Art—Works of art				
2	Art—Historical treasures				
3	Art—Fractional interests				
4	Books and publications				
5	Clothing and household goods				
6	Cars and other vehicles				
7	Boats and planes				
8	Intellectual property				
9	Securities—Publicly traded	X	6	78,573	FMV AT TIME OF SALE
10	Securities—Closely held stock				
11	Securities—Partnership, LLC, or trust interests				
12	Securities—Miscellaneous				
13	Qualified conservation contribution—Historic structures				
14	Qualified conservation contribution—Other				
15	Real estate—Residential				
16	Real estate—Commercial				
17	Real estate—Other				
18	Collectibles				
19	Food inventory				
20	Drugs and medical supplies				
21	Taxidermy				
22	Historical artifacts				
23	Scientific specimens				
24	Archeological artifacts				
25	Other ▶ (_____)				
26	Other ▶ (_____)				
27	Other ▶ (_____)				
28	Other ▶ (_____)				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . 29

			Yes	No
30a	During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?	30a		No
b	If "Yes," describe the arrangement in Part II			
31	Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	31		No
32a	Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?	32a		No
b	If "Yes," describe in Part II			
33	If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II			

Part II

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

Identifier	Return Reference	Explanation

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SCHEDULE O (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
NORTH HAWAII COMMUNITY HOSPITAL

Employer identification number
99-0260423

Identifier	Return Reference	Explanation
NEW PROGRAM SERVICES	FORM 990, PART III, LINE 2	A NEW NATIVE HAWAIIAN CLINIC WAS INCORPORATED INTO THE PROGRAM IN SEPTEMBER 2011 THIS IS A CLINIC THAT WORKS WITH NATIVE HAWAIIANS TO INTEGRATE CULTURAL ISSUES INTO MEDICAL TREATMENT AS WELL AS BEHAVIORAL TREATMENT
	FORM 990, PART VI, SECTION B, LINE 11	THE 990 IS PREPARED BY THE CPA FIRM, AND REVIEWED BY THE CFO, DIRECTOR OF FINANCIAL SERVICES, BOARD FINANCE COMMITTEE, AND BOARD OF DIRECTORS
	FORM 990, PART VI, SECTION B, LINE 12C	THE POLICY IS REVIEWED EACH YEAR BY ADMINISTRATION
	FORM 990, PART VI, SECTION B, LINE 15	THE HOSPITAL OBTAINED SALARY MARKET STUDIES FROM A CONTRACTED MANAGEMENT COMPANY THEY ALSO COMPARED SALARIES OF APPLICANTS AND FORMER CHIEF EXECUTIVE OFFICERS OF THE ORGANIZATION
	FORM 990, PART VI, SECTION C, LINE 19	THE HOSPITAL'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE AVAILABLE TO THE PUBLIC UPON REQUEST
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	CHANGE IN VALUE OF INT IN PARKER RACH FOUNDATION TRUST -1,442,481 CHANGE IN VALUE OF OTHER BENEFICIAL INTERESTS -13,432 TOTAL TO FORM 990, PART XI, LINE 5 -1,455,913
AUDIT OVERSIGHT	FORM 990 PART XII, LINE 2C	FINAL SIGN OFF OF THE AUDIT IS BY THE BOARD, BASED ON RECOMMENDATIONS FROM THE FINANCE COMMITTEE

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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

2011

Open to Public Inspection

Name of the organization
NORTH HAWAII COMMUNITY HOSPITAL

Employer identification number
99-0260423

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) LUCY K HENRIQUES TRUST C/O BANK OF HAWAII PO BOX 3170 DEPT HONOLULU, HI 968023170 99-6002291	PROVIDE SUPPORT FOR NORTH HAWAII COMMUNITY HOSPITAL	AK	501C3	LINE 11C, III-FI			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) Disproportionate 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 related organization(s)	1b	No
c	Gift, grant, or capital contribution from related organization(s)	1c	Yes
d	Loans or loan guarantees to or for related organization(s)	1d	No
e	Loans or loan guarantees by related organization(s)	1e	No
f	Sale of assets to related organization(s)	1f	No
g	Purchase of assets from related organization(s)	1g	No
h	Exchange of assets with related organization(s)	1h	No
i	Lease of facilities, equipment, or other assets to related organization(s)	1i	No
j	Lease of facilities, equipment, or other assets from related organization(s)	1j	No
k	Performance of services or membership or fundraising solicitations for related organization(s)	1k	No
l	Performance of services or membership or fundraising solicitations by related organization(s)	1l	No
m	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m	No
n	Sharing of paid employees with related organization(s)	1n	No
o	Reimbursement paid to related organization(s) for expenses	1o	No
p	Reimbursement paid by related organization(s) for expenses	1p	No
q	Other transfer of cash or property to related organization(s)	1q	No
r	Other transfer of cash or property from related 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)	LUCY K HENRIQUES TRUST	C	87,000	CASH
(2)				
(3)				
(4)				
(5)				
(6)				

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		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	

NORTH HAWAII COMMUNITY HOSPITAL, INC.

