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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 07-01-2011 and ending 06-30-2012

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

C Name of organization
CENTRAL PENINSULA GENERAL HOSPITAL INC

Doing Business As
Central Peninsula Hospital

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

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

D Employer identification number
92-0077523

E Telephone number
(907) 714-4404

G Gross receipts $ 199,479,298

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

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ www cpgh org

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

Part I Summary

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

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	11
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	9
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	867
6	Total number of volunteers (estimate if necessary)	**6**	246
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	1,020
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	34,894

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	1,164,424	1,122,562
	9 Program service revenue (Part VIII, line 2g)	160,821,053	196,563,665
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	280,501	267,126
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	671,090	1,305,676
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	162,937,068	199,259,029
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	139,192	179,256
	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)	59,648,477	67,350,906
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	97,675,498	122,895,004
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	157,463,167	190,425,166
	19 Revenue less expenses Subtract line 18 from line 12	5,473,901	8,833,863

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	121,920,884	132,450,612
	21 Total liabilities (Part X, line 26)	46,955,610	48,651,475
	22 Net assets or fund balances Subtract line 21 from line 20	74,965,274	83,799,137

Part II Signature Block

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

Sign Here

▶ Signature of officer — 2013-02-15 Date

▶ Shaun Keef Chief Financial Officer
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶	Date	Check if self-employed ▶ ☐	Preparer's taxpayer identification number (see instructions)
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶			EIN ▶
			Phone no ▶

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

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

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 $ 170,708,016 including grants of $) (Revenue $ 169,281,220)

Our 49 bed hospital provided patient and ancillary services to 2,387 inpatients and 82,310 outpatients during the 2011 tax year The hospital provides emergency medical services regardless of ability to pay Emergency medical services were provided to 16,770 individuals, and 1,389 of those individuals were admitted to the hospital 3,900 surgical procedures were performed in the hospital during the tax year The imaging department performed 38,699 procedures Over 57,000 physical therapy procedures were provided to area residents During the 2011 tax year, free medical services in the amount of $7,050,090 were provided to patients eligible for charity care

4b (Code) (Expenses $ 10,651,180 including grants of $) (Revenue $ 11,456,333)

Skilled nursing and long term care services were provided by our 60 bed skilled nursing facility Heritage Place provides healing and compassionate residential care in a home like setting Total admissions for the 2011 tax year were 37 and total resident days of care were 20,449 An average of 56 residents per day were provided long term care and nursing Ancillary services for residents included 10,971 physical therapy treatments, while outpatients received 3,431 therapy treatments

4c (Code) (Expenses $ 6,681,218 including grants of $) (Revenue $ 13,975,958)

The Hospital operates 9 family and specialty physician services clinics providing care in the following areas Family medicine, Women's health, Pediatrics, Neurology, Pain Management, Surgery, and Orthopedics Other outpatient clinics include Wound care, Sleep studies, Forensic services, and the provision of Durable medical equipment During the 2011 tax year, physician and specialty services were provided for 22,682 patient visits Over 2,700 wound care procedures, 145 forensic exams, and 215 sleep studies were also performed

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ $ 188,040,414

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7	Yes	
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in 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		No
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a	Yes	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b		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**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
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**	Yes	
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**	116		
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**	867			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account 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	11		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	9		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		5		No
6	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	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		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 ▶

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

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

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

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

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, 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) Henry Krull Board Member	4	X						2,125	0	0
(2) Michael Navarre Board Member	4	X						2,000	0	0
(3) John Hoyt Board Member	4	X						3,200	0	0
(4) Silverio Mattero Board Member	4	X						3,125	0	0
(5) Russell Peterson Board Member	4	X						0	0	0
(6) Richard Ross Board Member	4	X						3,425	0	0
(7) Judith Salo Board Member	4	X						3,475	0	0
(8) Alyson Stogsdill Secretary/Treasurer	6	X						3,425	0	0
(9) Trena Richardson Board Vice President	6	X						4,375	0	0
(10) John Torgerson Board Member	4	X						2,075	0	0
(11) Loren Wiemer Board President	6	X						12,575	0	0
(12) Irving Carlisle Board Member	4	X						0	0	0
(13) Henry Peter Sprague Board Member	4	X						0	0	0
(14) Stephen Craig Humphreys Board Member	4	X						0	0	0
(15) Ryan K Smith CEO	40			X				420,049	34,506	0
(16) Jason D Paret CFO	40			X				162,455	27,955	0
(17) Andrea D Posey CNO	40			X				160,859	36,806	0

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) Johnny L Dodd VP of Human Resources	40			X				132,713	24,695	0
(19) Matthew Dammeyer Chief Operating Officer	40			X				153,374	35,083	0
(20) Michael Haggerty Interim CFO/Controller	40			X				144,895	17,348	0
(21) Richard Davis CEO	40			X				109,931	7,480	0
(22) Gregg Motonaga Anesthesia PhD	40					X		571,622	37,796	0
(23) Charles C Mickelson Emergency PhD	28					X		517,710	33,543	0
(24) David S Innes Orthopedic Surgeon	40					X		1,214,672	33,543	0
(25) Cynthia Kahn Pain Management Physician	40					X		534,712	14,555	0
(26) Ned Magen Emergency Room Physician	33					X		465,902	33,543	0
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								4,628,694	336,853	0

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 ▶ 68

			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
Molloy Schmidt LLC 110 South Willow St Suite 101 Kenai, AK 99611	Attorney Services	435,148
Sound Physicians 1123 Pacific Avenue Tacoma, WA 98402	Physician Services	849,555
C&A Industries Aureus PO Box 3037 Omaha, NE 68103	Contract Labor Provider	304,878
Wash Doctor PO Box 3781 Soldotna, AK 99669	Laundry Services	162,040
Curtis Buchholz 44455 Sterling Hwy Soldotna, AK 99669	Pathology Services	105,200
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 ▶		

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a 0				
	b	Membership dues	1b 0				
	c	Fundraising events	1c 0				
	d	Related organizations	1d 240,848				
	e	Government grants (contributions)	1e 860,922				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f 20,792				
	g	Noncash contributions included in lines 1a-1f $ 792					
	h	**Total.** Add lines 1a-1f		1,122,562			
Program Service Revenue			Business Code				
	2a	Hospital Service Revenue	622000	169,218,220	169,218,220	0	0
	b	Nursing Home Revenue	623000	11,456,333	11,456,333	0	0
	c	Physician clinic revenue	621110	13,975,958	13,975,958	0	0
	d						
	e						
	f	All other program service revenue		1,913,154	1,913,154	0	0
	g	**Total.** Add lines 2a–2f		196,563,665			
	3	Investment income (including dividends, interest and other similar amounts)		266,277	0	0	266,277
	4	Income from investment of tax-exempt bond proceeds		0	0	0	0
	5	Royalties		0	0	0	0
			(i) Real / (ii) Personal				
	6a	Gross rents	102,091 / 0				
	b	Less rental expenses	101,071 / 0				
	c	Rental income or (loss)	1,020 / 0				
	d	Net rental income or (loss)		1,020	0	1,020	0
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	0 / 849				
	b	Less cost or other basis and sales expenses	0 / 0				
	c	Gain or (loss)	0 / 849				
	d	Net gain or (loss)		849	849	0	0
Other Revenue	8a	Gross income from fundraising events (not including $ 0 of contributions reported on line 1c) See Part IV, line 18 a					
	b	Less direct expenses b					
	c	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities See Part IV, line 19 a					
	b	Less direct expenses b					
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances a	364,884				
	b	Less cost of goods sold b	119,198				
	c	Net income or (loss) from sales of inventory		245,686	245,686	0	0
		Miscellaneous Revenue	Business Code				
	11a	Property tax revenue	900099	91,686	91,686	0	0
	b	USAC Telephone Svc rev	900099	518,300	518,300	0	0
	c	Medicaid EHR subsidy	900099	448,984	448,984	0	0
	d	All other revenue		0	0	0	0
	e	**Total.** Add lines 11a–11d		1,058,970			
	12	**Total revenue.** See Instructions		199,259,029	197,869,170	1,020	266,277

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	179,256	179,256		
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	0	0		
4	Benefits paid to or for members	0	0		
5	Compensation of current officers, directors, trustees, and key employees	5,052,012	3,531,523	1,520,489	0
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0	0	0	0
7	Other salaries and wages	41,310,081	41,310,081	0	0
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,428,342	1,428,342	0	0
9	Other employee benefits	16,463,307	16,463,307	0	0
10	Payroll taxes	3,097,164	3,097,164	0	0
11	Fees for services (non-employees)				
a	Management	0	0	0	0
b	Legal	795,891	0	795,891	0
c	Accounting	55,316	0	55,316	0
d	Lobbying	13,056	0	13,056	0
e	Professional fundraising *See Part IV, line 17* . .	0			0
f	Investment management fees	0	0	0	0
g	Other	2,713,410	2,713,410	0	0
12	Advertising and promotion	563,745	563,745	0	0
13	Office expenses	17,725,726	17,725,726	0	0
14	Information technology	3,366,289	3,366,289	0	0
15	Royalties . .	0	0	0	0
16	Occupancy	2,350,382	2,350,382	0	0
17	Travel	331,129	331,129	0	0
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0	0	0	0
19	Conferences, conventions, and meetings	270,281	270,281	0	0
20	Interest	1,103,590	1,103,590	0	0
21	Payments to affiliates	0	0	0	0
22	Depreciation, depletion, and amortization	7,977,536	7,977,536	0	0
23	Insurance	973,887	973,887	0	0
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	Medicare Deductions from revenue	34,948,132	34,948,132	0	0
b	Medicaid deductions from revenue	17,842,691	17,842,691	0	0
c	Charity care write-offs	7,050,090	7,050,090	0	0
d	Commercial, govmt, and other deductions from rev	13,063,444	13,063,444	0	0
e					
f	All other expenses	11,750,409	11,750,409	0	0
25	**Total functional expenses.** Add lines 1 through 24f	190,425,166	188,040,414	2,384,752	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		0	1	0
	2	Savings and temporary cash investments		21,281,704	2	27,803,487
	3	Pledges and grants receivable, net		200,722	3	128,492
	4	Accounts receivable, net		15,114,899	4	19,371,223
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	322,465
	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		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		3,133,692	8	3,539,385
	9	Prepaid expenses and deferred charges		715,429	9	1,341,753
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 113,121,143			
	b	Less accumulated depreciation	10b 48,267,250	67,835,573	10c	64,853,893
	11	Investments—publicly traded securities		0	11	0
	12	Investments—other securities See Part IV, line 11		500,000	12	500,000
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		13,138,865	15	14,589,914
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		121,920,884	16	132,450,612
Liabilities	17	Accounts payable and accrued expenses		8,708,436	17	12,807,111
	18	Grants payable		0	18	0
	19	Deferred revenue		12,136	19	14,194
	20	Tax-exempt bond liabilities		38,235,038	20	35,830,170
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		0	25	
	26	**Total liabilities.** Add lines 17 through 25		46,955,610	26	48,651,475
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		74,465,274	27	83,299,137
	28	Temporarily restricted net assets		500,000	28	500,000
	29	Permanently restricted net assets		0	29	0
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		74,965,274	33	83,799,137
	34	Total liabilities and net assets/fund balances		121,920,884	34	132,450,612

