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Form 990

## Return of Organization Exempt From Income Tax

OMB No 1545-0047

2012

Open to Public  
InspectionDepartment of the Treasury  
Internal Revenue ServiceUnder 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

## A For the 2012 calendar year, or tax year beginning 07-01-2012, 2012, and ending 06-30-2013

B Check if applicable	C Name of organization Kingman Hospital Inc		D Employer identification number 94-2916102
<input type="checkbox"/> Address change	Doing Business As		
<input type="checkbox"/> Name change			
<input type="checkbox"/> Initial return	Number and street (or P O box if mail is not delivered to street address)	Room/suite	E Telephone number (928) 757-2101
<input type="checkbox"/> Terminated			
<input type="checkbox"/> Amended return	City or town, state or country, and ZIP + 4 Kingman, AZ 86409		
<input type="checkbox"/> Application pending			G Gross receipts \$ 238,543,297

F Name and address of principal officer  
Brian Turney  
3269 Stockton Hill Road  
Kingman, AZ 86409H(a) Is this a group return for  
affiliates?  Yes  NoH(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: ► AZKRCM.com

K Form of organization  Corporation  Trust  Association  Other ► L Year of formation 1980 M State of legal domicile AZ

## Part I Summary

1 Briefly describe the organization's mission or most significant activities  
OUR VISION IS TO BE THE REGION'S best clinical care and patient service through an environment that fosters respect for others and pride in performance

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	10
5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	2,003
6 Total number of volunteers (estimate if necessary)	6	305
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b Net unrelated business taxable income from Form 990-T, line 34	7b	

		Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h)	286,449	67,232	
9 Program service revenue (Part VIII, line 2g)	232,335,275	227,275,420	
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	2,369,462	2,973,911	
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	3,281,083	2,566,318	
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	238,272,269	232,882,881	

		Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h)	286,449	67,232	
9 Program service revenue (Part VIII, line 2g)	232,335,275	227,275,420	
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	2,369,462	2,973,911	
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	3,281,083	2,566,318	
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	238,272,269	232,882,881	
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	186,942	265,386	
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)	116,751,079	123,975,680	
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)	110,265,451	108,372,852	
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	227,203,472	232,613,918	
19 Revenue less expenses Subtract line 18 from line 12	11,068,797	268,963	

		Beginning of Current Year	End of Year
20 Total assets (Part X, line 16)	239,140,407	234,612,368	
21 Total liabilities (Part X, line 26)	38,622,450	32,927,483	
22 Net assets or fund balances Subtract line 21 from line 20	200,517,957	201,684,885	

## 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	2014-02-15 Date
	Timothy Blanchard CFO Type or print name and title	

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ► BKD LLP			Firm's EIN ►	
	Firm's address ► 111 South Tejon Suite 800 Colorado Springs, CO 809039848			Phone no (719) 471-4290	

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

### **Part III Statement of Program Service Accomplishments**

**Statement of Program Service Accomplishments**  
Check if Schedule Q contains a response to any question in this Part III

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

Our vision is to provide the region's best clinical care and patient service through an environment that fosters respect for others and pride in performance.

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 C

**3** Did the organization cease conducting, or make significant changes in how it conducts, any programs or services?

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 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 \$ 183,804,344 including grants of \$ 265,386 ) (Revenue \$ 227,423,226

Mohave County is one of the fastest growing counties in Arizona. The area around Kingman which is the county seat is expected to continue growing steadily in the coming years. In response to the growth, KRMC has continued to expand its services. We now offer a full range of health and wellness services, including a wellness and fitness center, multiple primary care physician practices, advanced medical programs in cardiology, cancer, and rehabilitation, and home health and hospice care. Moreover, we are honored to serve as a teaching hospital in affiliation with Midwestern University to train doctors specializing in family practice, dermatology, and emergency medicine. With the growing population we are seeing the following problems and trends. We are seeing an increasing number of uninsured patients in our area. We are experiencing a higher volume of self-pay patients who are waiting to seek medical care until the time that they must go to the emergency room. Our Medicaid population is 15% of our total patient population. Our Medicare population is 53% of total patient population. Major strategies to address identified needs and problems include: We have increased recruitment efforts of RN's, therapists and skilled technicians to meet the growing needs of the community. We continue to recruit physicians of various specialties to the area. We continue to expand our facilities to meet the needs of the community. KRMC is collaborating with community organizations to improve community health, expand access to health care, or in other ways benefit the community. Some examples are: We work with the Women's Health Organization to provide discounted mammography to self-pay patients. We work with the Foster Grandparents Association and provide free physical exams. We pay 50% and write off the other 50% for Victims of Crime collaborating with the Mohave County Attorney's Office. KRMC is a teaching hospital with a GME program in association with Midwestern University. KRMC operates several physician practices and a continuity clinic. There are plans to expand these services to the outlying areas of our community. In recent years, KRMC has expanded services to include services that are not usually found in a rural community such as, cardiac catheterization, cancer diagnosis and treatment with a state-of-the-art cancer center, a new outpatient imaging and women's health center, acute rehabilitation unit, cardiac surgical unit for open heart surgery, wound care, and hyperbaric. Our uncompensated care policy is called "Qualifying Discount Program". Our program is defined as Charity Care services provided for which payment is not anticipated because of an inability to pay, and may apply to an entire account balance or a portion of it. Charity Care is separate and distinct from Bad Debts, which are accounts for which credit was extended and payment is anticipated, but not received. Our discount program is based on a percentage of the Federal Poverty Level. KRMC has updated its charity care policy to include those patients whose household income is less than 400% of the FPL. This program is for all patients regardless of their primary insurance status and is based on their family size and income from all sources. Organizational Description for Tax Exemption: KRMC operates an ER that is open to all persons regardless of their ability to pay and complies with all EMTALA regulations. We have notices in the ER that informs the patients of this fact, our admissions staff advises all patients who present for services that we are calling for a nurse and will perform a Medical Screening exam regardless of their ability to pay. We assist them after the medical screening exam with DES applications and in-service them on our Charity Program if should they have an inability to pay. KRMC has an open medical staff with privileges available to all qualified physicians in the area. Kingman Hospital Inc. has a governing body in which independent persons representative of the community comprise a majority. KRMC engages in the training and education of health care professionals with its Graduate Medical Education (GME) program. We participate with Medicare and Medicaid, Campus, Tricare, Veterans Affairs and other governmental health care programs.

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

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

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

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

**4e Total program service expenses ►** 183,804,344

**Part IV Checklist of Required Schedules**

1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A

2 Is the organization required to complete Schedule B, *Schedule of Contributors* (see instructions)?

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

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

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

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

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

8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III

9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV

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

11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable

a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI

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

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

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

e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X

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 XI

12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII

b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional

13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E

14a Did the organization maintain an office, employees, or agents outside of the United States?

b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV

15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV

16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV

17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)

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

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

20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H

b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?