Financial Statements

Years Ended December 31, 2011 and 2010

(With Independent Auditor's Report)

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NORTH HAWAII COMMUNITY HOSPITAL, INC.

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

An Independently Owned Member
McGLADREY ALLIANCE | McGladrey

Independent Auditor's Report

Board of Directors
North Hawaii Community Hospital, Inc.
Kamuela, Hawaii

We have audited the accompanying balance sheet of North Hawaii Community Hospital, Inc. (the Hospital) as of December 31, 2011, and the related statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Hospital for the year ended December 31, 2010, before they were restated for the matters discussed in Note 17 to the financial statements, were audited by other auditors whose report, dated March 4, 2011, expressed an unqualified opinion on those statements.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the 2011 financial statements referred to above present fairly, in all material respects, the financial position of North Hawaii Community Hospital, Inc. as of December 31, 2011, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We also audited the adjustments described in Note 17 that were applied to restate the 2010 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

Mikunda, Cottrell & Co.

Anchorage, Alaska
June 25, 2012

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

NORTH HAWAII COMMUNITY HOSPITAL

Balance Sheets

December 31, 2011 and 2010

		2011	Restated 2010
Assets			
Current assets:			
Cash and cash equivalents	$	2,223,684	2,811,742
Patient accounts receivable, net		6,283,153	4,877,068
Other receivables		118,065	387,112
Pledges receivable, current portion		2,663,245	1,053,800
Distribution receivable - Parker Ranch Foundation Trust		960,000	960,000
Notes receivable, current portion		341,083	180,000
Estimated third-party payor settlements		79,664	936,706
Supplies		1,389,949	1,143,756
Prepaid expenses		464,187	734,747
Total current assets		14,523,030	13,084,931
Pledges receivable, net of current portion		162,025	290,182
Notes receivable, net of current portion		245,682	247,915
Interest in equity of Parker Ranch Foundation Trust		136,494,600	138,897,081
Beneficial interests		4,371,934	4,640,032
Assets whose use is limited		2,603,958	3,939,644
Property and equipment, net		26,457,383	25,283,443
Contributed use of land		2,886,625	2,926,624
Other assets		162,529	191,636
Total assets	$	187,907,766	189,501,488
Liabilities and Net Assets			
Current liabilities:			
Current portion of long-term debt		1,592,127	1,462,501
Current portion of capital lease obligations		237,959	122,597
Accounts payable and accrued expenses		1,429,181	1,326,033
Accrued personnel costs		2,564,651	1,685,974
Incurred but not reported - self insurance		158,765	249,146
Total current liabilities		5,982,683	4,846,251
Long-term debt, net of current maturities		8,032,105	9,354,474
Capital lease obligations, net of current maturities		723,985	127,515
Total liabilities		14,738,773	14,328,240
Net assets:			
Unrestricted		23,405,880	24,189,085
Temporarily restricted		10,276,805	8,907,899
Permanently restricted		139,486,308	142,076,264
Total net assets		173,168,993	175,173,248
Total liabilities and net assets	$	187,907,766	189,501,488

See accompanying notes to financial statements.

NORTH HAWAII COMMUNITY HOSPITAL

Statements of Operations and Changes in Net Assets
Years Ended December 31, 2011 and 2010