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	199,259,029
2	Total expenses (must equal Part IX, column (A), line 25)	2	190,425,166
3	Revenue less expenses Subtract line 2 from line 1	3	8,833,863
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	74,965,274
5	Other changes in net assets or fund balances (explain in Schedule O)	5	
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	83,799,137

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
CENTRAL PENINSULA GENERAL HOSPITAL INC

Employer identification number
92-0077523

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

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

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

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

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

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

_____

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

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

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

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

9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

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

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

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

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

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

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

	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

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ **Complete if the organization is described below.**

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

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

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

1 Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

A Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

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

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

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

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

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		3,272
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		9,785
j	Total lines 1c through 1i			13,057
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
SchC_P2B_S00_L01	Schedule C, Part II-B, Line 1	The Hospital engages in very little lobbying on an ongoing basis However, educational discussions with lawmakers and general support of healthcare legislation do occur on occasion Lobbying expenses for tax year 2011 consisted of one trip to the US Capitol, and one trip to the State Capitol to meet with legislators ($3,272) Other lobbying expenses consist of the % of dues paid to the American Hospital Association and the Alaska State Hospital and Nursing Home Association which were reportedly used for lobbying expenses ($9,785)

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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
CENTRAL PENINSULA GENERAL HOSPITAL INC

Employer identification number
92-0077523

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Part VI 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	1,825,517	0		1,825,517
b Buildings	70,354,228	0	31,578,316	38,775,912
c Leasehold improvements	625,797	0	206,955	418,842
d Equipment	37,735,616	0	15,832,922	21,902,694
e Other	2,579,985	0	649,057	1,930,928
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				64,853,893

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

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

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

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

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

(a) Description	(b) Book value
(1) Plant replacement fund	11,421,461
(2) Longterm investment (Certificate of Deposit)	3,034,960
(3) Bond issuance costs (refunding bonds)	133,493
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	14,589,914

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

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

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

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	199,259,029
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	190,425,166
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	8,833,863
4	Net unrealized gains (losses) on investments	4	0
5	Donated services and use of facilities	5	0
6	Investment expenses	6	0
7	Prior period adjustments	7	0
8	Other (Describe in Part XIV)	8	0
9	Total adjustments (net) Add lines 4 - 8	9	0
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	8,833,863

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	126,354,672
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	0		
b	Donated services and use of facilities	2b	0		
c	Recoveries of prior year grants	2c	0		
d	Other (Describe in Part XIV)	2d	0		
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	126,354,672
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	0		
b	Other (Describe in Part XIV)	4b	72,904,357		
c	Add lines **4a** and **4b**			4c	72,904,357
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	199,259,029

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

1	Total expenses and losses per audited financial statements			1	117,520,809
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a	0		
b	Prior year adjustments	2b	0		
c	Other losses	2c	0		
d	Other (Describe in Part XIV)	2d	0		
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	117,520,809
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	0		
b	Other (Describe in Part XIV)	4b	72,904,357		
c	Add lines **4a** and **4b**			4c	72,904,357
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	190,425,166

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
SchD_P02_S00_L09	Schedule D, Part II, Line 9	In 2008 the hospital purchased a building which resides on 40 acres of land subject to a 'perpetual covenant' for the benefit of all AK residents, restricting the use of the land for agricultural purposes pursuant to AK statute 38 05 321 The building is used by the hospital's chemical dependency dept There is no value placed on the easement itself and therefore it does not appear on the hospital financial statements or footnotes However the cost of the real property is recorded as an asset on the balance sheet
SchD_P12_S00_L04b	Schedule D, Part XII, Line 4b	Amounts reported on line 1 are net of certain allowances and deductions for third party payors such as Medicare, Medicaid, VA, Charity Care, and Other insurance classes
SchD_P13_S00_L04b	Schedule D, Part XIII, Line 4b	Amounts reported on line 1 are not inclusive of certain allowances and deductions from revenue which are reported in Part IX line 25 expenses These allowances and deductions represent amounts charged to payers which must be written off They include Medicare, Medicaid, VA, Charity care, and other insurance classes

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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
CENTRAL PENINSULA GENERAL HOSPITAL INC

Employer identification number
92-0077523

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	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	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)	1	6,382	3,640,751	0	3,640,751	3 39 %
b Medicaid (from Worksheet 3, column a)	1	22,557	19,572,217	17,966,444	1,605,773	1 5 %
c Costs of other means-tested government programs (from Worksheet 3, column b)	1	198	27,002	15,216	11,786	0 01 %
d **Total** Charity Care and Means-Tested Government Programs	3	29,137	23,239,970	17,981,660	5,258,310	4 90 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)	479	22,393	657,404	70,267	587,138	0 55 %
f Health professions education (from Worksheet 5)	100	764	99,534	62,944	36,590	0 03 %
g Subsidized health services (from Worksheet 6)	9	9,720	2,563,343	872,205	1,691,138	1 58 %
h Research (from Worksheet 7)	0	0	0	0	0	0 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)	286	1,908	184,388	0	184,388	0 17 %
j **Total** Other Benefits	874	34,785	3,504,669	1,005,416	2,499,254	2 33 %
k **Total.** Add lines 7d and 7j	877	63,922	26,744,639	18,987,076	7,757,564	7 23 %

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	0	0	0	0	0	0 %
2	Economic development	0	0	0	0	0	0 %
3	Community support	0	0	0	0	0	0 %
4	Environmental improvements	0	0	0	0	0	0 %
5	Leadership development and training for community members	0	0	0	0	0	0 %
6	Coalition building	0	0	0	0	0	0 %
7	Community health improvement advocacy	0	0	0	0	0	0 %
8	Workforce development	1	0	300	0	300	0 %
9	Other	0	0	0	0	0	0 %
10	**Total**	1	0	300	0	300	0 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense	2	4,696,386		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	3,626,138		
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	26,096,414
6	Enter Medicare allowable costs of care relating to payments on line 5	6	27,440,839
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-1,344,425
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					
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Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	Central Peninsula Hospital 250 Hospital Place Soldotna, AK 99669	X	X					X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Central Peninsula 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**	Yes	
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 09			
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**	Yes	
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**		No
5 Did the hospital facility make its Needs Assessment widely available to the public?	**5**	Yes	
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**		No
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%			
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% If "No," explain in Part VI the criteria the hospital facility used			
11 Explained the basis for calculating amounts charged to patients?	**11**	Yes	
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**	Yes	
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**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of 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**		No
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? **16**

	Name and address	Type of Facility (Describe)
1	See Additional Data Table	
2		
3		
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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
SchH_P01_S00_L07	Schedule H, Part I, Line 7	In activities where costs were reasonably able to be compiled, we used actual costs For activities such as charity care, and the cost to provide such care, we used the cost to charge ratio as calculated by our most current medicare cost report figures

Identifier	ReturnReference	Explanation
SchH_P01_S00_L072f	Schedule H, Part I, Line 7, Column f	Total bad debt (at gross charges) reported were $9,094,261 However applying a cost to charge ratio of 51 7% we reduced bad debt to $4,696,386 to report the 'cost' to the organization for unpaid accounts Of this balance approximately 73% is estimated to be attributable to patients who may be eligible for free or discounted care under the organizations charity care policy

Identifier	ReturnReference	Explanation
SchH_P02_S00_L00	Schedule H, Part II	The Hospital performs most of its community building activities through monetary support to local non-profits reported in another section of the Schedule H

Identifier	ReturnReference	Explanation
SchH_P03_S0A_L04	Schedule H, Part III, Section A, Line 4	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 neither medically nor financially indigent and do not qualify for the Hospital's charity care program Bad debt provisions are determined by management's assessment with consideration of business and economic conditions, changes and trends in healthcare coverage, and other collection indicators The adequacy of this provision is periodically reviewed and further modified based upon the accounts receivable payor composition and aging, and historical write-off experience by payor category The amount reported on line 1 is based on total gross charges written off to bad debt ($9,094,261) times the cost to charge ratio, to arrive at Cost of services written off to bad debt The amount reported on line 2 is based on an estimated 73% of bad debts which may be attributable to patients that qualify for a discount or free care under our financial assistance policy Because bad debts are primarily related to uninsured and underinsured patients to which services are provided despite the ability to pay, we believe that bad debts are also considered a community benefit