	Yes	No
1	Yes	
2	Yes	
3		No
4	Yes	
5		No
6		No
7		No
8		No
9		No
10	Yes	
11a	Yes	
11b		No
11c		No
11d		No
11e	Yes	
11f		No
12a		No
12b	Yes	
13		No
14a		No
14b		No
15		No
16		No
17		No
18		No
19		No
20a	Yes	
20b	Yes	

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

21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? 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, highest 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 employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? 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)	28a		No
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b		No
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28c		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV	29		No
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	30		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	31		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	32		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	33		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	34	Yes	
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1	35a	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35b	Yes	
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2	36		No
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	37		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	38	Yes	
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19?			
	<b>Note.</b> All Form 990 filers are required to complete Schedule O			

**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
<b>1a</b> Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	<b>1a</b> 199		
<b>b</b> Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	<b>1b</b> 0		
<b>c</b> Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		<b>1c</b> Yes	
<b>2a</b> 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	<b>2a</b> 2,003		
<b>b</b> If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)		<b>2b</b> Yes	
<b>3a</b> Did the organization have unrelated business gross income of \$1,000 or more during the year?		<b>3a</b>	No
<b>b</b> If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O		<b>3b</b>	
<b>4a</b> At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		<b>4a</b>	No
<b>b</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			
<b>5a</b> Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		<b>5a</b>	No
<b>b</b> Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		<b>5b</b>	No
<b>c</b> If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		<b>5c</b>	
<b>6a</b> Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		<b>6a</b>	No
<b>b</b> If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		<b>6b</b>	
<b>7 Organizations that may receive deductible contributions under section 170(c).</b>			
<b>a</b> 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?		<b>7a</b>	No
<b>b</b> If "Yes," did the organization notify the donor of the value of the goods or services provided?		<b>7b</b>	
<b>c</b> Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		<b>7c</b>	No
<b>d</b> If "Yes," indicate the number of Forms 8282 filed during the year	<b>7d</b>		
<b>e</b> Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		<b>7e</b>	No
<b>f</b> Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		<b>7f</b>	No
<b>g</b> If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		<b>7g</b>	
<b>h</b> If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		<b>7h</b>	
<b>8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			
<b>9 Sponsoring organizations maintaining donor advised funds.</b>			
<b>a</b> Did the organization make any taxable distributions under section 4966?		<b>9a</b>	
<b>b</b> Did the organization make a distribution to a donor, donor advisor, or related person?		<b>9b</b>	
<b>10 Section 501(c)(7) organizations.</b> Enter			
<b>a</b> Initiation fees and capital contributions included on Part VIII, line 12	<b>10a</b>		
<b>b</b> Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	<b>10b</b>		
<b>11 Section 501(c)(12) organizations.</b> Enter			
<b>a</b> Gross income from members or shareholders	<b>11a</b>		
<b>b</b> Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	<b>11b</b>		
<b>12a Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?			
<b>b</b> If "Yes," enter the amount of tax-exempt interest received or accrued during the year	<b>12b</b>		
<b>13 Section 501(c)(29) qualified nonprofit health insurance issuers.</b>			
<b>a</b> Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O		<b>13a</b>	
<b>b</b> Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	<b>13b</b>		
<b>c</b> Enter the amount of reserves on hand	<b>13c</b>		
<b>14a</b> Did the organization receive any payments for indoor tanning services during the tax year?			
<b>b</b> If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O		<b>14b</b>	No

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

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

### Section A. Governing Body and Management

			Yes	No
<b>1a</b> Enter the number of voting members of the governing body at the end of the tax year	<b>1a</b>	11		
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
<b>b</b> Enter the number of voting members included in line 1a, above, who are independent	<b>1b</b>	10		
<b>2</b> Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	<b>2</b>		No	
<b>3</b> Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	<b>3</b>		No	
<b>4</b> Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	<b>4</b>		Yes	
<b>5</b> Did the organization become aware during the year of a significant diversion of the organization's assets?	<b>5</b>		No	
<b>6</b> Did the organization have members or stockholders?	<b>6</b>		No	
<b>7a</b> Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	<b>7a</b>		No	
<b>b</b> Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	<b>7b</b>		No	
<b>8</b> Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following	<b>8a</b>		Yes	
<b>a</b> The governing body?	<b>8b</b>		Yes	
<b>b</b> Each committee with authority to act on behalf of the governing body?	<b>9</b>		No	
<b>9</b> Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O				

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

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

### Section C. Disclosure

- 17 List the States with which a copy of this Form 990 is required to be filed  AZ
- 18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you made these available. Check all that apply  
 Own website  Another's website  Upon request  Other (explain in Schedule O)
- 19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
- 20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization  
 THE ORGANIZATION 3269 STOCKTON HILL ROAD Kingman, AZ (928) 757-2101

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

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

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

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

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

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

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

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

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

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 **123**

	<b>Yes</b>	<b>No</b>
<b>3</b> Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	<b>3</b>	No
<b>4</b> For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	<b>4</b>	Yes
<b>5</b> Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>	<b>5</b>	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
HIGH DESERT RADIOLOGY , 695 COUNTRY CLUB DRIVE KINGMAN AZ 86401	RADIOLOGISTS	5,715,758
MIDWESTERN UNIVERSITY , 19555 N 59TH AVE GLENDALE AZ 85308	GME PROGRAM	1,816,221
COMPHEALTH ASSOCIATES , PO BOX 972651 DALLAS TX 753972651	NURSING AGENCY	1,700,520
AMN HEALTHCARE , FILE 56157 LOS ANGELES CA 90074	NURSE AGENCY	1,320,361
MEDLIANT , 969-G EDGEWATER BLVD 698 FOSTER CITY CA 94404	NURSE AGENCY	1,113,446
2 Total number of independent contractors (including but not limited to those listed above) who received more than		

**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 ►57

**Part VIII Statement of Revenue**

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1a</b> Federated campaigns . . . . .	<b>1a</b>					
	<b>b</b> Membership dues . . . . .	<b>1b</b>					
	<b>c</b> Fundraising events . . . . .	<b>1c</b>					
	<b>d</b> Related organizations . . . . .	<b>1d</b>	8,916				
	<b>e</b> Government grants (contributions)	<b>1e</b>					
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b>	58,316				
	<b>g</b> Noncash contributions included in lines 1a-1f \$						
	<b>h</b> <b>Total.</b> Add lines 1a-1f . . . . .		67,232				
<b>Program Service Revenue</b>	<b>2a</b> PATIENT SERVICE REVENUE		Business Code				
			900099	111,417,057	111,417,057		
	<b>b</b> MEDICARE & MEDICAID REVENUE		900099	113,899,568	113,899,568		
	<b>c</b> WELLNESS CENTER REVENUE		900099	1,258,525	1,258,525		
	<b>d</b> ALLERGY MISC REVENUE		900099	91,121	91,121		
	<b>e</b> ORTHO MISC REVENUE		900099	12,614	12,614		
	<b>f</b> All other program service revenue			596,535	596,535		
	<b>g</b> <b>Total.</b> Add lines 2a-2f . . . . .			227,275,420			
<b>Other Revenue</b>	<b>3</b> Investment income (including dividends, interest, and other similar amounts) . . . . .		2,073,559			2,073,559	
	<b>4</b> Income from investment of tax-exempt bond proceeds . . . . .		0				
	<b>5</b> Royalties . . . . .		0				
	<b>6a</b> Gross rents	(i) Real	(ii) Personal				
		306,538					
	<b>b</b> Less rental expenses						
	<b>c</b> Rental income or (loss)	306,538	0				
	<b>d</b> Net rental income or (loss) . . . . .			306,538			306,538
<b>7a</b> Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other					
	6,539,694						
<b>b</b> Less cost or other basis and sales expenses	5,539,266	100,076					
<b>c</b> Gain or (loss)	1,000,428	-100,076					
<b>d</b> Net gain or (loss) . . . . .			900,352			900,352	
<b>8a</b> Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .							
<b>b</b> Less direct expenses . . . . .	<b>b</b>		0				
<b>c</b> Net income or (loss) from fundraising events . . . . .							
<b>9a</b> Gross income from gaming activities See Part IV, line 19 . . . . .	<b>a</b>						
<b>b</b> Less direct expenses . . . . .	<b>b</b>		0				
<b>c</b> Net income or (loss) from gaming activities . . . . .							
<b>10a</b> Gross sales of inventory, less returns and allowances . . . . .	<b>a</b>	19,478					
<b>b</b> Less cost of goods sold . . . . .	<b>b</b>	21,074					
<b>c</b> Net income or (loss) from sales of inventory . . . . .			-1,596			-1,596	
<b>Miscellaneous Revenue</b>		Business Code					
<b>11a</b> CAFETERIA		900099	1,731,491			1,731,491	
<b>b</b> CHILD CARE		624410	382,079			382,079	
<b>c</b> MISCELLANEOUS REVENUE		900099	147,806	147,806			
<b>d</b> All other revenue . . . . .							
<b>e</b> <b>Total.</b> Add lines 11a-11d . . . . .			2,261,376				
<b>12</b> <b>Total revenue.</b> See Instructions . . . . .			232,882,881	227,423,226	0	5,392,423	