	2011	Restated 2010
Unrestricted operating revenues:		
Patient service revenue (net of contractual allowances and discounts)	$ 44,984,216	39,664,994
Provision for bad debts	(422,146)	(1,324,084)
Net patient service revenue	44,562,070	38,340,910
Other revenues	1,643,130	2,803,889
Contributions	767,339	1,631,321
Net assets released from restrictions for operating purposes	1,471,373	2,886,733
Total unrestricted operating revenues	48,443,912	45,662,853
Unrestricted operating expenses:		
Salaries and wages	23,128,371	19,017,886
Employee benefits	4,440,545	4,160,949
Professional fees	4,367,617	4,211,445
Purchased services	5,169,368	4,511,216
Supplies	6,107,335	5,181,676
Utilities	1,746,690	1,531,632
Lease and rental	242,640	209,240
Depreciation	2,658,770	2,859,711
Interest	618,382	924,521
Insurance	682,398	731,016
Other	937,870	871,063
Total unrestricted operating expenses	50,099,986	44,210,355
Net operating revenue (loss) before extraordinary item	(1,656,074)	1,452,498
Extraordinary item - loss on bond defeasement	-	(319,196)
Net operating income (loss)	(1,656,074)	1,133,302
Other unrestricted revenues (expenses):		
Investment income	34,817	153,151
Loss on disposal of abandoned project	-	(679,987)
Gain on sale of property and equipment	3,623	-
Net assets released from restrictions for capital purposes	834,429	-
Increase (decrease) in unrestricted net assets	(783,205)	606,466
Temporarily restricted net assets:		
Restricted contributions	2,540,665	4,418,050
Change in value of beneficial interest	44,377	147,114
Net assets released from restrictions for capital purposes	(834,429)	-
Net assets released from restrictions for operating purposes	(381,707)	(2,382,092)
Increase in temporarily restricted net assets	1,368,906	2,183,072
Permanently restricted net assets:		
Change in value of interest in equity of Parker Ranch Foundation Trust	(1,442,481)	3,061,385
Changes in value of beneficial interests	(57,809)	216,739
Net assets released from restrictions for operating purposes	(1,089,666)	(504,641)
Increase (decrease) in permanently restricted net assets	(2,589,956)	2,773,483
Change in net assets	(2,004,255)	5,563,021
Net assets, beginning of year, restated	175,173,248	169,610,227
Net assets, end of year	$ 173,168,993	175,173,248

See accompanying notes to financial statements.

NORTH HAWAII COMMUNITY HOSPITAL

Statements of Cash Flows
Years Ended December 31, 2011 and 2010

		2011	Restated 2010
Cash flows from operating activities:			
Change in net assets	$	(2,004,255)	5,563,021
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation of property and equipment		2,658,770	2,859,711
Amortization of contributed use of land		39,999	39,999
Provision for bad debts		422,146	1,324,084
Change in value of interest in equity of Parker Ranch Foundation Trust		1,442,481	(3,061,385)
Change in value of beneficial interests		13,432	(363,853)
Distributions from Parker Ranch Foundation Trust		960,000	384,000
Distributions from beneficial interests		254,666	370,641
Loss (gain) on sale of property and equipment		(3,623)	679,987
Changes in operating assets and liabilities:			
Patient accounts receivable		(1,828,231)	(209,670)
Other receivables		269,047	(137,727)
Pledges receivable		(1,755,288)	276,100
Distribution receivable - Parker Ranch Foundation Trust		-	(960,000)
Estimated third-party payor settlements		857,042	(1,061,921)
Supplies		(246,193)	(425,000)
Prepaid expenses and other assets		299,667	(108,570)
Assets whose use is limited		(716,016)	628,631
Accounts payable and accrued expenses		103,148	(211,749)
Accrued personnel costs		878,677	99,526
Derivative liability		-	(461,991)
Incurred but not reported - self insurance		(90,381)	249,146
Net cash provided by operating activities		1,555,088	5,472,980
Cash flows from investing activities			
Payments received on notes receivable		106,391	112,085
New lending of notes receivable		(265,242)	-
Purchases of property and equipment		(2,737,394)	(1,055,675)
Proceeds from sale of property and equipment		32,701	-
Net cash used by investing activities		(2,863,544)	(943,590)
Cash flows from financing activities:			
Proceeds from new debt borrowings		-	8,332,913
Repayments of long-term debt		(1,482,710)	(14,059,949)
Repayments of capital lease obligations		(122,594)	(14,503)
Receipt of contributions restricted for property and equipment		2,325,702	884,114
Net cash provided (used) by financing activities		720,398	(4,857,425)
Net decrease in cash and cash equivalents		(588,058)	(328,035)
Cash and cash equivalents, beginning of year, restated		2,811,742	3,139,777
Cash and cash equivalents, end of year	$	2,223,684	2,811,742
Supplemental cash flow disclosure - cash payments during the year for interest expense	$	618,382	924,521
Supplemental non-cash disclosure - acquisition of property through debt financing	$	1,124,395	-

See accompanying notes to financial statements.