Identifier	ReturnReference	Explanation
SchH_P03_S0B_L08	Schedule H, Part III, Section B, Line 8	The cost to charge ratio has been calculated based on current charges and costs reported on our 2012 Medicare Cost Report The ratio is slightly lower than that reported due to the removal of community benefit expenses from the total 'costs' (for the purposes of the 990 Sch H) It is the position of management that virtually all of the shortfall of medicare costs vs reimbursement are considered a community benefit The reason for this stance is that the hospital is required to write off contractual allowances for medicare patients regardless of the shortfall created to provide those services The hospital may only collect the portion which is patient co-pay or deductible and may not engage in collection efforts for the remainder

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

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

Identifier	ReturnReference	Explanation
SchH_P05_S0B_L06	Schedule H, Part V, Section B, Line 6	Hospital management and the board of directors address the needs assessment findings through frequent strategic planning and the implementation of new services whenever financially viable Additionally, the hospital supports the provision of health services by community health partners when it cannot supply those needs itself

Identifier	ReturnReference	Explanation
SchH_P05_S0B_L07	Schedule H, Part V, Section B, Line 7	Four of the health findings require long-term planning to reach the intended goal, they are 1 Smoking rates of Central Kenai Peninsula residents remain elevated (although a non-smoking hospital campus has been revived, and smoking cessation methods are provided to patients --community wide initiated have yet to be planned and implemented) 2 Cancer risks on the Central Kenai Peninsula are elevated, requiring the promotion of screening (The construction of a radiation oncology center is underway for patients in need of cancer treatment, however detection and prevention efforts require additional attention) 3 Mental Health Needs are an issue on the Central Kenai Peninsula due to elevated depression/anxiety (Continued program expansion and funding for women's and children's behavioral health needs have been achieved - however additional mental health providers are needed to meet the demand) 4 Barriers to oral health care due to cost exists for a large number of residents (The hospital has not yet developed a solution for reducing the cost of oral health care for area residents Currently Peninsula Community Health services is meeting this need through the provision of dental care through means based programs)

Identifier	ReturnReference	Explanation
SchH_P05_S0B_L13	Schedule H, Part V, Section B, Line 13	The hospital employs 2 full time financial counselors that meet personally with patients to review their bills, set up payment arrangements, explain the financial assistance policy, and assist with the financial assistance application process

Identifier	ReturnReference	Explanation
SchH_P05_S0B_L17	Schedule H, Part V, Section B, Line 17	Our financial counselors make every effort to contact patients via phone and mail to communicate the various options for either payment arrangements or financial assistance prior to sending an account to collections

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

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

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

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

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

Additional Data

Software ID:	11000129
Software Version:	v1.00
EIN:	92-0077523
Name:	CENTRAL PENINSULA GENERAL HOSPITAL INC

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

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size from largest to smallest) How many non-hospital facilities did the organization operate during the tax year? **16** Name and address	Type of Facility (Describe)
Heritage Place 232 Rockwell Ave Unit C/D Soldotna, AK 99669	Skilled nursing facility, longterm care
Heritage Place 232 Rockwell Ave Unit C/D Soldotna, AK 99669	Skilled nursing facility, longterm care
Heritage Place 232 Rockwell Ave Unit C/D Soldotna, AK 99669	Skilled nursing facility, longterm care
Heritage Place 232 Rockwell Ave Unit C/D Soldotna, AK 99669	Skilled nursing facility, longterm care
Heritage Place 232 Rockwell Ave Unit C/D Soldotna, AK 99669	Skilled nursing facility, longterm care
Heritage Place 232 Rockwell Ave Unit C/D Soldotna, AK 99669	Skilled nursing facility, longterm care
Heritage Place 232 Rockwell Ave Unit C/D Soldotna, AK 99669	Skilled nursing facility, longterm care
Heritage Place 232 Rockwell Ave Unit C/D Soldotna, AK 99669	Skilled nursing facility, longterm care
Heritage Place 232 Rockwell Ave Unit C/D Soldotna, AK 99669	Skilled nursing facility, longterm care
Heritage Place 232 Rockwell Ave Unit C/D Soldotna, AK 99669	Skilled nursing facility, longterm care
Heritage Place 232 Rockwell Ave Unit C/D Soldotna, AK 99669	Skilled nursing facility, longterm care
Heritage Place 232 Rockwell Ave Unit C/D Soldotna, AK 99669	Skilled nursing facility, longterm care
Heritage Place 232 Rockwell Ave Unit C/D Soldotna, AK 99669	Skilled nursing facility, longterm care
Heritage Place 232 Rockwell Ave Unit C/D Soldotna, AK 99669	Skilled nursing facility, longterm care
Heritage Place 232 Rockwell Ave Unit C/D Soldotna, AK 99669	Skilled nursing facility, longterm care
Heritage Place 232 Rockwell Ave Unit C/D Soldotna, AK 99669	Skilled nursing facility, longterm care

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
CENTRAL PENINSULA GENERAL HOSPITAL INC

Employer identification number
92-0077523

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed . . . . . ▶ ☐

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) City of Soldotna117 North Birch Soldotna,AK 99669	92-0030328	RR 78-276, 1978	10,000	0			Contribution toward community library expansion
(2) Kenai Peninsula Borough North Peninsula Recreation Service AreaPO Box 7116 Nikiski,AK 99635	92-0030894	RR 78-276, 1978	15,000				Contribution toward construction of Nikiski Community Playground
(3) Southcentral Foundation 4501 Diplomacy Drivie Anchorage,AK 99508	92-0086076	501(c)3	7,500				Sponsorship for the All Alaska Pediatric Partnership
(4) Kenai River Professional Guide associationPO Box 3674 Soldotna,AK 99669	92-0162358	501(c)3	10,000				Sponsorship for the Wounded Warrior progam
(5) Kenai Peninsula Food Bank33955 Community College Dr Soldotna,AK 99669	94-3112445	501(c)3	10,500				The Food Bank provides low-cost or free food to families with financial need This contribution supports the provision of nutritional help to area residents
(6) Hospice of the Central PeninsulaPO Box 2584 Soldotna,AK 99669	92-0118694	501(c)3	28,350				Funding for the Hospice Bereavement Program, and general contributions
(7) Boys and Girls Club705 Frontage Rd Suite B Kenai,AK 99611	94-3067142	501(c)3	20,550				Contribution to support the provision of safe after-school programs and healthy activities for Peninsula children
(8) Kenai Peninsula Youth Foundation Kenai River Brown BearsPO Box 2605 Soldotna,AK 99669	26-2580744	501(c)3	7,500				2011/2012 Season sponsor The Kenai Peninsula Youth Foundation is an organization dedicated to providing developmental programs for aspiring student athletes This contribution was made to Kenai River Brown Bears to support their Breast Cancer Awareness sporting event

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 36

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶ 16

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

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

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

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

Additional Data

Return to Form

Software ID: 11000129
Software Version: v1.00
EIN: 92-0077523
Name: CENTRAL PENINSULA GENERAL HOSPITAL INC

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
City of Soldotna 117 North Birch Soldotna, AK 99669	92-0030328	RR 78-276, 1978	10,000	0			Contribution toward community library expansion
Kenai Peninsula Borough North Peninsula Recreation Service AreaPO Box 7116 Nikiski, AK 99635	92-0030894	RR 78-276, 1978	15,000				Contribution toward construction of Nikiski Community Playground

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Southcentral Foundation4501 Diplomacy Drivie Anchorage,AK 99508	92-0086076	501(c)3	7,500				Sponsorship for the All Alaska Pediatric Partnership
Kenai River Professional Guide associationPO Box 3674 Soldotna,AK 99669	92-0162358	501(c)3	10,000				Sponsorship for the Wounded Warrior progam

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Kenai Peninsula Food Bank33955 Community College Dr Soldotna, AK 99669	94-3112445	501(c)3	10,500				The Food Bank provides low-cost or free food to families with financial need This contribution supports the provision of nutritional help to area residents
Hospice of the Central Peninsula PO Box 2584 Soldotna, AK 99669	92-0118694	501(c)3	28,350				Funding for the Hospice Bereavement Program, and general contributions

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Boys and Girls Club705 Frontage Rd Suite B Kenai,AK 99611	94-3067142	501(c)3	20,550				Contribution to support the provision of safe after-school programs and healthy activities for Peninsula children
Kenai Peninsula Youth Foundation Kenai River Brown BearsPO Box 2605 Soldotna,AK 99669	26-2580744	501(c)3	7,500				2011/2012 Season sponsor The Kenai Peninsula Youth Foundation is an organization dedicated to providing developmental programs for aspiring student athletes This contribution was made to Kenai River Brown Bears to support their Breast Cancer Awareness sporting event

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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
CENTRAL PENINSULA GENERAL HOSPITAL INC