**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns All other organizations must complete column (A)

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

<b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>	<b>(A) Total expenses</b>	<b>(B) Program service expenses</b>	<b>(C) Management and general expenses</b>	<b>(D) Fundraising expenses</b>
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	0			
2 Grants and other assistance to individuals in the United States See Part IV, line 22	265,386	265,386		
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees . . . . .	1,949,306	1,539,952	409,354	
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			
7 Other salaries and wages	94,764,578	74,864,017	19,900,561	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) . . . . .	2,194,827	1,733,913	460,914	
9 Other employee benefits . . . . .	19,041,064	15,042,441	3,998,623	
10 Payroll taxes . . . . .	6,025,905	4,760,465	1,265,440	
11 Fees for services (non-employees)				
a Management . . . . .	11,189,108	8,839,395	2,349,713	
b Legal . . . . .	192,569	152,130	40,439	
c Accounting . . . . .	179,900	142,121	37,779	
d Lobbying . . . . .	20,741		20,741	
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees . . . . .	0			
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O) . . . . .	0			
12 Advertising and promotion . . . . .	637,010	503,238	133,772	
13 Office expenses . . . . .	42,696,188	33,729,989	8,966,199	
14 Information technology . . . . .	12,401,275	9,797,007	2,604,268	
15 Royalties . . . . .	0			
16 Occupancy . . . . .	4,758,797	3,759,450	999,347	
17 Travel . . . . .	821,058	648,636	172,422	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .	0			
19 Conferences, conventions, and meetings . . . . .	0			
20 Interest . . . . .	167,002	131,932	35,070	
21 Payments to affiliates . . . . .	0			
22 Depreciation, depletion, and amortization . . . . .	15,827,316	12,503,580	3,323,736	
23 Insurance . . . . .	4,500,576	3,555,455	945,121	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O )				
a BAD DEBT EXPENSE	8,250,335	6,517,765	1,732,570	
b OTHER EXPENSE	6,730,977	5,317,472	1,413,505	
c				
d				
e All other expenses				
<b>25 Total functional expenses.</b> Add lines 1 through 24e	232,613,918	183,804,344	48,809,574	0
<b>26 Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ► if following SOP 98-2 (ASC 958-720)				

**Part X Balance Sheet**Check if Schedule O contains a response to any question in this Part X 

		<b>(A)</b> Beginning of year	<b>(B)</b> End of year
<b>Assets</b>			
1	Cash—non-interest-bearing	305,697	<b>1</b> 157,078
2	Savings and temporary cash investments	12,809,542	<b>2</b> 7,273,316
3	Pledges and grants receivable, net	0	<b>3</b> 0
4	Accounts receivable, net	43,514,460	<b>4</b> 44,930,367
5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	0	<b>5</b> 0
6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L	0	<b>6</b> 0
7	Notes and loans receivable, net	225,760	<b>7</b> 199,321
8	Inventories for sale or use	5,053,690	<b>8</b> 5,314,112
9	Prepaid expenses and deferred charges	2,158,691	<b>9</b> 2,269,319
10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	<b>10a</b> 228,946,614	
b	Less accumulated depreciation	<b>10b</b> 107,056,515	125,592,217 <b>10c</b> 121,890,099
11	Investments—publicly traded securities	41,155,564	<b>11</b> 45,104,909
12	Investments—other securities See Part IV, line 11	604,207	<b>12</b> 619,465
13	Investments—program-related See Part IV, line 11	7,301,052	<b>13</b> 6,400,582
14	Intangible assets	0	<b>14</b> 0
15	Other assets See Part IV, line 11	419,527	<b>15</b> 453,800
16	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34)	239,140,407	<b>16</b> 234,612,368
<b>Liabilities</b>			
17	Accounts payable and accrued expenses	22,444,367	<b>17</b> 20,433,605
18	Grants payable	0	<b>18</b> 0
19	Deferred revenue	338,789	<b>19</b> 269,030
20	Tax-exempt bond liabilities	0	<b>20</b> 0
21	Escrow or custodial account liability Complete Part IV of Schedule D	0	<b>21</b> 0
22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L	0	<b>22</b> 0
23	Secured mortgages and notes payable to unrelated third parties	13,793,930	<b>23</b> 9,884,072
24	Unsecured notes and loans payable to unrelated third parties	0	<b>24</b> 0
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	2,045,364	<b>25</b> 2,340,776
26	<b>Total liabilities.</b> Add lines 17 through 25	38,622,450	<b>26</b> 32,927,483
<b>Net Assets or Fund Balances</b>			
	<b>Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>		
27	Unrestricted net assets	199,416,884	<b>27</b> 200,440,343
28	Temporarily restricted net assets	1,101,073	<b>28</b> 1,244,542
29	Permanently restricted net assets	0	<b>29</b> 0
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.</b>		
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	200,517,957	<b>33</b> 201,684,885
34	Total liabilities and net assets/fund balances	239,140,407	<b>34</b> 234,612,368

**Part XI Reconciliation of Net Assets**Check if Schedule O contains a response to any question in this Part XI 

1	Total revenue (must equal Part VIII, column (A), line 12)	1	232,882,881
2	Total expenses (must equal Part IX, column (A), line 25)	2	232,613,918
3	Revenue less expenses Subtract line 2 from line 1	3	268,963
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	200,517,957
5	Net unrealized gains (losses) on investments	5	794,406
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	103,559
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	201,684,885

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

**Additional Data**

**Software ID:**  
**Software Version:**  
**EIN:** 94-2916102  
**Name:** Kingman Hospital Inc

**Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

<b>(A)</b> Name and Title	<b>(B)</b> Average hours per week (list any hours for related organizations below dotted line)	<b>(C)</b> Position (do not check more than one box, unless person is both an officer and a director/trustee)					<b>(D)</b> Reportable compensation from the organization (W- 2/1099-MISC)	<b>(E)</b> Reportable compensation from related organizations (W- 2/1099-MISC)	<b>(F)</b> Estimated amount of other compensation from the organization and related organizations	
		Or director	Individual trustee	Institutional Trustee	Officer	Key employee				
DAVE FRENCH CHAIRMAN	1 0		X		X			0	0	0
DON VAWTER VICE-CHAIRMAN	1 0		X		X					
KRYSTAL BURGE SECRETARY	1 0		X		X					
ROD MARQUARDT TREASURER	1 0		X		X					
SANDY MOON DIRECTOR	1 0		X							
CATHY OTT DIRECTOR	1 0		X							
BARBARA RICCA DIRECTOR	1 0		X							
JIM BAKER DIRECTOR	1 0		X							
BRIAN TURNER CHIEF EXECUTIVE OFFICER	40 0 1 0		X		X			556,931		47,340
CLAIRE CRUM DIRECTOR	1 0		X							
JEFF BERGESON DIRECTOR	1 0		X							
TOM PRICE DIRECTOR	1 0		X							
MAHMOOD KHAN DIRECTOR	1 0		X							
SANDRA COFER DIRECTOR	1 0		X							
DARRELL LAUTARET DIRECTOR	1 0		X							
TOM CLARK DIRECTOR	1 0		X							
MIKE ROBERTS DIRECTOR	1 0		X							
ROBERT DEVRIES DIRECTOR	1 0		X							
GARY DYKMAN DIRECTOR	1 0		X							
RENNA MATTHEWS DIRECTOR	1 0		X							
DENNIS GUSTAFSON DIRECTOR	1 0		X							
WILLIAM KIRBY DIRECTOR	1 0		X							
STEVE PEBLEY DIRECTOR	1 0		X							
DOUG ANGLE DIRECTOR	1 0		X							
SUSAN CHAN DIRECTOR	1 0		X							

**Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)					(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations	
		Or director	Individual trustee	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former		
RYAN KENNEDY CHIEF OPERATING OFFICER	40 0				X				198,115	44,753
TIMOTHY BLANCHARD CHIEF FINANCIAL OFFICER	40 0 1 0				X				219,082	37,899
JEFFREY LUNN MD CHIEF MEDICAL OFFICER	40 0					X			561,547	31,942
DEBORAH BENNETT DO CHIEF MEDICAL OFFICER	40 0					X			211,474	40,223
KATHLEEN NAEGLE MD PHYSICIAN	40 0						X		1,178,348	29,292
EMMETT MCELENEY PHYSICIAN	40 0						X		936,477	11,590
ROBERT MATHENEY MD PHYSICIAN	40 0						X		766,940	41,166
HESHAM SAHAWNEH PHYSICIAN	40 0						X		658,733	35,211
EDDIE RAMIREZ PHYSICIAN	40 0						X		624,186	41,560

**SCHEDULE A**  
(Form 990 or 990EZ)**Public Charity Status and Public Support****2012****Open to Public  
Inspection**

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

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

Department of the Treasury  
Internal Revenue Service  
Name of the organization  
Kingman Hospital Inc

Employer identification number

94-2916102

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

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

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

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

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

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

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

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

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

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

9  An organization that normally receives (1) more than 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

e  a  Type I  b  Type II  c  Type III - Functionally integrated  d  Type III - Non-functionally integrated

f  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)

g  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

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

(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

(ii) A family member of a person described in (i) above?

(iii) A 35% controlled entity of a person described in (i) or (ii) above?

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

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

<b>(i) Name of supported organization</b>	<b>(ii) EIN</b>	<b>(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))</b>	<b>(iv) Is the organization in col (i) listed in your governing document?</b>	<b>(v) Did you notify the organization in col (i) of your support?</b>	<b>(vi) Is the organization in col (i) organized in the U S ?</b>	<b>(vii) Amount of monetary support</b>
<b>Total</b>						

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

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

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>4 Total.</b> 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)						
<b>6 Public support.</b> Subtract line 5 from line 4						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
<b>11 Total support</b> (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (see instructions)					<b>12</b>	
<b>13 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and <b>stop here</b> . . . . .						

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

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))	<b>14</b>	
15 Public support percentage for 2011 Schedule A, Part II, line 14	<b>15</b>	
<b>16a 33 1/3% support test—2012.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization		►
<b>b 33 1/3% support test—2011.</b> If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization		►
<b>17a 10%-facts-and-circumstances test—2012.</b> If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and <b>stop here</b> . Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		►
<b>b 10%-facts-and-circumstances test—2011.</b> If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and <b>stop here</b> . Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		►
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions		►

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

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

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>6 Total.</b> Add lines 1 through 5						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons						
<b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
<b>c</b> Add lines 7a and 7b						
<b>8 Public support</b> (Subtract line 7c from line 6 )						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
<b>c</b> Add lines 10a and 10b						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
<b>12</b> Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12 )						
<b>14 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and <b>stop here</b>						

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

15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15
16 Public support percentage from 2011 Schedule A, Part III, line 15	16

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

17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18
19a <b>33 1/3% support tests—2012.</b> 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 <b>stop here</b> . The organization qualifies as a publicly supported organization	
<b>b</b> <b>33 1/3% support tests—2011.</b> 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 <b>stop here</b> . The organization qualifies as a publicly supported organization	
20 <b>Private foundation.</b> If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions	

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

**Facts And Circumstances Test**

**Explanation**

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**SCHEDULE C**  
(Form 990 or 990-EZ)**Political Campaign and Lobbying Activities****2012****Open to Public  
Inspection****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.****If the organization answered "Yes" to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then**

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

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

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

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

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

Name of the organization Kingman Hospital Inc	Employer identification number 94-2916102
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**Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.**

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV
- 2 Political expenditures ► \$ \_\_\_\_\_
- 3 Volunteer hours \_\_\_\_\_

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

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

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

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

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

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

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

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

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

**4-Year Averaging Period Under Section 501(h)**

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

<b>Lobbying Expenditures During 4-Year Averaging Period</b>					
Calendar year (or fiscal year beginning in)	<b>(a) 2009</b>	<b>(b) 2010</b>	<b>(c) 2011</b>	<b>(d) 2012</b>	<b>(e) Total</b>
<b>2a</b> Lobbying nontaxable amount					
<b>b</b> Lobbying ceiling amount (150% of line 2a, column(e))					
<b>c</b> Total lobbying expenditures					
<b>d</b> Grassroots nontaxable amount					
<b>e</b> Grassroots ceiling amount (150% of line 2d, column (e))					
<b>f</b> Grassroots lobbying expenditures					

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

	(a)		(b)	
	Yes	No	Amount	
<b>1</b> During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of				
<b>a</b> Volunteers?		No		
<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No		
<b>c</b> Media advertisements?		No		
<b>d</b> Mailings to members, legislators, or the public?		No		
<b>e</b> Publications, or published or broadcast statements?		No		
<b>f</b> Grants to other organizations for lobbying purposes?		No		
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		20,741	
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No		
<b>i</b> Other activities?		No		
<b>j</b> Total Add lines 1c through 1i			20,741	
<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No		
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912				
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912				
<b>d</b> If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?				

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

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

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

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

**Part IV Supplemental Information**

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1. Also, complete this part for any additional information

Identifier	Return Reference	Explanation
Part II B, Line 1g	Lobbying Expense	Kingman Hospital pays annual dues in which a percentage of their dues is attributable to lobbying. The amount shown on the line above represents that percentage

**SCHEDULE D**  
(Form 990)**Supplemental Financial Statements****2012****Open to Public  
Inspection**Department of the Treasury  
Internal Revenue Service

► Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b  
 ► Attach to Form 990. ► See separate instructions.

**Name of the organization**  
Kingman Hospital Inc**Employer identification number**

94-2916102

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

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

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

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

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

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

Preservation of land for public use (e.g., recreation or education)  Preservation of an historically important land area

Protection of natural habitat  Preservation of a certified historic structure

Preservation of open space

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

	Held at the End of the Year
2a	
2b	
2c	
2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ► \_\_\_\_\_

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

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

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

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

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

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

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

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ► \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X ► \$ \_\_\_\_\_

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

a Revenues included in Form 990, Part VIII, line 1 ► \$ \_\_\_\_\_

b Assets included in Form 990, Part X ► \$ \_\_\_\_\_

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

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

<b>a</b> <input type="checkbox"/> Public exhibition	<b>d</b> <input type="checkbox"/> Loan or exchange programs
<b>b</b> <input type="checkbox"/> Scholarly research	<b>e</b> <input type="checkbox"/> Other
<b>c</b> <input type="checkbox"/> Preservation for future generations	

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

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

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

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

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

	<b>Amount</b>
<b>1c</b>	
<b>1d</b>	
<b>1e</b>	
<b>1f</b>	

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

**b** If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
<b>1a</b> Beginning of year balance . . . . .	149,223	166,182	118,983	101,798	108,227
<b>b</b> Contributions . . . . .	65,814	71,548	92,138	62,988	15,089
<b>c</b> Net investment earnings, gains, and losses . . . . .	40	101	117	281	250
<b>d</b> Grants or scholarships . . . . .					
<b>e</b> Other expenditures for facilities and programs . . . . .	24,718	88,608	45,056	46,084	21,768
<b>f</b> Administrative expenses . . . . .					
<b>g</b> End of year balance . . . . .	190,359	149,223	166,182	118,983	101,798

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

**a** Board designated or quasi-endowment

**b** Permanent endowment

**c** Temporarily restricted endowment  100 000 %

The percentages in lines 2a, 2b, and 2c should equal 100%

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

	<b>Yes</b>	<b>No</b>
<b>3a(i)</b>		

**3a(ii)** Related organizations

**b** If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

<b>3b</b>	<b>Yes</b>	
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4 Describe in Part XIII the intended uses of the organization's endowment funds

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

	Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
<b>1a</b> Land . . . . .		15,662,650			15,662,650
<b>b</b> Buildings . . . . .		98,288,119	38,969,047		59,319,072
<b>c</b> Leasehold improvements . . . . .					
<b>d</b> Equipment . . . . .		108,182,525	65,210,484		42,972,041
<b>e</b> Other . . . . .		6,813,320	2,876,984		3,936,336
<b>Total.</b> Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)					121,890,099

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

<b>(a) Description of security or category (including name of security)</b>	<b>(b) Book value</b>	<b>(c) Method of valuation</b>
		Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		

**Total.** (Column (b) must equal Form 990, Part X, col. (B) line 12)

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

**Total.** (Column (b) must equal Form 990, Part X, col (B) line 13.)

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

**Total (Column (b)) must equal Form 222, Part X, col (B), line 15.**

**Total.** (Column (b) must equal Form 990, Part X, col.(B) line 15.)

**2. Fin 48 (ASC 740) Footnote** In Part XIII, 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 (ASC 740). Check here if the text of the footnote has been provided in Part XIII.