(1) Description of Organization and Summary of Significant Accounting Policies

Description of Organization

North Hawaii Community Hospital, Inc. (the Hospital), located in Kamuela, Hawaii on the island of Hawaii, is a not-for-profit, acute-care hospital that provides inpatient, outpatient, and emergency care services for the residents of North Hawaii. The Hospital was chartered in November 1987 and commenced operations in May 1996. The Hospital is currently licensed for 39 beds. Admitting physicians are primarily practitioners in the local area.

Summary of Significant Accounting Policies

Cash and Cash Equivalents – Cash and cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less at the date of purchase.

Supplies – Inventories, consisting principally of medical supplies and drugs, are valued at the lower of cost (first-in, first-out method) or market value.

Property and Equipment – Property and equipment are recorded at cost or estimated fair market value at the date of donation. Equipment under capital lease obligations is recorded at the present value of future minimum lease payments. Depreciation is provided using the straight-line method over the estimated useful lives of the assets or, for equipment under capital leases, over the related lease term. Interest costs incurred in connection with the construction of assets are capitalized as a component of the facility cost.

Collections – Collections consist of works of art, historical treasures, and similar assets that are held for public exhibition, education, or research in furtherance of public service rather than financial gain. Collections that have been acquired through contributions since 1996 are not recognized as assets on the statement of financial position. The Hospital's collections are protected, kept unencumbered, cared for, and preserved and are subject to a policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

Deferred Financing Costs – Costs to originate long-term debt have been deferred and are being amortized over the term of the bond or note using the straight-line method. The amounts included in interest expense in 2011 and 2010 were $29,904 and $189,057, respectively.

Assets Whose Use is Limited – Assets whose use is limited primarily include cash restricted for use by donors and reserves for unemployment insurance.

Description of Organization and Summary of Significant Accounting Policies, continued

Summary of Significant Accounting Policies, continued

Net Assets – The Hospital classifies net assets into three categories: unrestricted, temporarily restricted, and permanently restricted. All net assets are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Temporarily restricted net assets include contributions with temporary, donor-imposed time or purpose restrictions. Temporarily restricted net assets become unrestricted and are reported in the statement of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose. Permanently restricted net assets include contributions with donor-imposed restrictions requiring resources to be maintained in perpetuity, but permitting use of all or part of the investment income earned on the contributions.

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

Bad Debt – 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 not 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.

Charity Care – The Hospital provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy. Since the Hospital does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as net patient revenue. The charges at established rates foregone for services and supplies provided by the Hospital in 2011 and 2010 for charity care totaled $288,957 and $283,293, respectively.

Contributions – Contributions are generally recorded only upon receipt, unless evidence or an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Description of Organization and Summary of Significant Accounting Policies, continued

Summary of Significant Accounting Policies, continued

Contributions, continued

All contributions are considered available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires, the related temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of operations as net assets released from restrictions.

The Hospital reports contributions of property as unrestricted support unless explicit donor stipulations specify how the donated property must be used. Contributions of property with explicit restrictions that specify how the property is to be used and contributions of cash and other assets that must be used for property additions are reported as restricted support. In the absence of explicit donor stipulations about how the property must be maintained, the Hospital reports expirations of donor restrictions when the donated or acquired property is placed in service.

Income Taxes – The Hospital is a not-for-profit organization under the laws of the State of Hawaii and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Hospital applies the provisions of Topic 740 of the FASB Accounting Standards Codification relating to accounting for uncertainty in income taxes. The organization believes that it has no uncertain tax positions which would require disclosure or adjustment in these financial statements.

Performance Indicator – The Hospital's performance indicator, operating income or loss, includes all unrestricted revenues and expenses for the reporting period. The performance indicator excludes restricted contributions, unrealized gains (losses) on investments and assets limited as to use, hedging transactions, contributed capital assets, and net assets released from restrictions for capital expenditures.

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

Fair Value – FASB ASC 820 defines fair value, establishes a hierarchy for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair measurement. The statement requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three input categories:

Level 1 – Quoted market prices in active markets for identical assets or liabilities.

Description of Organization and Summary of Significant Accounting Policies, continued

Summary of Significant Accounting Policies, continued

Fair Value, continued

Level 2 – Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 – Unobservable inputs that are not corroborated by market data.

The Hospital is currently measuring its beneficial interests held in perpetuity at fair value on a recurring basis as determined through Level 2 inputs. The Hospital's interest in the equity of Parker Ranch Foundation Trust is measured at fair value on a recurring basis as determined through Level 3 inputs.