Employer identification number
92-0077523

Part I Questions Regarding Compensation

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

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use 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) Gregg Motonaga	(i)	544,633	27,277	1,837	21,783	21,251	616,781	
	(ii)	0	0	0	0	0	0	0
(2) Charles C Mickelson	(i)	519,559	60	1,230	5,283	31,401	557,533	
	(ii)	0	0	0	0	0	0	0
(3) David S Innes	(i)	773,386	378,957	65,469	5,283	31,401	1,254,496	
	(ii)	0	0	0	0	0	0	0
(4) Ned Magen	(i)	466,083	60	2,899	5,283	31,401	505,726	
	(ii)	0	0	0	0	0	0	0
(5) Ryan K Smith	(i)	213,241	127,477	82,209	11,722	28,784	463,433	
	(ii)	0	0	0	0	0	0	0
(6) Richard Davis	(i)	82,434	22,817	5,388	1,105	7,084	118,828	
	(ii)	0	0	0	0	0	0	0
(7) Jason D Paret	(i)	99,467	13,124	52,218	7,937	22,373	195,119	
	(ii)	0	0	0	0	0	0	0
(8) Michael Haggerty	(i)	113,424	4,502	27,999	8,076	10,303	164,304	
	(ii)	0	0	0	0	0	0	0
(9) Andrea D Posey	(i)	132,511	12,092	19,396	8,545	31,401	203,945	
	(ii)	0	0	0	0	0	0	0
(10) Johnny L Dodd	(i)	116,758	4,882	13,197	5,570	21,251	161,658	
	(ii)	0	0	0	0	0	0	0
(11) Cynthia Kahn	(i)	427,523	61,646	46,573	5,283	10,303	551,328	
	(ii)	0	0	0	0	0	0	0
(12) Matthew Dammeyer	(i)	108,737	15,575	32,202	6,822	31,401	194,737	
	(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
SchJ_P01_S00_L01a	Schedule J, Part I, Line 1a	Gross up payments are made for certain taxable fringe benefits and for the value of life insurance over $50,000 A year-end wage adjustment is made for all affected employees to include the gross up for fringe benefits and excess life insurance benefits The Hospital has historically paid all social security and medicare taxes on such benefits The employee is responsible for federal income taxes Also among the fringe benefits offered to employees are health club discounts The hospital pays for one-half of gym membership fees to promote the health and welfare of its employees and their family members
SchJ_P01_S00_L01b	Schedule J, Part I, Line 1b	The year end gross up adjustment for fringe benefits and life insurance over $50,000 is based on historical practice of the hospital and is not governed by written policy The hospital maintains that at some future date, employees may be required to pay their own FICA taxes on fringe benefits Similarly, payment of one-half of gym membership fees is not a written policy Although the hospital currently extends this benefit to employees, it may not always do so
SchJ_P01_S00_L03	Schedule J, Part I, Line 3	The hospital contracts with an independent consultant to perform a review of executive wages and benefits using comparable studies The resulting report is provided to the Board of Directors for review The Board sets compensation levels for the CEO through a written employment contract with the organization The CEO is responsible for hiring the remainder of the Hospital's executive staff
SchJ_P01_S00_L04	Schedule J, Part I, Line 4	The hospital provides a 457 Top Hat plan to certain key employees and executives The following individuals on Schedule J participated in the 457 plan and either deferred their own compensation or received hospital contributions into the plan during the tax year, Gregg Motonaga ($17,228), Ryan Smith ($3,846), Richard Davis ($3,181), Jason Paret ($1,017), Michael Haggerty ($3,226), Andrea Posey ($3,423), Johnny Dodd ($2,909), and Matthew Dammeyer ($1,588)
SchJ_P01_S00_L05	Schedule J, Part I, Line 5	In accordance with their employment contract, Emergency Room Physicians receive a percentage of their professional physician fees billed This compensation is not based on the entity's overall revenue
SchJ_P01_S00_L06	Schedule J, Part I, Line 6	The hospital pays an annual incentive plan bonus to all employees, supervisors, and executives based on a series of 4 operational and quality measures One of these 4 measures is meeting the hospital's net earnings budget This element comprises only one-fourth of the potential incentive plan bonus payment The remaining measures are 1)patient satisfaction, 2)quality, and 3)utilitzation

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
CENTRAL PENINSULA GENERAL HOSPITAL INC

Employer identification number
92-0077523

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	Kenai Peninsula Borough	92-0030894	488530NF9	12-18-2003	47,985,000	Hospital expansion project 2003 GO bonds		X		X		X
B	Kenai Peninsula Borough	92-0030894	01179PX51	09-15-2011	27,905,000	Refunding bonds - 2011 GO		X		X	X	

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	43,635,000	0		
2	Amount of bonds defeased	0	0		
3	Total proceeds of issue	53,963,243	32,616,814		
4	Gross proceeds in reserve funds	0	0		
5	Capitalized interest from proceeds	3,376,615	0		
6	Proceeds in refunding escrow	32,472,362	0		
7	Issuance costs from proceeds	544,896	201,610		
8	Credit enhancement from proceeds	0	0		
9	Working capital expenditures from proceeds	0	0		
10	Capital expenditures from proceeds	53,418,347	0		
11	Other spent proceeds	0	0		
12	Other unspent proceeds	0	0		
13	Year of substantial completion	2008	2008		

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

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

Part IV Arbitrage

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

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations . . . . . ☐ Yes ☑ No

Part VI Supplemental Information

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

Identifier	Return Reference	Explanation

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
CENTRAL PENINSULA GENERAL HOSPITAL INC

Employer identification number
92-0077523

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Charles Weimer	Spouse of Board President	12,000	Mr Weimer Rents real estate at FMV to the hospital		No
(2) Henry Krull	Board member	125,268	Mr Krull is the majority shareholder in KRG Development which leases real estate at FMV to the hospital		No
(3) S Craig Humphreys	Board member	322,465	Dr Humphreys is currently repaying a physician guarantee loan arrangement to the hospital for practice start up expenses		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
CENTRAL PENINSULA GENERAL HOSPITAL INC

Employer identification number
92-0077523

Identifier	Return Reference	Explanation
F990_P06_S0A_L07b	Form 990, Part VI, Section A, Line 7b	Central Peninsula General Hospital Inc operates the Hospital through a lease and operating agreement (LOA) with the Kenai Peninsula Borough CPGH Inc Board decisions regarding the acquisition of significant capital assets and plant expansion are subject to approval by the Borough Assembly Bonds, loans, and capital expenditures not funded through the Hospital's plant replacement funds must be approved by a vote of Borough constituents if greater than $1 0 million
F990_P06_S0B_L11b	Form 990, Part VI, Section B, Line 11b	The 990 is prepared by the Hospital Finance Department and submitted to management for review Management then returns all edits to the Finance Committee for the 2nd draft The 2nd Draft and all schedules and statements are then submitted to each Board Member for review and comment Final edits are provided to the Finance Dept and made prior to electronic submission by the CFO or Board President
F990_P06_S0B_L12c	Form 990, Part VI, Section B, Line 12c	Both senior leadership and members of the Board of Directors complete annual conflict of interest statements which are reviewed by the management and Finance teams The board also reviews and discusses any conflicts of interest which arise throughout the year and appropriate action is taken
F990_P06_S0B_L15	Form 990, Part VI, Section B, Line 15	An independent professional Executive remuneration study was performed for 2012 by the HayGroup Remuneration reports are submitted to the Board for review and used to set wage scales for the CEO, CFO, CNO, COO, and VP of Human Resources Contemporaneous documentation exists for this study
F990_P06_S0C_L19	Form 990, Part VI, Section C, Line 19	The Hospital publishes its 3 most recent 990s on its own website at www cpgh org The 990 is also available at Guidestar com The Hospital provides its governing documents, conflict of interest policy, and audited financial statements in electronic format upon request

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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
CENTRAL PENINSULA GENERAL HOSPITAL INC

Employer identification number
92-0077523

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

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

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) 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	Yes	
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	Yes	
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m	Yes	
n Sharing of paid employees with related organization(s)	1n	Yes	
o Reimbursement paid to related organization(s) for expenses	1o		No
p Reimbursement paid by related organization(s) for expenses	1p	Yes	
q Other transfer of cash or property to related organization(s)	1q	Yes	
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) Central Peninsula Health Foundation	c	34,706	Actual cash value of capital contributions received from Central Peninsula Health Foundation
(2) Kenai Peninsula Borough	j	1	Central Peninsula General Hospital Inc operates the Hospital through a lease and operating agreement with the Kenai Peninsula Borough Ultimately the borough owns the hospital facility and all related assets under the agreement and leases them to CPGH Inc to operate on its behalf The amount stated in the lease and operating agreement is $1 per annum
(3) Central Peninsula Health Foundation	m	15,419	Central Peninsula Hospital provides office space to Central Peninsula Health Foundation The value of that space is determined based on our most recently filed Medicare Cost Report (2011) expenses for facility, administration, support services allocated per square foot
(4) Central Peninsula Health Foundation	n	60,463	Central Peninsula Hospital shares certain paid employees for the directorship, and accounting functions necessary to operate Central Peninsula Health Foundation
(5) Central Peninsula Health Foundation	p	48,487	Actual expenses incurred by Central Peninsula Hospital are stated at the dollar value paid which is reimbursed at cost by Central Peninsula Health Foundation
(6) Kenai Peninsula Borough	q	7,610,126	Per the Lease and Operating agreement with the Kenai Peninsula Borough, all cash >90 days operating must be transferred to an account held by the Kenai Peninsula Borough This is the total amount of cash transferred to that account during FY12

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	

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

Additional Data

Return to Form

Software ID: 11000129
Software Version: v1.00
EIN: 92-0077523
Name: CENTRAL PENINSULA GENERAL HOSPITAL INC

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(1)	Central Peninsula Health Foundation	c	34,706	Actual cash value of capital contributions received from Central Peninsula Health Foundation
(2)	Kenai Peninsula Borough	j	1	Central Peninsula General Hospital Inc operates the Hospital through a lease and operating agreement with the Kenai Peninsula Borough Ultimately the borough owns the hospital facility and all related assets under the agreement and leases them to CPGH Inc to operate on its behalf The amount stated in the lease and operating agreement is $1 per annum
(3)	Central Peninsula Health Foundation	m	15,419	Central Peninsula Hospital provides office space to Central Peninsula Health Foundation The value of that space is determined based on our most recently filed Medicare Cost Report (2011) expenses for facility, administration, support services allocated per square foot
(4)	Central Peninsula Health Foundation	n	60,463	Central Peninsula Hospital shares certain paid employees for the directorship, and accounting functions necessary to operate Central Peninsula Health Foundation
(5)	Central Peninsula Health Foundation	p	48,487	Actual expenses incurred by Central Peninsula Hospital are stated at the dollar value paid which is reimbursed at cost by Central Peninsula Health Foundation
(6)	Kenai Peninsula Borough	q	7,610,126	Per the Lease and Operating agreement with the Kenai Peninsula Borough, all cash >90 days operating must be transferred to an account held by the Kenai Peninsula Borough This is the total amount of cash transferred to that account during FY12