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

1	Total revenue, gains, and other support per audited financial statements . . . . .	1	233,901,996
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments . . . . .	2a	794,406
b	Donated services and use of facilities . . . . .	2b	
c	Recoveries of prior year grants . . . . .	2c	
d	Other (Describe in Part XIII ) . . . . .	2d	224,709
e	Add lines 2a through 2d . . . . .	2e	1,019,115
3	Subtract line 2e from line 1 . . . . .	3	232,882,881
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	4a	
b	Other (Describe in Part XIII ) . . . . .	4b	
c	Add lines 4a and 4b . . . . .	4c	
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12 ) . . . . .	5	232,882,881

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

1	Total expenses and losses per audited financial statements . . . . .	1	232,735,068
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities . . . . .	2a	
b	Prior year adjustments . . . . .	2b	
c	Other losses . . . . .	2c	
d	Other (Describe in Part XIII ) . . . . .	2d	121,150
e	Add lines 2a through 2d . . . . .	2e	121,150
3	Subtract line 2e from line 1 . . . . .	3	232,613,918
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	4a	
b	Other (Describe in Part XIII ) . . . . .	4b	
c	Add lines 4a and 4b . . . . .	4c	
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18 ) . . . . .	5	232,613,918

**Part XIII Supplemental Information**

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

Identifier	Return Reference	Explanation
PART V, LINE 4	DESCRIBE THE INTENDED USES OF THE ORGANIZATION'S ENDOWMENT FUNDS	TEMPORARILY RESTRICTED NET ASSETS ARE THOSE WHOSE USE BY THE MEDICAL CENTER HAS BEEN LIMITED BY DONORS TO A SPECIFIC TIME PERIOD OR PURPOSE THE TEMPORARILY RESTRICTED NET ASSETS ARE AVAILABLE FOR THE PURCHASE OF SUPPLIES AND TO EDUCATE PERSONNEL INVOLVED WITH EMERGENCY PREPAREDNESS
PART XI, LINE 2D	DESCRIPTION OF OTHER	LOSS ON SALE OF ASSETS 100,076 COST OF GOODS SOLD 21,074 INCOME FROM INVESTMENT IN FOUNDATION 103,559 TOTAL 224,709
PART XII, LINE 2D	DESCRIPTION OF OTHER	LOSS ON SALE OF ASSETS 100,076 COST OF GOODS SOLD 21,074 TOTAL 121,150
Part X, Line 2	Uncertain Tax Positions	Management has evaluated their income tax positions under the guidance included in ASC 740. Based on their review, management has not identified any material uncertain tax positions to be recorded or disclosed in the financial statements

2012

Open to Public  
InspectionSCHEDULE 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.Name of the organization  
Kingman Hospital Inc

Employer identification number

94-2916102

## Part I Financial Assistance and Certain Other Community Benefits at Cost

**1a** Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a . . . . .

**b** If "Yes," was it a written policy? . . . . .

**2** If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year

Applied uniformly to all hospital facilities  Applied uniformly to most hospital facilities

Generally tailored to individual hospital facilities

**3** Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year

**a** Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care

100%  150%  200%  Other \_\_\_\_\_ %

**b** Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care

200%  250%  300%  350%  400%  Other \_\_\_\_\_ %

**c** If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care

**4** Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? . . . . .

**5a** Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . . . .

**b** If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . .

**c** If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .

**6a** Did the organization prepare a community benefit report during the tax year? . . . . .

**b** If "Yes," did the organization make it available to the public? . . . . .

	Yes	No
<b>1a</b>	Yes	
<b>1b</b>	Yes	
<b>3a</b>	Yes	
<b>3b</b>	Yes	
<b>4</b>	Yes	
<b>5a</b>	Yes	
<b>5b</b>	Yes	
<b>5c</b>		No
<b>6a</b>	Yes	
<b>6b</b>	Yes	

## 7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1) . . . . .			8,024,689		8,024,689	3 570 %
b Medicaid (from Worksheet 3, column a) . . . . .			32,076,305	19,435,607	12,640,698	5 630 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .						
<b>d Total</b> Financial Assistance and Means-Tested Government Programs . . . . .			40,100,994	19,435,607	20,665,387	9 200 %
<b>Other Benefits</b>			614,923		614,923	0 270 %
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .						
f Health professions education (from Worksheet 5) . . . . .						
g Subsidized health services (from Worksheet 6) . . . . .						
h Research (from Worksheet 7) . . . . .						
i Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .			544,998		544,998	0 240 %
<b>j Total</b> Other Benefits . . . . .			1,159,921		1,159,921	0 510 %
<b>k Total</b> Add lines 7d and 7j . . . . .			41,260,915	19,435,607	21,825,308	9 710 %

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

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

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

		Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?	1	Yes
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	8,232,385
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3	
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements		
<b>Section B. Medicare</b>			
5	Enter total revenue received from Medicare (including DSH and IME)	5	56,097,871
6	Enter Medicare allowable costs of care relating to payments on line 5	6	48,318,511
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	7,779,360
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		
	<input type="checkbox"/> Cost accounting system	<input type="checkbox"/> Cost to charge ratio	<input checked="" type="checkbox"/> Other
<b>Section C. Collection Practices</b>			
9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes
9b	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** (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

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

## Part V Facility Information

## **Section A. Hospital Facilities**

(list in order of size from largest to smallest—see instructions)

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

1

Name, address, and primary website address

Other (Describe)

### Facility reporting group

**Part V Facility Information (continued)****Section B. Facility Policies and Practices**

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

KINGMAN REGIONAL MEDICAL CENTER

**Name of hospital facility or facility reporting group** \_\_\_\_\_**For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A)** \_\_\_\_\_

1

**Yes** **No****Community Health Needs Assessment** (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)

1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 . . . . .	<b>1</b>	Yes	
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility			
b	<input checked="" type="checkbox"/> Demographics of the community			
c	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	<input checked="" type="checkbox"/> How data was obtained			
e	<input checked="" type="checkbox"/> The health needs of the community			
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests			
i	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	<input type="checkbox"/> Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 12			
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted . . . . .	<b>3</b>	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	<b>4</b>	No	
5	Did the hospital facility make its CHNA report widely available to the public? . . . . .	<b>5</b>	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	<input checked="" type="checkbox"/> Hospital facility's website			
b	<input checked="" type="checkbox"/> Available upon request from the hospital facility			
c	<input type="checkbox"/> Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	<input checked="" type="checkbox"/> Execution of the implementation strategy			
c	<input checked="" type="checkbox"/> Participation in the development of a community-wide plan			
d	<input checked="" type="checkbox"/> Participation in the execution of a community-wide plan			
e	<input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans			
f	<input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	<input checked="" type="checkbox"/> Prioritization of health needs in its community			
h	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	<input type="checkbox"/> Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs . . . . .	<b>7</b>	No	
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? . . . . .	<b>8a</b>	No	
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .	<b>8b</b>		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____			