Concentration of Credit Risk – The Hospital provides inpatient, outpatient, and emergency care services, primarily to local residents who are insured under third-party payor agreements. The mix of patient service revenues during 2011 and 2010 was as follows:

	2011	2010
Medicare	30%	30%
HMSA	29%	31%
Medicaid and Quest	20%	19%
Private pay	3%	3%
Other	18%	17%
	100%	100%

Subsequent Events – The Hospital has evaluated subsequent events through June 25, 2012, the date on which the financial statements were issued. See Note 19 for a discussion of subsequent events.

(2) **Pledges Receivable**

Contributions receivable as of December 31, 2011 and 2010, and the expected timing of receipts were as follows:

	2011	2010
Less than 1 year	$ 2,715,695	1,069,968
1 to 5 years	169,125	290,182
	2,884,820	1,360,150
Less allowance for uncollectible pledges	(59,550)	(16,168)
Pledges receivable, net	2,825,270	1,343,982
Less current portion	(2,663,245)	(1,053,800)
Pledges receivable, net of current portion	$ 162,025	290,182

(3) **Notes Receivable**

In 2007, the Hospital sold its dialysis program to a third party in exchange for cash of $800,000, a $900,000 promissory note payable over five years with an interest rate of 7%, and for a 5% interest in Liberty Dialysis North Hawaii LLC (LDNH), resulting in a gain on sale of $1,718,525. The Hospital has valued its interest in LDNH at $42,105, which represents its percentage interest in the shareholders' equity of LDNH on the date of the agreement. At December 31, 2011 and 2010, the balance of the note receivable was $180,000 and $360,000, respectively.

In 2011, the Hospital signed a promissory note receivable from a physician pursuant to his Physician Employment Agreement for an amount not to exceed $265,243. The note bears an interest rate of Prime Rate published by the Wall Street Journal on corporate loans plus 2% adjusted annually. Principal and accrued interest is due in 60 equal monthly installments. The note has a provision for forgiveness of the amount due if the physician continuously complies with the all terms and conditions of the Employment Agreement at an amount equal to $1/60^{th}$ of the note every month. At December 31, 2011, the amortized balance of the note receivable was $238,758.

The hospital has notes receivable from employees for relocation allowance. These notes are amortized over 24 to 36 months depending on the position of the employee. At December 31, 2011 and 2010, the amortized balance of the notes receivable was $168,007 and $67,915, respectively.

(4) **Property and Equipment**

Property and equipment at December 31, 2011 and 2010 consisted of the following:

	2011	2010
Land and improvements	$ 11,726,688	11,720,377
Buildings and improvements	20,981,869	20,985,072
Furniture, fixtures, and equipment	27,045,494	25,861,121
Construction in progress	1,709,572	114,204
	61,463,623	58,680,774
Less accumulated depreciation	(35,006,240)	(33,397,331)
Property and equipment, net	$ 26,457,383	25,283,443

Depreciation expense was $2,658,770 and $2,859,711 for December 31, 2011 and 2010, respectively.

(5) **Contributed Use of Land**

In 1994, the Hospital entered into a lease agreement with the Trust Estate of Lucy Henriques for land underlying the Hospital's campus. The lease provides for an annual rent of $1 for 90 years. Leasehold interest was capitalized and a contribution recorded at the lease's appraised value of $3.6 million and is amortized over the term of the lease. At December 31, 2011 and 2010, the unamortized value of the leasehold interest was $2,886,625 and $2,926,624, respectively.

(6) **Collections**

Collection items donated to the Hospital since 1996 that have not been capitalized include various works of art that are held for public exhibition within the Hospital. The value of the works of art is not reasonably estimable at the time of the donation. The collection items are not subject to any restrictions by the donor.

(7) **Assets Whose Use is Limited**

Assets whose use is limited consist of cash restricted for use by donors for specific purposes and reserves for unemployment insurance. Donor restricted cash at December 31, 2011 and 2010, totaled $2,465,953 and $3,827,040, respectively. The balance in the Unemployment Insurance Fund Reserve was $138,005 at December 31, 2011 and $112,604 at December 31, 2010.

(8) **Estimated Third-Party Payor Settlements**

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

Medicare – 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. Certain outpatient services and defined capital costs related to Medicare beneficiaries are paid based upon a cost reimbursement methodology and on a prospective payment system. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits by the Medicare fiscal intermediary.

Medicaid – Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed at a predetermined rate.

Estimated Third-Party Payor Settlements, continued

Other Agreements – The Hospital has also entered into reimbursement agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for reimbursements under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined per diem rates.