CENTRAL PENINSULA GENERAL HOSPITAL
(A Component Unit of the Kenai Peninsula Borough)

Financial Statements and Supplemental Information

Years Ended June 30, 2012 and 2011

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CENTRAL PENINSULA GENERAL HOSPITAL

Financial Statements

June 30, 2012 and 2011

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

An Independently Owned Member
McGLADREY ALLIANCE | McGladrey

Independent Auditor's Report

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

We have audited the accompanying financial statements of the Central Peninsula General Hospital, a component unit of the Kenai Peninsula Borough, Alaska, as of and for the years ended June 30, 2012 and 2011, as listed in the table of contents These financial statements are the responsibility of the Central Peninsula General Hospital's management Our responsibility is to express an opinion on these financial statements based on our audits

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Peninsula General Hospital as of June 30, 2012 and 2011, and the changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2012, on our consideration of Central Peninsula General Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit

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

As described in Note 1 to the financial statements, Central Peninsula General Hospital changed its method of accounting for component units as a result of the early implementation of Governmental Accounting Standards Board statement No 61 The 2011 balances have been restated to reflect this change in accounting principal

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 10 be presented to supplement the basic financial statements Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financials statements in an appropriate operational, economic, or historical context

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financials statements, and other knowledge we obtained during our audit of the basic financials statements We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Central Peninsula General Hospital's basic financial statements The schedules and statements listed in the table of contents as supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

Mikunda, Cottrell & Co

Anchorage, Alaska
October 31, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

CENTRAL PENINSULA GENERAL HOSPITAL
(A Component Unit of the Kenai Peninsula Borough)

Management's Discussion and Analysis

Years Ended June 30, 2012 and 2011

Introduction

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

Financial Statements

Effectively July 1, 2011 with implementation of GASB 61 the Hospital is a component unit of the Kenai Peninsula Borough As an enterprise activity, the Hospital's financial statements are prepared using proprietary fund accounting that focuses on the determination of changes in net assets, financial position and cash flows in a manner similar to a private-sector business The financial statements are prepared on an accrual basis of accounting which recognizes revenue when earned and expenses when incurred The basic financial statements include a *statement of net assets*, *statement of revenues, expenses and changes in net assets*, and *statement of cash flows*, followed by notes to the financial statements

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

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

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

Previously, the financial statements of the Hospital included, as a blended component unit, Central Peninsula Health Foundation (the Foundation) Due to the early adoption of *GASB 61* the Foundation is no longer required to be reported as a component unit of the hospital Certain adjustments have been made to both the 2012 and 2011 *statement of net assets*, *statement of revenues, expenses and changes in net assets*, and *statement of cash flows* to properly reflect this change in accounting principle

Financial Highlights

- The Hospital's 2012 Net Assets increased over the prior year by $8.8 million or 11.7%.
- The Hospital's cash and cash equivalents increased by approximately $6.5 million while non-current cash and investments increased by $1 5 million
- Operating income increased by approximately $3 1 million in 2012 compared to 2011

The Hospital's Net Assets

Summarized financial information of the Hospital's Statement of Net Assets as of June 30, 2012 and 2011 is as follows

	(In Thousands)		
	2012	2011	Change from prior year
Assets			
Cash and cash equivalents	$ 27,803	21,282	6,521
Patient accounts receivable, net	18,914	14,339	4,575
Other current assets	5,790	4,826	964
Non-current cash and investments	15,090	13,639	1,451
Capital assets, net	64,854	67,835	(2,981)
Total assets	$ 132,451	121,921	10,530
Liabilities			
Current liabilities	$ 15,538	11,525	4,013
Long-term debt, net of current portion	33,114	35,431	(2,317)
Total liabilities	48,652	46,956	1,696
Net assets			
Invested in capital assets, net of related debt	29,559	30,336	(777)
Restricted	500	500	-
Unrestricted	53,740	44,129	9,611
Total net assets	83,799	74,965	8,834
Total liabilities and net assets	$ 132,451	121,921	10,530

The most noteworthy changes in the Hospital's net assets during 2011 and 2012 are the increases in cash and cash equivalents, patient receivables and current liabilities

The Hospital's Net Assets, continued

A $6 5 million increase in cash and cash equivalents since 2011 resulted from the $14 1 increase in net patient revenues and related receipts from patients and third party payers Additionally, $2 3 million of the increase in current liabilities represent cash payments received which may be required to be repaid to the Medicare program Patient accounts receivable increased by $4 6 million in 2012 also due to the increase in net patient revenues over 2011 Capital assets net of accumulated depreciation for 2012 decreased by $3 0 million because asset retirements and annual depreciation exceeded asset additions of $6 1 million

Net assets of the Hospital increased from $75 million as of June 30, 2011 to $83 8 million as of June 30, 2012, reflecting overall performance for fiscal year 2012 of $8 8 million in total net income The $3 4 million increase in total net income from 2011 to 2012 is primarily the result of increased net patient revenues from surgery, central supply, emergency room, long-term care, and physician clinics, as well as annual charge adjustments

Operating Results and Changes in the Hospital's Net Assets

Summarized financial information of the Hospital's Statement of Revenues, Expenses and Changes in Net Assets for the years ended June 30, 2012 and 2011 follows

	(In Thousands)		
	2012	2011	Change from prior year
Operating revenues			
Net patient revenue (net of bad debt)	$ 112,652	98,517	14,135
Other revenue	4,198	2,762	1,436
Total operating revenue	116,850	101,279	15,571
Operating expenses			
Salaries, wages and benefits	65,656	58,140	7,516
Supplies and drugs	17,688	14,551	3,137
Purchased services and professional fees	13,045	11,513	1,532
Depreciation and amortization	8,005	8,053	(48)
Other	2,867	2,538	329
Total operating expenses	107,261	94,795	12,466
Operating income	9,589	6,484	3,105

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

	(In Thousands)		
	2012	2011	Change from prior year
Non-operating revenues (expenses)			
Property taxes	92	127	(35)
Investment income	266	278	(12)
Other non-operating	(1,166)	(1,628)	462
Total non-operating expenses	(808)	(1,223)	415
Capital grants	53	213	(260)
Increase in net assets	$ 8,834	5,474	3,360

The Hospital's net patient revenue for fiscal year 2012 showed an increase of $14 1 million from fiscal year 2011 Similarly, net patient revenues for fiscal year 2011, showed an increase of $11 6 million from 2010

A 14 3% increase in 2012 net patient revenues was the result of, an increase in surgical cases largely driven by the addition of a spine surgeon to the active medical staff, related patient chargeable supplies, increases in emergency room level charges, and annual charge increases

Operating expenses increased by 13 1% from fiscal year 2011 to 2012 and 9% from fiscal year 2010 to 2011 Healthcare service line expansion into primary care and specialty physician care continue to be significant drivers in the increase in operating expenses such as salaries, employee benefits, and supplies

Salaries and benefits for 2012 increased by 12 9% due to a 3% annual wage increase for all Hospital staff, the addition of two mid-level care providers, one women's health physician, and an overall staffing increase of 4% from 2011 Surgical supplies related to both Spine and Orthopedic surgeries comprised much of the 2012 supply increase over prior year

Non-operating revenue consists primarily of interest expense, investment earnings, and grants Interest expense decreased by $593 thousand in 2012 compared to 2011 largely due to the refunding of the Hospital's 2003 series GO bonds The 2003 bonds were refunded in September 2011 in order to benefit from interest savings The net present value of the savings realized from the Hospital Refunding 2011 series three bonds was $2 4 million

During 2011 three physician practice clinics were opened in the service area One more physician practice was opened during 2012, a women's health clinic Gross patient revenue from physician clinics increased by $3 9 million in 2012 and $5 7 million in 2011

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

Capital grants for 2012 decreased by $97 thousand since 2011 due to the lack of a grant from the Denali Commission

Budget Comparison

The following schedule presents a comparison of actual results to budget for the year ended June 30, 2012

	(In Thousands)		
	Actual	Budget	Variance
Operating revenues			
Net patient revenue	$ 112,652	103,813	8,839
Other revenue	4,198	3,306	892
Total operating revenue	116,850	107,119	9,731
Operating expenses	107,261	98,775	8,486
Operating income	9,589	8,344	1,245
Non-operating revenues (expenses)	(808)	(1,472)	664
Capital grants	53	150	(97)
Increase in net assets	$ 8,834	7,022	1,812

Net patient revenue exceeded budget by 8 5% in 2012 largely due to both increases in volumes and charges for Surgery, Emergency room, Physician clinics, and MRI Revenues exceeded budget in these areas by $2 9 million, $4 3 million, $3 4 million, and $2 1 million, respectively

Other revenue was 26 9% higher than budget due to the receipt of an additional $350 thousand in operating grants for our behavior health program, and an increase in grant-funded telephone services through the Universal Service Administrative Company (USAC), and the receipt of the first year Medicaid Electronic Health Record (EHR) subsidy of $449 thousand

Operating expenses exceeded budget by $8 5 million during 2012 due to an increase in the provision of employee health insurance, an increase in supply charges for patient care, and greater than expected bad debt expense Employee health insurance expenses exceeded the 2012 budget by $4 2 million due to increased claims from our self insured plan Patient chargeable supplies were $2 million greater than budget due to the addition of spinal surgery and an increase in orthopedic surgical cases Bad debt expenses exceeded budget by $1 6 million largely due to an increase in patient revenues from uninsured and under-insured patients