**Part V Facility Information (continued)**

<b>Financial Assistance Policy</b>		<b>Yes</b>	<b>No</b>
<b>9</b>	Did the hospital facility have in place during the tax year a written financial assistance policy that explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	<b>9</b>	Yes
<b>10</b>	Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . .	<b>10</b>	Yes
	If "Yes," indicate the FPG family income limit for eligibility for free care <u>200</u> %		
	If "No," explain in Part VI the criteria the hospital facility used		
<b>11</b>	Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . .	<b>11</b>	Yes
	If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400</u> %		
	If "No," explain in Part VI the criteria the hospital facility used		
<b>12</b>	Explained the basis for calculating amounts charged to patients? . . . . .	<b>12</b>	Yes
	If "Yes," indicate the factors used in determining such amounts (check all that apply)		
<b>a</b>	<input checked="" type="checkbox"/> Income level		
<b>b</b>	<input type="checkbox"/> Asset level		
<b>c</b>	<input type="checkbox"/> Medical indigency		
<b>d</b>	<input type="checkbox"/> Insurance status		
<b>e</b>	<input type="checkbox"/> Uninsured discount		
<b>f</b>	<input type="checkbox"/> Medicaid/Medicare		
<b>g</b>	<input type="checkbox"/> State regulation		
<b>h</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>13</b>	Explained the method for applying for financial assistance? . . . . .	<b>13</b>	Yes
<b>14</b>	Included measures to publicize the policy within the community served by the hospital facility? . . . . .	<b>14</b>	Yes
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		
<b>a</b>	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
<b>b</b>	<input type="checkbox"/> The policy was attached to billing invoices		
<b>c</b>	<input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
<b>d</b>	<input type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
<b>e</b>	<input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
<b>f</b>	<input checked="" type="checkbox"/> The policy was available upon request		
<b>g</b>	<input type="checkbox"/> Other (describe in Part VI)		

**Billing and Collections**

<b>15</b>	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? . . . . .	<b>15</b>	Yes
<b>16</b>	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP		
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Part VI)		
<b>17</b>	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? . . . . .	<b>17</b>	No
	If "Yes," check all actions in which the hospital facility or a third party engaged		
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Part VI)		

**Part V Facility Information (continued)**

**18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)

- a  Notified individuals of the financial assistance policy on admission
- b  Notified individuals of the financial assistance policy prior to discharge
- c  Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d  Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e  Other (describe in Part VI)

**Policy Relating to Emergency Medical Care**

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

If "No," indicate why

- 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)

	Yes	No
<b>19</b> Yes		

**Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)**

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

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

<b>21</b>		No

**21** During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . .

If "Yes," explain in Part VI

**22** During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? . . . . .

If "Yes," explain in Part VI

<b>22</b>		No

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

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

---

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

**Part VI Supplemental Information**

Complete this part to provide the following information

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6l, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3 Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4 Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5 Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.)
- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report
- 8 Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6l, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT		Since 2011, KRMC in partnership with the Mohave County Department of Public Health has led a major community initiative to improve health and quality of life in Mohave County. The Mohave County Community Health Improvement Initiative involves performing a community health assessment and developing a community health improvement plan every three years. A Community Health Needs Assessment (CHNA) for Mohave County was completed in the spring of 2013 and the findings are documented in the Community Health Profile for Mohave County, Arizona, which details health and wellness statistics and community needs for health services in Mohave County communities. Additionally, KRMC developed goals and strategies for addressing the priority health issues identified in the community health assessment, which are documented in the Kingman Regional Medical Center Implementation Plan for the Mohave County Community Health Improvement Initiative. The CHNA and implementation plan are available for the public on the KRMC website <a href="http://www.azkrmc.com">http://www.azkrmc.com</a>
COMMUNITY INFORMATION		Kingman Regional Medical Center (KRMC) serves an approximate 1500 square-mile geographic area in Mohave County, Arizona called Hospital District Number One of Mohave County. The district includes the City of Kingman (pop 28,000) and numerous smaller outlaying communities. The total estimated population of the district is 78,000, with an estimated 11.6 persons per square mile. According to the latest statistics of the U.S. Census Bureau, the racial mix of the population is 82% Caucasian, 1.5% African American, 2.6% Native American, and 14.1% Hispanic or Latino origin. U.S. Census Bureau statistics for 2012 show 18.6% of Mohave County's population is 100% below the federal poverty level. The median household income is \$39,383. The current unemployment rate in Mohave County is 10.2% (as of June, 2013). Approximately 83.7% of the county's population over age 25 are high school graduates, with 12.2% of the population over age 25 holding a Bachelor's degree or higher.

Identifier	ReturnReference	Explanation
OTHER INFORMATION		<p>Kingman Hospital Incorporated is organized exclusively for charitable, scientific, and educational purposes relating to healthcare in Hospital District #1 of Mohave County. Its primary function is to operate Kingman Regional Medical Center. KHI's Board of Directors consists of 13 members holding terms of five years. All board members are community-minded individuals who do not receive compensation for their services on the KHI Board. All excess funds are kept for the benefit and development of the community's health services as determined by our local board. With this, our hospital average inpatient charges have remained significantly below the Arizona average for the same types of patients. Additionally, excess funds accumulated since KRMC was organized, have been utilized to pay campus expansion / improvements, state-of-the-industry technology, and competitive salaries for employees. Kingman Hospital Inc continually invests in advanced medical technologies. From specialized diagnostic capabilities to advanced treatments in cardiac care and cancer, patients at KRMC benefit from some of the most sophisticated medical technologies in the region. In 2007, KRMC received the Governor's Arizona Innovation Award in recognition for its investment in technology and services not normally seen in a rural community. KRMC is a major community partner dedicated to enhancing the overall quality-of-life in northwest Arizona. We offer many services and programs to benefit the community, especially our most vulnerable citizens- children, elderly, those in ill health, and those in socio-economic distress. Examples of our community building activities include - Conducting public health lectures at the hospital and at area nursing homes and businesses (monthly) - Conducting health fairs, which are free and open to the public (8 health fairs per year) - Offering a variety of free support groups to help people who are working to change a behavior or who are dealing with a loss, condition, or disease - Publishing a quarterly 8-page newsletter (called Healthwise), which contains important health information for the public. The newsletter is free and distributed throughout northwest Arizona - Providing free growth mats and car seats for babies born at KRMC - Sponsoring physical fitness programs at community elementary schools to help kids be active, fit, and healthy - Placing defibrillators in our community's high-traffic public places to provide immediate lifesaving treatment to someone with cardiac arrest - Providing free or low cost mammograms to uninsured or underinsured women residing in the Hospital District of Mohave County - Providing scholarships for qualified individuals who cannot afford a membership to KRMC's Del E. Webb Wellness Center - Providing scholarships to help nursing students with their educational costs - Providing cash contributions, free services, or other support to over 40 local organizations that serve the needs of our community (e.g., Boys &amp; Girls Club, Kingman Food Bank, Sarah's House, etc.) - Helping uninsured/underinsured patients with their healthcare costs through KRMC's charity care program. Additionally, KRMC is one of the area's largest contributors to the local economy. We employ over 1700 people and during the past year spent over \$10,000,000 with local businesses.</p>
AFFILIATED HEALTH CARE SYSTEM ROLES		N/A

Identifier	ReturnReference	Explanation
PART I, LINE 7		THE ORGANIZATION USED A COST-TO-CHARGE RATIO FOR LINES 7A, 7B, AND 7B THE COST-TO-CHARGE RATIO WAS DERIVED FROM WORKSHEET 2, RATIO OF PATIENT CARE COST-TO-CHARGES THE INFORMATION FOR LINES 7E THROUGH 7I WAS DERIVED FROM INFORMATION IN THE GENERAL LEDGER AND OTHER FINANCIAL DATA RELATED SPECIFICALLY TO THE VARIOUS TYPES OF COMMUNITY BENEFITS
PART III, LINE 4		Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Medical Center analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowances for doubtful accounts and provision for uncollectible accounts. Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowances for doubtful accounts. For receivables associated with services provided to patients who have third party coverage, the Medical Center analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for uncollectable accounts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely.) For receivables associated with self-pay patients (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Medical Center records a significant provision for uncollectible accounts in the period of service on the basis of its past experience, which indicates that many of the patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts. The Medical Center's allowance for doubtful accounts for self-pay patients decreased from 81% of self-pay accounts receivable at June 30, 2012 to 65% of self-pay accounts receivable at June 30, 2013. In addition, the Medical Center's write-offs decreased approximately \$4,000,000 from approximately \$8,600,000 for the year ended June 30, 2012, to approximately \$12,600,000 for the year ended June 30, 2013. Both changes are primarily due to the Medical Center recording an uninsured discount of 30% and increasing the charity care policy's threshold starting in fiscal year 2013. This discount is recorded for self-pay accounts at the time of billing.