(9) **Interest in Equity of Parker Ranch Foundation Trust**

The Hospital is a named beneficiary, along with 3 other organizations, in the Parker Ranch Foundation Trust established in perpetuity by Richard Smart for the charitable purpose of supporting health care and education in the District of South Kohala centered around the town of Kamuela, Hawaii. The Trustees are currently appointed by the beneficiaries and are required to make distributions no less than annually to the named beneficiaries based on the recommendations from a Distribution Committee. The distribution to the beneficiaries is allocated as follows:

• North Hawaii Community Hospital, Inc.	48%
• Hawaii Community Foundation	20
• Hawaii Preparatory Academy	16
• Parker School Trust Corporation	16
	100%

Beginning in 2010 the Trustees, in accordance with the recommendation of the Distribution Committee and current Trust provisions, approved a distribution policy for the next 10 year period to make an annual distribution of annual net income and discretionary principal of $2,000,000. The Hospital records a distribution receivable from the Trust when the distribution has been declared. As a 48% named beneficiary, annual distributions to the Hospital were $960,000 for the years ended December 31, 2011 and 2010. The Hospital records its interest in the equity of the Trust annually at fair value using Level 3 inputs as described in the Summary of Significant Accounting Policies in Note 1. The fair value of the Trust was $136,494,600 and $138,897,081 at December 31, 2011 and 2010, respectively. The interest in the equity of the Trust is permanently restricted. Distributions and decreases in fair value are released from restrictions; while increases in fair value are added to restrictions.

(10) **Beneficial Interests**

The Hospital has a recorded a beneficial interest in the 5 following trusts:

Earl Bakken Charitable Lead Trust – As sole named beneficiary, the Hospital receives an annuity of $250,000 in equal semi-annual installments from the commencement of the agreement (April 30, 1998) until the later of either 20 years or the death of the survivor of grantor or grantor's wife.

Beneficial Interests, continued

Earl Bakken Charitable Lead Trust, continued

The Hospital has no reversionary interest in either the principal or income of the Trust at the end of the established term. The present value of the beneficial interest annuity was determined through discounted future cash flows based on a discount rate of 6%. The present value of the beneficial interest was $1,380,226 and $1,460,849 at December 31, 2011 and 2010, respectively. The beneficial interest is temporarily restricted due to the passage of time and is released from restrictions as installments are received and the discount is amortized over the term of the annuity.

Lucy Henriques Perpetual Trust – The Hospital is the sole named beneficiary of the Lucy Henriques Trust. As named beneficiary the Hospital is to receive annual net income from the Trust principal to help fund hospital operations in perpetuity. The Hospital records its beneficial interest in the Trust annually at fair value using Level 2 inputs as described in the Summary of Significant Accounting Policies in Note 1. The fair value of the Trust principal was $1,986,702 and $2,123,022 at December 31, 2011 and 2010, respectively. Distributions were $87,000 and $96,660 for the periods ended December 31, 2011 and 2010, respectively. The Trust principal is permanently restricted. Distributions and decreases in fair value are released from restrictions; while increases in fair value are added to restrictions.

Rodenhurst Perpetual Trust – The Hospital is the sole named beneficiary of the Julia Rodenhurst Trust. Trust principal is held by a third party Trustee, Hawaii Community Foundation, which is to distribute net income from the principal annually. As sole named beneficiary the Hospital is to receive annual net income from the Trust principal to help fund hospital operations in perpetuity. The Hospital records its beneficial interest in the Trust annually at fair value using Level 2 inputs as described in the Summary of Significant Accounting Policies in Note 1. The fair value of the Trust principal was $650,781 and $690,461 at December 31, 2011 and 2010, respectively. Distributions were $34,489 and $15,676 for the periods ended December 31, 2011 and 2010, respectively. The Trust principal is permanently restricted. Distributions and decreases in fair value are released from restrictions; while increases in fair value are added to restrictions.

Carter Perpetual Trust – The Hospital, along with 2 other organizations, is a named beneficiary of the Rebecca Carter Trust. Trust principal is held by a third party Trustee, Hawaii Community Foundation, which is to distribute net income from the principal annually. The Hospital holds a 2/3 (66.68%) interest in the Trust. As a named beneficiary the Hospital is to receive annual net income from the Trust principal to help fund hospital operations in perpetuity. The Hospital records its beneficial interest in the Trust annually at fair value using Level 2 inputs as described in the Summary of Significant Accounting Policies in Note 1. The fair value of the Trust principal was $259,863 and $268,281 at December 31, 2011 and 2010, respectively. Distributions were $5,999 and $6,092 for the periods ended December 31, 2011 and 2010, respectively. The Trust principal is permanently restricted. Distributions and decreases in fair value are released from restrictions; while increases in fair value are added to restrictions.