Budget comparison, continued

Non-operating expenses were $664 thousand lower than budget due to lower than expected interest expense after the 2011 bond refunding Interest expense on long-term debt was $639 thousand lower than budget Meanwhile, interest earnings were $53 thousand higher than budget

Capital Assets Discussion

2012

Capital asset additions of $4 6 million were placed in service during fiscal year 2012 while construction in progress increased by $528 thousand Significant additions to property, plant, and equipment include the purchase of two private homes on land adjacent to the Hospital, the build out of a fourth operating room, renovation of space for the orthopedic clinic, obstetrics, and the medical office building, replacement of the anesthesia system, and the addition of a provider order entry system Retirements of $4 8 million included a demolished portion of the previous administrative offices, a clinical monitor interface, imaging and therapeutic services software, and cameras used by the picture archiving system which were all fully depreciated

2011

Capital asset additions of $7 2 million were placed in service during fiscal year 2011 Significant additions to property, plant, and equipment included a replacement of the Hospital's building security system, automation of medical records, replacement of heating and hot water systems for the River Pavilion, an HVAC system controls replacement, and the purchase of a building adjacent to the Hospital for use as a neurology clinic Significant retirements included building assets which were replaced with new construction, anesthesia machines, and the digital picture archiving system which were both fully depreciated

Debt

As of June 30, 2012 the Hospital had $4 4 million in general obligation bonds and $27 9 million in refunding bonds outstanding as detailed in *Note 6* to the financial statements Principal payments totaling $2 million and interest payments of $1 7 million were made on long-term debt during 2012 Current General Obligation (GO) and refunding bonds were used exclusively to fund the Hospital expansion project. There have been no changes in the Hospital's debt ratings in the past two years

During 2012 the Hospital's 2003 GO bonds were refunded through the Alaska Municipal Bond Bank The re-issuance of these bonds at a lower rate of interest will save the Hospital nearly $2 7 million in interest over the next 12 years

Debt, continued

In November 2010, the Hospital entered into two capital leases with Johnson & Johnson Finance Corporation for the acquisition of Vitros 350 and Vitros 5600 chemistry analyzers The total principal amount of these leases at inception was $348 thousand Principal payments totaling $54 5 thousand and interest payments of $8 7 thousand were made on these capital leases during 2012

Contacting the Hospital's Financial Management

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

CENTRAL PENINSULA GENERAL HOSPITAL
(A Component Unit of the Kenai Peninsula Borough)
Statements of Net Assets
June 30, 2012 and 2011

	2012	Restated 2011
Assets		
Current assets		
Cash and cash equivalents	$ 23,254,953	18,203,139
Equity in Central Treasury of Borough	4,548,534	3,078,565
	27,803,487	21,281,704
Patient receivables	22,924,760	17,558,201
Less estimated uncollectibles	(4,011,174)	(3,219,702)
	18,913,586	14,338,499
Property taxes receivable	6,545	7,771
Less estimated uncollectible taxes	(1,784)	(257)
	4,761	7,514
Other receivables	903,833	969,608
Prepaid expenses	1,341,753	715,429
Inventory	3,539,385	3,133,692
	5,784,971	4,818,729
Total current assets	52,506,805	40,446,446
Long-term investments	3,034,960	3,034,960
Assets whose use is limited		
Plant replacement funds	11,421,461	10,097,241
Other reserved funds	500,000	500,000
Bond issuance costs	133,493	-
Bond funds	-	6,664
Total assets whose use is limited	12,054,954	10,603,905
Property, plant and equipment		
Buildings	70,354,228	70,413,745
Equipment	37,735,616	38,008,556
Land and land improvements	3,511,739	3,359,934
Construction in progress	893,763	366,261
Leasehold improvements	625,797	657,495
Less accumulated depreciation and amortization	(48,267,250)	(44,970,418)
Total property, plant and equipment, net	64,853,893	67,835,573
Total noncurrent assets	79,943,807	81,474,438
Total assets	$ 132,450,612	121,920,884

See notes to accompanying financial statements

CENTRAL PENINSULA GENERAL HOSPITAL
(A Component Unit of the Kenai Peninsula Borough)
Statements of Net Assets, continued

Liabilities and Net Assets		2012	Restated 2011
Current liabilities			
Accounts and contracts payable	$	2,753,112	2,233,352
Accrued liabilities		4,634,420	4,106,787
Claims payable		2,955,265	2,266,001
Due to third party payors		2,408,723	56,724
Deferred revenue		14,194	12,136
Bond interest payable		535,263	728,885
Current portion of bonds payable		2,125,000	2,025,000
Current portion of capital leases		56,132	50,038
Other current liabilities		55,591	45,572
Total current liabilities		15,537,700	11,524,495
Long-term liabilities, net of current portion			
Bonds payable, net of unamortized deferred loss		28,484,704	33,965,000
Capital leases		211,745	267,876
Premium on bonds payable		4,417,326	1,198,239
Total long-term liabilities		33,113,775	35,431,115
Total liabilities		48,651,475	46,955,610
Net assets			
Invested in capital assets, net of related debt		29,558,986	30,336,083
Restricted		500,000	500,000
Unrestricted		53,740,151	44,129,191
Total net assets		83,799,137	74,965,274
Total liabilities and net assets	$	132,450,612	121,920,884

See notes to accompanying financial statements

CENTRAL PENINSULA GENERAL HOSPITAL
(A Component Unit of the Kenai Peninsula Borough)
Statements of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2012 and 2011

	2012	Restated 2011
Operating revenues		
Patient service revenue (net of contractual allowances and charity)	$ 121,746,154	104,848,505
Provision for bad debts	(9,094,261)	(6,331,500)
Net patient service revenue less provision for bad debts	112,651,893	98,517,005
Other operating revenue	4,197,712	2,762,070
Total operating revenues	116,849,605	101,279,075
Operating expenses		
Salaries	47,194,158	44,176,743
Employee benefits	18,462,074	13,963,049
Depreciation	8,004,562	8,053,122
Medical supplies	6,823,450	4,587,988
Other supplies	6,513,991	6,165,302
Drugs and IV solutions	4,350,826	3,797,515
Other professional fees	4,315,524	3,520,758
Repairs and maintenance	3,096,745	2,799,296
Utilities	2,577,498	2,312,982
Physician fees	1,361,919	1,338,875
Insurance	973,887	879,607
Leases and rentals	719,127	661,691
Other	2,866,571	2,537,952
Total operating expenses	107,260,332	94,794,880
Income from operations	9,589,273	6,484,195
Non-operating revenues (expenses)		
General property taxes	91,686	127,125
Investment income	266,277	277,817
Interest expense	(1,103,590)	(1,696,909)
Other revenues (expenses)	(62,626)	68,728
Total non-operating expenses	(808,253)	(1,223,239)
Income before contributions	8,781,020	5,260,956
Capital contributions	52,843	212,945
Change in net assets	8,833,863	5,473,901
Net assets, beginning of year	74,965,274	69,491,373
Net assets, end of year	$ 83,799,137	74,965,274

CENTRAL PENINSULA GENERAL HOSPITAL
(A Component Unit of the Kenai Peninsula Borough)
Statements of Cash Flows
For the Years Ended June 30, 2012 and 2011

	2012	Restated 2011
Cash flows from operating activities		
Receipts from patients and users	$ 114,626,517	98,193,300
Payments to suppliers	(33,996,023)	(29,452,215)
Payments to employees	(64,479,313)	(58,549,522)
Net cash flows from operating activities	16,151,181	10,191,563
Cash flows from non-capital financing activities		
Receipts from property taxes	96,497	164,645
Grants and other non-operating sources	202,984	68,728
Net cash flows from non-capital financing activities	299,481	233,373
Cash flows from capital and related financing activities		
Purchase of capital assets	(5,163,240)	(7,208,792)
Principal paid on capital debt	(2,075,038)	(1,934,483)
Capital contributions from grants	52,843	212,945
Interest paid/received on capital debt	(1,558,672)	(1,832,531)
Net cash flows from capital and related financing activities	(8,744,107)	(10,762,861)
Cash flows from investing activities		
Change in assets whose use is limited	(1,451,049)	1,130,810
Investments purchased	-	(3,034,960)
Investment income received	266,277	277,817
Net cash flows from investing activities	(1,184,772)	(1,626,333)
Net increase (decrease) in cash and cash equivalents	6,521,783	(1,964,258)
Cash and cash equivalents and equity in Central Treasury, beginning of year	21,281,704	23,245,962
Cash and cash equivalents and equity in Central Treasury, end of year	$ 27,803,487	21,281,704

See notes to accompaning financial statements

CENTRAL PENINSULA GENERAL HOSPITAL
(A Component Unit of the Kenai Peninsula Borough)
Statements of Cash Flows, continued

		2012	Restated 2011
Reconciliation of income from operations to net cash flows from operating activities			
Income from operations	$	9,589,273	6,484,195
Adjustments to reconcile income from operations to net cash provided by operating activities			
Depreciation expense		8,004,562	8,053,122
Changes in assets and liabilities			
Patient receivables, net		(4,575,087)	(392,358)
Other receivables		65,775	(16,073)
Inventory		(405,693)	(434,223)
Prepaid expenses		(626,324)	(229,339)
Accounts and contracts payable		519,760	(91,390)
Accrued liabilities		689,264	(337,559)
Claims payable		2,351,999	(144,853)
Due to third party payors		10,019	(2,693,417)
Other current liabilities		527,633	(6,542)
Total adjustments		6,561,908	3,707,368
Net cash flows from operating activities	$	16,151,181	10,191,563
Noncash investing, capital and financing activities			
The Hospital issued $27,905,000 in refunding bonds at a premium of $4,711,814 to advance refund $29,615,000 of previously issued outstanding bonds	$	(1,710,000)	-
Capital assets acquired through issuance of capital lease	$	-	322,397