Identifier	ReturnReference	Explanation
PART III, LINE 8		The Organization is a sole community hospital that provides healthcare services to community residents and visitors Accessible, high-quality healthcare service is important for the overall health of all residents Were there to be a Medicare shortfall, this would reflect the excess of costs over payments received for participants in the Medicare program Costs are based on Medicare cost report allocations
PART III, LINE 9B		Once the patient is billed and contacted, they are informed of options and of the Qualifying Discount Program (QDP) The other options include paying up front or no interest payments within a scheduled number of days A cash discount is available to the patient If qualified for the QDP, the appropriate qualifying amount is adjusted to Charity Care If a balance remains that does not qualify, the patient has cash discount and no interest payment plan as described above For patients that the hospital is unable to contact - Eight account statements are sent - Three letters explaining that if the patient fails to contact Patient Financial Services, collection efforts will be passed to an agency The above is a minimum of 120 day process for all patient payer types Once the patient account is submitted to a collection agency, it is adjusted to bad debt

Identifier	ReturnReference	Explanation
part v, section b, question 7	needs identified but not addressed in chna	diabetes, infant mortality, obesity, teen pregnancy were identified in the community health needs assessment these needs were not specifically addressed in the implementation plan as community stakeholders deemed them as having less immediate impact on the community health than other issues they selected
part v, section b, question 3	describe how hospital took into account input from community	as part of the community health assessment process, members of the mohave county community health coalition conducted interviews with individuals who represent a) broad interests of the community, b)populations of need, and c) persons with specialized knowledge in public health



**Schedule I  
(Form 990)**

## **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

2012

Open to Public  
Inspection

Department of the Treasury  
Internal Revenue Service

Name of the organization  
Kingman Hospital Inc

**Employer identification number**

94-2916102

## **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. Part II can be duplicated 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**

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

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

**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. Part III can be duplicated if additional space is needed.

## **Part IV      Supplemental Information.**

Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Identifier	Return Reference	Explanation
Part I, Question 2	Procedures for Monitoring the use of grant funds to U S	Fund usage is predetermined by the Board of Directors of Kingman Regional Medical Center (KRMC) Scholarships are provided to students in the U S for tuition and related educational expenses only

**Schedule J**  
(Form 990)**Compensation Information**

OMB No 1545-0047

**2012****Open to Public  
Inspection**Department of the Treasury  
Internal Revenue Service

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.**

Name of the organization  
Kingman Hospital Inc

Employer identification number

94-2916102

**Part I Questions Regarding Compensation**

**1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items

<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use
<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence
<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees
<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)

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

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

**3** Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III

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

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

**a** Receive a severance payment or change-of-control payment?

4a No

**b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?

4b No

**c** Participate in, or receive payment from, an equity-based compensation arrangement?

4c No

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

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

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

**a** The organization?

5a 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 No

**b** Any related organization?

6b No

If "Yes," to line 6a or 6b, describe in Part III

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

7 No

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

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 No

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

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

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

(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table							

**Part III Supplemental Information**

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

<b>Identifier</b>	<b>Return Reference</b>	<b>Explanation</b>
Part 1 Question 5	Explanation of compensation contingent of Revenues	Employed physicians are eligible for bonuses based on either revenues or business line income depending on their individual employment contracts

**Software ID:**  
**Software Version:**  
**EIN:** 94-2916102  
**Name:** Kingman Hospital Inc

**Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
BRIAN TURNERY	(i) 471,041 (ii)	68,890	17,000	15,000	32,340	604,271	0
RYAN KENNEDY	(i) 168,360 (ii)	29,755		11,861	32,892	242,868	
TIMOTHY BLANCHARD	(i) 195,382 (ii)	23,700		5,207	32,692	256,981	
JEFFREY LUNN MD	(i) 509,806 (ii)		51,741	10,000	21,942	593,489	
DEBORAH BENNETT DO	(i) 211,474 (ii)			8,663	31,560	251,697	
KATHLEEN NAEGLE MD	(i) 942,506 (ii)	235,842		7,350	21,942	1,207,640	
EMMETT MCELENEY	(i) 892,106 (ii)	44,371			11,590	948,067	
ROBERT MATHENEY MD	(i) 734,828 (ii)	32,112		9,606	31,560	808,106	
HESHAM SAHAWNEH	(i) 566,230 (ii)	55,000	37,503	10,000	25,211	693,944	
EDDIE RAMIREZ	(i) 594,686 (ii)	12,500	17,000	10,000	31,560	665,746	

**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.

**2012****Open to Public  
Inspection**Name of the organization  
Kingman Hospital Inc**Employer identification number**

94-2916102

Identifier	Return Reference	Explanation
Part VI, Question 11	Process to review the form 990	The Form 990 is prepared by a third party preparer with a detail review being conducted by the general accounting manager and accountant of the organization. A final copy of the Form 990 is then e-mailed to the board of directors before the return is filed with the IRS
Part VI, Question 12c	Process for monitoring compliance with conflict of interest policy	The executive assistant to the CEO annually distributes the policy documents and forms to all managers and board members. The related forms contain written explanations by managers and board members. If a potential conflict arises, the situation is then reviewed by the CEO. If a conflict of interest covered by this policy exists, whether or not listed on a disclosure form, then the person involved with the potential conflict of interest recuses themselves from voting on the matter
Part VI, Question 15A-B	Process for Determining Compensation	A benefits and compensation analyst prepares a study based on external comparisons of similar positions in similar sized organizations in the industry. The study is reviewed by a compensation committee then submitted to the Executive Board for final approval. Contemporaneous documentation and recordkeeping with respect to deliberations and decisions regarding the compensation process are kept on file. This study is conducted annually
Part VI, Question 19	Governing Documents Available to the Public	The organization makes its governing documents, conflict of interest policy and financial statements available to the public upon request for a valid business purpose
Part XI, Line 9	Other Changes in Net Assets or Fund Balances	Change in Investment of Foundation 103,559 Total 103,559
part vi, section a, question 4	significant changes to governing documents	kingman hospital inc amended their by-laws to change the number of board of directors of the corporation to no more than 11 elected members and 2 ex-officio voting members

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## **SCHEDULE R (Form 990)**

## Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2012

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

Name of the organization

## Kingman Hospital Inc

**Employer identification number**

94-2916102

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

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

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

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

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

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

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

**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

- a** Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)
- f** Dividends from related organization(s)
- g** Sale of assets to related organization(s)
- h** Purchase of assets from related organization(s)
- i** Exchange of assets with related organization(s)
- j** Lease of facilities, equipment, or other assets to related organization(s)
- k** Lease of facilities, equipment, or other assets from related organization(s)
- l** Performance of services or membership or fundraising solicitations for related organization(s)
- m** Performance of services or membership or fundraising solicitations by related organization(s)
- n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o** Sharing of paid employees with related organization(s)
- p** Reimbursement paid to related organization(s) for expenses
- q** Reimbursement paid by related organization(s) for expenses
- r** Other transfer of cash or property to related organization(s)
- s** Other transfer of cash or property from related organization(s)