Beneficial Interests, continued

Baird Perpetual Trust – The Hospital, along with 2 other organizations, is a named beneficiary of the John and Dorothy Baird Trust. Trust principal is held by a third party Trustee, Hawaii Community Foundation, which is to distribute net income from the principal annually. The Hospital holds a 1/3 (33.34%) interest in the Trust. As a named beneficiary the Hospital is to receive annual net income from the Trust principal to help fund hospital operations in perpetuity. The Hospital records its beneficial interest in the Trust annually at fair value using Level 2 inputs as described in the Summary of Significant Accounting Policies in Note 1. The fair value of the Trust principal was $94,362 and $97,419 at December 31, 2011 and 2010, respectively. Distributions were $2,179 and $2,213 for the periods ended December 31, 2011 and 2010, respectively. The Trust principal is permanently restricted. Distributions and decreases in fair value are released from restrictions; while increases in fair value are added to restrictions.

(11) **Long-term Debt**

Long-term debt at December 31, 2011 and 2010 consisted of the following:

	2011	2010
Note payable to a bank, interest accruing at 5.25%, payable in fixed monthly principal payments of $65,542, plus interest with final payment due December 15, 2015. Secured by any and all assets of the Hospital. Balloon payment due on maturity of $3,908,522.*	$ 7,078,496	7,865,000
Note payable to Parker Ranch, interest accruing at the average U.S. Treasury bills with a 5 year maturity plus 4.25% with a floor of 5.5%, adjusted quarterly (currently at 5.5%), payable in fixed monthly principal payments of $17,000 plus interest, secured by the Hospital's right to receive distributions of principal and income as a beneficiary, with a maturity of December 1, 2015. Balloon payment of $1,037,000 due at maturity.	1,819,000	2,023,000
Note payable to a financing company, interest accruing at 7.15%, drawn down in four advances (during the advance period, only monthly accrued interest payments due on amount drawn down), due in 60 monthly principal and interest payments of $10,477, to commence after 30 days of the last advance (earlier of May 12, 2012 or date of last advance) with a maturity of May 12, 2017 secured by equipment. See Note 19.	289,966	-

Long-term Debt, continued

	2011	2010
Unsecured note payable to a company with interest accruing at 6.07%, payable in monthly principal and interest payments of $26,356, with a balloon payment of $236,774 due at maturity at the end of 2012.	$ 236,774	528,975
Note payable to a bank, interest accrues at 5.25%, payable in fixed monthly principal payments of $16,667, plus interest with final payment due December 15, 2012. Secured by any and all assets of the company.*	199,996	400,000
Total debt	9,624,232	10,816,975
Less current portion	(1,592,127)	(1,462,501)
Net long-term debt	$ 8,032,105	9,354,474

* The debt agreement contains various affirmative, negative and financial covenants. At December 31, 2011, the Hospital was not in compliance with covenants related to restriction on capital expenditures, debt service coverage ratio, and days' cash on hand. However, a waiver was obtained from the lender.

Principal maturities of long-term debt over the next five years are as follows:

December 31,	
2012	$ 1,592,127
2013	1,087,040
2014	1,094,173
2015	5,850,892
	$ 9,624,232

(12) **Capital Leases**

The Hospital leases office and plant equipment from financing companies under capital leases. The obligations under capital lease have been recorded in the accompanying financial statements at the present value of the future minimum lease payments. The assets are depreciated over their estimated productive lives, with the related expense included in depreciation expense.

Capital Leases, continued

Capital lease obligations consist of the following at December 31, 2011 and 2010:

	2011	2010
Leases payable to a financing company for equipment, with monthly payments totaling $15,532, including interest at 4.56% per annum, secured by equipment with a maturity of December 2, 2016.	$ 834,429	-
Leases payable to a financing company for equipment, with monthly payments totaling $8,105, including interest ranging from 6.9% to 7.5% per annum, secured by equipment, with maturities of May 24 and October 1, 2013.	127,515	250,112
Total capital lease obligations	961,944	250,112
Less current portion	(237,959)	(122,597)
Net long-term capital lease obligations	$ 723,985	127,515

At December 31, 2011 and 2010, the cost of the leased equipment was approximately $1,310,866 and $476,437 with accumulated depreciation of $340,376 and $225,525, respectively.