(1) **The Reporting Entity**

The Central Peninsula General Hospital is a component unit of the Kenai Peninsula Borough, which was incorporated as a second-class borough on January 1, 1964, under provisions of the State of Alaska Borough Act of 1961 Effective December 14, 1992, the Borough entered into a lease and operating agreement with Central Peninsula General Hospital, Inc , (the Hospital) an Alaskan nonprofit corporation, to operate the facility The agreement, which was renewed January 1, 2008 and is effective through December 31, 2017, requires the Kenai Peninsula Borough to provide funds to the Hospital for operating purposes, payment of general obligation bonds, and for additions and replacements of property, plant and equipment as needed

In 2012, the Kenai Peninsula Borough adopted the provisions of GASB Statement number 61, The Financial Reporting Entity Ombnibus In connection therewith, the Kenai Peninsula Borough reviewed its legal and contractual agreements with the Central Peninsula General Hospital which was previously reported as an enterprise fund, and has determined that, for financial reporting purposes in accordance with generally accepted accounting principles, this activity is appropriately recorded as a discreet enterprise component unit of the Kenai Peninsula Borough

During 2012, the Hospital also adopted the provisions of GASB Statement number 61, with respect to the Central Peninsula Hospital Foundation It was determined that, the Foundation, which was previously reported as a component unit, is no longer required to be recorded in the financial statements of the Hospital Adjustments have been made to 2011 statement of net assets, statement of revenues, expenses and changes in net assets, and statement of cash flows to properly reflect this change in accounting principles

(2) **Summary of Significant Accounting Policies**

Enterprise Accounting

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

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

The accrual basis of accounting is followed by the Hospital Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when incurred

Summary of Significant Accounting Policies, continued

Cash Equivalents

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

Equity in Central Treasury

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

Assets Whose Use is Limited

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

Investments

Investments are stated at fair value

Inventory

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

Prepaid Expenses

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

Property, Plant and Equipment

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

Summary of Significant Accounting Policies, continued

Bad Debts

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

Operating Income and Expense

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

Non-Operating Income/Expense

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

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and other services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors, charity care adjustments, and the provision for bad debt Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined

Property Taxes

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

Deferred Revenue

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

Summary of Significant Accounting Policies, continued

Use of Estimates

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

Related Party Transactions

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

(3) **Charity Care**

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

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

The Hospital maintains records to identify and monitor the level of charity care it provides These records include the amount of charges forgone for services and supplies furnished under its charity care policy, the estimated cost of those services and supplies and equivalent service statistics The following information measures the level of charity care provided and the estimated net cost of charity care services provided, calculated using a cost to charge ratio methodology during the years ended June 30, 2012 and 2011

	2012	2011
Charges forgone, based on established rates	$ 7,050,090	6,114,450
Net cost of charity care services provided	$ 4,024,734	3,729,087

(4) **Deposits and Investments**

Deposits and investments consisted of the following at June 30

	2012		2011	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Deposits				
Bank accounts	$ 23,250,543	23,918,592	18,198,829	19,535,105
Petty cash	4,410	-	4,310	-
Total deposits	23,254,953	23,918,592	18,203,139	19,535,105
Investments				
Certificates of deposit	3,534,960	3,534,960	3,534,960	3,534,960
U S Government and government agency securities	-	-	-	-
Total investments	3,534,960	3,534,960	3,534,960	3,534,960
Total deposits and investments	$ 26,789,913	27,453,552	21,738,099	23,070,065

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

	2012	2011
Cash and cash equivalents	$ 23,254,953	18,203,139
Long-term investments	3,034,960	3,034,960
Assets whose use is limited - other reserved funds	500,000	500,000
	$ 26,789,913	21,738,099

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

On September 13, 2006, a restriction was placed on a portion of the Malpractice Trust to secure a $500,000 letter-of-credit whose beneficiary is Steadfast Insurance Company Upon dissolution of the Malpractice Trust on September 19, 2008, a $500,000 certificate of deposit was purchased to secure the letter-of-credit The balance of that certificate of deposit was $500,000 as of June 30, 2012 Also included in other reserved funds is an investment account in which both the corpus and earnings are restricted for use by the Dr Isaak Scholarship Fund of the Foundation

Deposits and Investments, continued

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

	2012	2011
Current assets -		
equity in Central Treasury of		
Kenai Peninsula Borough	$ 4,548,534	3,078,565
Assets whose use is limited		
Bond funds	-	6,664
Plant replacement funds	11,421,461	10,097,241
	$ 15,969,995	13,182,470

(5) **Capital Assets**

A summary of the changes in property, plant and equipment during fiscal year 2012 follows

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Land and land improvements	$ 3,359,934	154,938	(3,133)	3,511,739
Buildings	70,413,745	1,442,652	(1,502,169)	70,354,228
Equipment	38,008,556	3,038,150	(3,311,090)	37,735,616
Leasehold improvements	657,495	-	(31,698)	625,797
Construction in progress	366,261	1,488,117	(960,615)	893,763
Total property, plant and equipment	112,805,991	6,123,857	(5,808,705)	113,121,143
Accumulated depreciation and amortization	(44,970,418)	(8,004,562)	4,707,730	(48,267,250)
Net property, plant and equipment	$ 67,835,573	(1,880,705)	(1,100,975)	64,853,893

(6) **Long-Term Debt**

Hospital Bonds

The voters of the Central Peninsula General Hospital Service Area authorized the sale of $49,900,000 in general obligation bonds on October 7, 2003 The bond proceeds were used to fund the construction costs of the hospital expansion project The 20-year bonds were issued at a premium on December 18, 2003 with an average coupon rate of 4 86%

(6) **Long-Term Debt, continued**

Hospital Bonds, continued

In September 2011, the Borough issued Central Peninsula Hospital Refunding Bonds of $27,905,000 These bonds were used to retire $29,615,000 in outstanding debt The refunding bonds were issued at a premium of $4,711,814 and after paying issuance cost of $199,549, the present value of the savings on the debt service was $2,397,813 A deferred loss on the refunding of $1,754,982 was recognized and will be amortized over the remaining life of the bonds using the straight-line method

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

Bonds payable consisted of the following as of June 30

	2012	2011
General obligation bonds 2003 series payable in semi-annual installments, including an average coupon rate of 4 86%, maturing in August, 2023	$ 4,350,000	35,990,000
Refunding bonds 2011 series three payable in semi-annual installments, including an average coupon rate of 4 86%, maturing in September, 2020	27,905,000	-
Less unamortized loss on bond refunding	(1,645,296)	-
Less current portion of debt	(2,125,000)	(2,025,000)
Bonds payable, net of current portion	$ 28,484,704	33,965,000

The remaining annual requirements to amortize bond debt outstanding as of June 30, 2012, are as follows

	Principal	Interest	Total
Year ending June 30			
2013	$ 2,125,000	1,500,975	3,625,975
2014	2,225,000	1,396,100	3,621,100
2015	2,235,000	1,287,725	3,522,725
2016	2,340,000	1,185,050	3,525,050
2017	2,445,000	1,077,125	3,522,125
2018-22	14,170,000	3,446,875	17,616,875
2023-24	6,715,000	339,625	7,054,625
Total	$ 32,255,000	10,233,475	42,488,475

Long-Term Debt, continued

Capital Leases

In November 2010, the Hospital entered into two capital leases for equipment Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of June 30, 2012, are as follows

Year ending June 30	
2013	$ 63,235
2014	63,235
2015	63,235
2016	63,235
2017	33,489
Thereafter	-
Total minimum lease payments	286,429
Less amount representing interest	(18,552)
Present value of net minimum lease payments	267,877
Less current portion	(56,132)
Capital leases payable, net of current portion	$ 211,745

(7) **Functional Expenses**

Operating expenses grouped according to function are as follows

	2012	2011
Operating expenses		
Nursing expenses	$ 27,752,692	23,559,839
Other professional services	25,855,720	24,325,400
General services	8,817,714	8,429,286
Fiscal and administrative services	36,829,644	30,427,233
Provision for depreciation	8,004,562	8,053,122
Total operating expenses	$ 107,260,332	94,794,880

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

The Hospital has agreements with third-party payors that provide reimbursement at amounts different from its established rates Contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's established rates for services and amounts reimbursed by third-party payors A summary of the basis of reimbursement with major third-party payers 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 Inpatient non-acute services, outpatient services, and certain defined capital and medical education costs related to Medicare beneficiaries are paid based upon a cost reimbursement method The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports and audits by the Medicare fiscal intermediary

Medicaid

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

(9) **Pension Plan**

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

After the first year of employment, and at the next open enrollment period, employees who work 1,000 hours or more are eligible to participate in the Plan The Hospital will contribute 2% of an employee's eligible salary for all eligible employees In addition, the Hospital will match the employee's voluntary contribution up to 3% of gross pay, should the employee elect to participate As of January 1, 2011 the Hospital's total contribution for each employee was not to exceed $5,283 On January 1, 2012 the Hospital increased its maximum contribution for each employee to $5,550 The employee may contribute an additional amount above the 2% voluntary contribution The additional amount shall not exceed the lesser of 18% of their eligible salary, or $22,500 for employees over the age of fifty, and $17,000 for all others Participants are fully vested in their contributions and after five years, are 100% vested in the Hospital's matching contribution.