The future minimum lease payments under the capital lease and the net present value of the future minimum lease payments are as follows at December 31:

2012	$ 283,452
2013	237,267
2014	186,172
2015	186,172
2016	186,451
Less amount representing interest	(117,570)
	961,944
Less current portion	(237,959)
	$ 723,985

(13) **Temporarily Restricted Net Assets**

Net assets are released from donor restrictions primarily by incurring expenditures that satisfy the restricted purposes or due to the passage of time. Net assets released from restriction during 2011 and 2010 and net assets available as of December 31, 2011 and 2010, were as follows:

	2011		2010	
	Restrictions Released	Available Balance	Restrictions Released	Available Balance
Restricted due to passage of time	$ 300,177	4,428,875	2,379,092	4,677,655
Purpose restricted – operations	81,530	260,449	3,000	100,834
Purpose restricted – capital	834,429	5,587,481	-	4,129,410
Total	$ 1,216,136	10,276,805	2,382,092	8,907,899

(14) **Functional Expenses**

The Hospital provides general health care services to residents and visitors of North Hawaii. Expenses related to providing these services during 2011 and 2010 were as follows:

	2011	2010
Health care services	$ 35,668,218	30,221,101
General and administrative	13,701,113	13,309,603
Development	730,655	679,631
Total	$ 50,099,986	44,210,355

(15) **Employee Benefits**

The Hospital may make discretionary contributions to its 401(k) retirement savings plan, which covers all employees who were employed at year-end and have completed 1,000 hours of service. Contributions expense for the years ended December 31, 2011 and 2010, was $99,578 and $80,596, respectively.

(16) **Leasing Arrangements**

The Hospital leases office space under various operating lease agreements expiring in 2013. The cost of property leased under the above agreements amounted to $2,455,079 and $2,456,436, net of accumulated depreciation of $1,442,429 and $1,356,923 at December 31, 2011 and 2010, respectively.

Leasing Arrangements, continued

The minimum future rentals on non-cancelable operating leases as of December 31 are as follows:

2012	$ 137,650
2013	34,378
Total future minimum rentals	$ 172,028

(17) **Restatement**

Beginning net assets for the year ended December 31, 2010 has been restated from $31,245,551 to $169,610,227. The primary reason for the restatement is the Hospital was not accounting for its interest in the equity of Parker Ranch Foundation Trust and other beneficial interests from which the Hospital is entitled, as a named beneficiary, to receive distributions on an annual basis. The Hospital was accounting for the various trust distributions in the year of receipt but not reflecting the value of those trust resources on its balance sheet in accordance with generally accepted accounting principles (GAAP). The financial statements have been restated to reflect such information.

(18) **Commitments and Contingencies**

Hospital-Based Service Arrangements – The Hospital has hospital-based service arrangements relating to laboratory and emergency services expiring on various dates through 2012. Reimbursement arrangements vary by service group. Generally, the agreements require the service group to be responsible for billing and collecting for the professional component of the services provided at the Hospital, while the Hospital is responsible for billing and collecting for the technical component. Certain services are provided to the Hospital by service groups at fixed rates. In addition, the service agreements generally require the Hospital to provide hospital space to the service groups and clinical and support personnel.

Hospital-Based Service Agreements – The Hospital has hospital-based service agreements relating to anesthesia and hospitalist programs expiring on various dates through 2012.

Information Services –In October 2008, the Hospital entered into a four-year IT management services agreement with Phoenix Health Systems (Phoenix), wherein Phoenix is to provide general IT management services and certain support personnel to the Hospital. For the years ended December 31, 2011 and 2010, fees paid to Phoenix totaled $507,830 and $695,984, respectively. The Hospital terminated its agreement with Phoenix effective September 30, 2012.

Litigation – There are various claims against the Hospital arising in the ordinary course of business. Management, after consultation with legal counsel, is of the opinion that the ultimate resolution of these matters will not have a material adverse effect on the Hospital's financial statements.

Commitments and Contingencies, continued

Risk Management – The Hospital purchases insurance coverage for professional, property, general liability, and workers' compensation claims.

(19) **Subsequent Events**

The Hospital entered into five capital leases for imaging equipment in 2011, totaling $1,492,633. The lease repayment does not start until the equipment has been received and accepted, which will be in 2012. The leases are payable in 60 monthly payments of $29,283 and secured by the related equipment.

As described in Note 11, the Hospital entered into a note payable with a financing company. Interest accrues at 7.15%, and is to be drawn down in four advances (during the advance period, only monthly accrued interest payments due on amount drawn down). The note is due in 60 monthly principal and interest payments of $10,477, to commence after 30 days of the last advance. The Hospital advanced the remaining $237,245 available on the note payable in 2012 and payments commenced in April 2012.