Pension Plan, continued

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

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

The Hospital's covered payroll for the years ended June 30, 2012 and 2011 was $41,593,185 and $35,545,540, respectively Total payroll for the years ended June 30, 2012 and 2011 was $48,600,076 and $44,238,146, respectively

Employee contributions to the Plan for the years ended June 30, 2012 and 2011 were $2,618,870 and $2,227,166 respectively Employer contributions were $1,475,344 and $1,331,802 for the same periods Total contributions to the Plan were 9 8% of covered payroll for June 30, 2012 and 10 0% for June 30, 2011

(10) **Risk Management**

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

Self-Insured Health Plan

The Hospital is self-insured for employee health insurance claims The health plan was administered by Employee Benefit Management Services (EBMS) Health expense claims, administrative fees, and stop loss premiums are accrued in the period incurred An estimate for claims incurred but not reported (IBNR) and claims incurred but not paid (IBNP) as of the Statement of Net Asset's date has been recorded based on claims lag reports from the plan administrator

	2012	2011
Health insurance claims liabilities, beginning of year	$ 1,107,167	1,179,338
Current year claims incurred and changes in estimates for claims incurred in prior years	13,369,631	9,131,556
Claims and expenses paid	(12,720,345)	(9,203,727)
Health insurance claims liabilities, end of year	$ 1,756,453	1,107,167

Risk Management, continued

Professional and General Liability

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

The Hospital used actuarial studies performed by Milliman, Inc dated April 10, 2012 to estimate its projected claims liabilities as of June 30, 2012 and a study dated May 23, 2011 to estimate liabilities which existed as of June 30, 2011 The liability that existed as of June 30, 2012 and 2011 is as follows

	2012	2011
Malpractice claims liabilities, beginning of year	$ 1,158,834	1,231,516
Current year claims incurred and changes in estimates for claims incurred in prior years	128,762	39,727
Claims and expenses paid	(88,784)	(112,409)
Malpractice claims liabilities, end of year	$ 1,198,812	1,158,834

(11) **Operating Leases**

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

The following is a schedule by years of future minimum lease payments under the operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2012

Year ending June 30	
2013	$ 259,037
2014	216,017
2015	177,517
2016	165,017
2017	162,017
Thereafter	290,845
Total minimum lease payments	$ 1,270,450

Actual operating lease expense for the years ending June 30, 2012 and 2011 was $340,979 and $327,091, respectively

Operating Leases, continued

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

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

Year ending June 30	
2013	$ 12,000
2014	12,000
2015	12,000
2016	3,000
Total minimum lease payments	$ 39,000

In October 2010, the Hospital purchased certain real property for which non-cancellable operating leases to medical professionals were transferred to the Hospital Total receipts from the lease of medical office space to medical professionals during 2012 was $101,868 Options to renew leases do exist, however future projected receipts from the non-cancellable portion of leases as of June 30, 2012 were $69,582

(12) **New Accounting Pronouncements**

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates as follows Management is evaluating potential effects of these statements

GASB 60 – Service Concession Arrangements – Effective for year end June 30, 2013 – This statement provides guidance on proper accounting for service concession arrangements, a type of public private partnership associated with the operation of a public facility

GASB 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position – Effective for year end June 30, 2013 – This statement will result in a change to the government's presentation of proprietary fund statements and government-wide statements from a traditional "Balance Sheet" format to a new "Statement of Net Position" format which will segregate deferred inflows and deferred outflows from assets and liabilities respectively

New Accounting Pronouncements, continued

GASB 65 – Items Previously Reported as Assets and Liabilities – Effective for year end June 30, 2014 – This statement is a companion to GASB Statement 63 and establishes accounts to be reclassified as deferred inflows and outflows In addition, certain items previously reported as assets or liabilities will be moved to the income statement For example, debt issuance costs will no longer be capitalized and amortized but will be expensed as incurred, and certain regulatory assets and liabilities will be reclassified to deferred inflows and outflows

GASB 66 – Technical Corrections – 2012 – Effective for year end June 30, 2014 – This statement contains certain technical corrections to prior GASB statements on the topics of Risk Financing, Operating Leases, Loan Purchases, and Servicing Fees

GASB 68 – Accounting and Financial Reporting for Pensions – Effective for year end June 30, 2015 – This statement will require all governments that participate in defined benefit pension plans to report any "net pension liability" (as newly defined). An additional GASB statement provides guidance for the Plan reporting with a one year earlier implementation

SUPPLEMENTAL INFORMATION

CENTRAL PENINSULA GENERAL HOSPITAL
(A Component Unit of the Kenai Peninsula Borough)
Schedules of Patient Service Revenues
For the Years Ended June 30, 2012 and 2011

	2012	Restated 2011
Daily patient services		
Adults and pediatrics	$ 17,036,201	15,523,023
Skilled nursing	10,350,239	9,189,607
Intensive care unit	3,673,310	4,009,567
Total daily patient services	31,059,750	28,722,197
Other nursing services		
Operating room	24,157,376	18,729,585
Emergency	23,780,142	18,244,370
Central services and supply	16,926,735	9,885,443
Recovery room	1,816,526	1,370,899
Oncology/infusion	1,046,563	917,558
Total other nursing services	67,727,342	49,147,855
Other professional services		
Imaging	33,744,141	28,579,891
Laboratory	15,392,294	13,480,229
Pharmacy	11,700,497	10,891,818
Clinic	13,975,958	10,027,283
Respiratory therapy	6,740,334	6,813,640
Physical therapy	4,544,334	3,687,279
Anesthesia	4,554,103	3,600,710
Chemical dependency	1,993,526	1,683,640
Intravenous therapy	1,686,161	1,654,835
Electro cardiology	1,518,961	1,297,742
Shared services	13,110	717
Total other professional services	95,863,419	81,717,784
Total patient service revenues	194,650,511	159,587,836
Contractual adjustments		
Medicare	(34,924,542)	(25,558,670)
Medicaid	(17,766,243)	(13,877,198)
Other contractual	(13,163,482)	(9,189,013)
Total contractual adjustments	(65,854,267)	(48,624,881)
Uncompensated care-charity discounts	(7,050,090)	(6,114,450)
Net patient service revenue	$ 121,746,154	104,848,505

CENTRAL PENINSULA GENERAL HOSPITAL
(A Component Unit of the Kenai Peninsula Borough)
Schedule of Operating Expenses - By Function
For the Years Ended June 30, 2012 and 2011

	2012			Restated 2011		
	Salaries	Supplies and Other Expenses	Total	Salaries	Supplies and Other Expenses	Total
Nursing services						
Emergency	$ 5,654,791	374,867	6,029,658	5,401,708	319,974	5,721,682
Adults and pediatrics	4,795,449	482,026	5,277,475	4,381,146	425,113	4,806,259
Skilled nursing	3,026,421	205,809	3,232,230	2,891,270	172,433	3,063,703
Operating room	2,164,182	1,366,278	3,530,460	1,834,496	1,155,612	2,990,108
Intensive care unit	1,431,222	118,172	1,549,394	1,291,819	119,800	1,411,619
Recovery room	516,503	24,385	540,888	444,609	16,860	461,469
Oncology / infusion	395,423	35,831	431,254	392,315	37,177	429,492
Central services and supply	129,068	6,021,863	6,150,931	153,591	3,662,514	3,816,105
Hospitalist program	-	1,010,402	1,010,402	-	859,402 00	859,402 00
Total nursing services	18,113,059	9,639,633	27,752,692	16,790,954	6,768,885	23,559,839
Other professional services						
Clinic	5,604,365	1,076,853	6,681,218	5,013,217	1,156,962	6,170,179
Imaging	1,950,446	1,875,563	3,826,009	1,941,113	1,831,401	3,772,514
Anesthesiology	1,714,404	88,234	1,802,638	1,583,638	116,604	1,700,242
Laboratory	1,643,630	2,183,405	3,827,035	1,569,687	2,183,876	3,753,563
Physical therapy	1,652,132	262,894	1,915,026	1,523,992	270,343	1,794,335
Pharmacy	1,157,097	4,206,188	5,363,285	1,152,699	3,639,058	4,791,757
Respiratory therapy	840,543	205,894	1,046,437	816,330	212,327	1,028,657
Chemical dependency	912,554	208,271	1,120,825	744,332	283,254	1,027,586
Electro cardiology	-	96,028	96,028	-	86,177	86,177
Intravenous therapy	-	177,219	177,219	-	200,390	200,390
Total other professional services	15,475,171	10,380,549	25,855,720	14,345,008	9,980,392	24,325,400
General services						
Dietary	1,485,440	1,650,490	3,135,930	1,455,779	1,545,559	3,001,338
Operation of plant	1,256,494	2,820,562	4,077,056	1,268,222	2,654,743	3,922,965
Housekeeping	900,122	375,525	1,275,647	892,361	352,217	1,244,578
Laundry and linen services	200,646	128,435	329,081	132,742	127,663	260,405
Total general services	3,842,702	4,975,012	8,817,714	3,749,104	4,680,182	8,429,286
Administrative and fiscal services						
Administrative and general	6,910,568	7,845,363	14,755,931	6,471,684	6,475,273	12,946,957
Medical records and library	2,028,837	722,450	2,751,287	2,024,468	612,879	2,637,347
Nursing administration	823,821	36,530	860,351	795,525	84,355	879,880
Employee benefits	-	18,462,074	18,462,074	-	13,963,049	13,963,049
Total administration and fiscal services	9,763,226	27,066,417	36,829,643	9,291,677	21,135,556	30,427,233
Depreciation	-	8,004,563	8,004,563	-	8,053,122	8,053,122
Total operating expenses	$ 47,194,158	60,066,174	107,260,332	44,176,743	50,618,137	94,794,880

Additional Data

Software ID: 11000129
Software Version: v1.00
EIN: 92-0077523
Name: CENTRAL PENINSULA GENERAL HOSPITAL INC

Form 990, Special Condition Description:

Special Condition Description