	Yes	No
<b>1a</b>		No
<b>1b</b>		No
<b>1c</b>	Yes	
<b>1d</b>		No
<b>1e</b>		No
<b>1f</b>		
<b>1g</b>		No
<b>1h</b>		No
<b>1i</b>		No
<b>1j</b>		No
<b>1k</b>		No
<b>1l</b>		No
<b>1m</b>		No
<b>1n</b>	Yes	
<b>1o</b>	Yes	
<b>1p</b>		No
<b>1q</b>		No
<b>1r</b>	Yes	
<b>1s</b>		No

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) Northwestern Arizona Regional Insurance Co	q	1,730,967	FMV
(2) KINGMAN REGIONAL MEDICAL CENTER FOUNDATION	C	8,916	FMV

**Part VI Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to 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.

**Software ID:****Software Version:****EIN:** 94-2916102**Name:** Kingman Hospital Inc**Part VII Supplemental Information**

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

**Identifier****Return Reference****Explanation**

**Kingman Hospital, Inc. and Subsidiary  
(d/b/a Kingman Regional Medical Center)**

Independent Auditor's Report and Consolidated Financial Statements

June 30, 2013 and 2012

**Kingman Hospital, Inc. and Subsidiary  
(d/b/a Kingman Regional Medical Center)**

**June 30, 2013 and 2012**

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Notes to Financial Statements	7

## Independent Auditor's Report

Board of Directors  
Kingman Hospital, Inc and Subsidiary  
d/b/a Kingman Regional Medical Center  
Kingman, Arizona

We have audited the accompanying consolidated financial statements of Kingman Hospital, Inc and Subsidiary d/b/a Kingman Regional Medical Center (collectively, the Medical Center), which comprise the consolidated balance sheet as of June 30, 2013 and 2012, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Northwestern Arizona Regional Insurance Company (NARIC), a wholly-owned subsidiary, which statements reflect total assets constituting 5.8 percent and 5.2 percent, respectively, of consolidated total assets at June 30, 2013 and 2012, and total revenues constituting 1.1 percent and 1.2 percent, respectively, of consolidated total revenues for the years then ended. Those statements were audited by other auditors' whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for NARIC, is based solely on the report of the other auditor. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order

Board of Directors  
Kingman Hospital, Inc and Subsidiary  
d/b/a Kingman Regional Medical Center

to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

***Opinion***

In our opinion, based on our audit and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Kingman Hospital, Inc and Subsidiary d/b/a Kingman Regional Medical Center as of June 30, 2013 and 2012, and the results of their operations, the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*BKD, LLP*

Colorado Springs, Colorado  
October 30, 2013

**Kingman Hospital, Inc. and Subsidiary  
(d/b/a Kingman Regional Medical Center)**

**Consolidated Balance Sheets**

**June 30, 2013 and 2012**

**Assets**

	<b>2013</b>	<b>2012</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 5,623,640	\$ 6,515,665
Short-term investments	60,274,262	55,592,752
Patient accounts receivable, net of allowance. 2013 - \$17,190,075 and 2012 - \$21,647,692	43,017,149	39,492,054
Estimated amounts due from Medicaid	1,509,137	2,780,604
Current portion of notes receivable, net	199,321	156,289
Accrued interest receivable	29,064	29,871
Supplies	5,314,112	5,053,690
Prepaid expenses and other	<u>2,271,349</u>	<u>2,948,870</u>
 Total current assets	 <u>118,238,034</u>	 <u>112,569,795</u>
 Long-term investments	 1,175,997	 5,398,585
Property and equipment, net	121,890,099	125,592,217
Interest in net position of Kingman Regional Medical Center Foundation	991,293	887,734
Notes receivable	-	69,471
Prepaid rent	124,962	156,582
Other assets	<u>453,800</u>	<u>419,527</u>
 Total assets	 <u>\$ 242,874,185</u>	 <u>\$ 245,093,911</u>

## Liabilities and Net Assets

	<b>2013</b>	<b>2012</b>
<b>Current Liabilities</b>		
Line-of-credit	\$ -	\$ 1,000,000
Capital lease obligations, current	4,243,797	137,768
Accounts payable	5,433,764	5,679,631
Accrued expenses	12,272,959	11,654,243
Incurred but not reported	5,358,314	4,848,002
Estimated amounts due to Medicare and other third-party payers	<u>6,462,385</u>	<u>7,008,995</u>
Total current liabilities	33,771,219	30,328,639
Line-of-credit	-	12,515,000
Capital lease obligations	5,640,275	141,162
Deferred rent	269,030	338,789
Accrued retirement obligation	<u>1,508,776</u>	<u>1,252,364</u>
Total liabilities	<u>41,189,300</u>	<u>44,575,954</u>
<b>Net Assets</b>		
Unrestricted	200,440,343	199,416,884
Temporarily restricted	<u>1,244,542</u>	<u>1,101,073</u>
Total net assets	<u>201,684,885</u>	<u>200,517,957</u>
Total liabilities and net assets	<u>\$ 242,874,185</u>	<u>\$ 245,093,911</u>

**Kingman Hospital, Inc. and Subsidiary  
(d/b/a Kingman Regional Medical Center)**

**Consolidated Statements of Operations**

**Years Ended June 30, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>Unrestricted Revenues, Gains and Other Support</b>		
Net patient service revenue (net of contractual discounts and allowances)	\$ 220,496,234	\$ 227,148,865
Provision for uncollectible accounts	<u>8,232,385</u>	<u>20,874,227</u>
Net patient service revenue less provision for uncollectible accounts	212,263,849	206,274,638
Other	9,351,858	8,049,831
Net assets released from restrictions used for operations	<u>22,960</u>	<u>19,974</u>
Total unrestricted revenues, gains and other support	<u>221,638,667</u>	<u>214,344,443</u>
<b>Operating Expenses</b>		
Salaries and employee benefits	123,975,680	116,848,827
Supplies	37,039,061	36,088,062
Purchased services and professional fees	29,057,375	24,237,405
Other expenses	15,392,984	13,505,569
Depreciation	15,827,313	13,619,909
Rental expense	<u>3,210,270</u>	<u>2,284,024</u>
Total operating expenses	<u>224,502,683</u>	<u>206,583,796</u>
<b>Operating Income (Loss)</b>	<u>(2,864,016)</u>	<u>7,760,647</u>
<b>Investment Return</b>	<u>3,073,987</u>	<u>3,251,708</u>
<b>Excess of Revenues Over Expenses Before Goodwill Impairment Loss</b>		
	209,971	11,012,355
Impairment of goodwill	<u>-</u>	<u>650,000</u>
<b>Excess of Revenues Over Expenses</b>	<u>209,971</u>	<u>10,362,355</u>
Change in net unrealized gains (losses)	794,406	(2,161,696)
Net assets released from restriction used for purchase of property and equipment	<u>19,082</u>	<u>89,398</u>
<b>Increase in Unrestricted Net Assets</b>	<u>\$ 1,023,459</u>	<u>\$ 8,290,057</u>

**Kingman Hospital, Inc. and Subsidiary  
(d/b/a Kingman Regional Medical Center)**

**Consolidated Statements of Changes in Net Assets**

**Years Ended June 30, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>Unrestricted Net Assets</b>		
Excess of revenues over expenses	\$ 209,971	\$ 10,362,355
Change in net unrealized gains (losses)	794,406	(2,161,696)
Net assets released from restriction used for purchase of property and equipment	<u>19,082</u>	<u>89,398</u>
Increase in unrestricted net assets	<u>1,023,459</u>	<u>8,290,057</u>
<b>Temporarily Restricted Net Assets</b>		
Contributions received	81,952	69,794
Change in interest in net assets of Kingman Regional Medical Center Foundation	103,559	(5,738)
Net assets released from restriction	<u>(42,042)</u>	<u>(109,372)</u>
Increase (decrease) in temporarily restricted net assets	<u>143,469</u>	<u>(45,316)</u>
<b>Increase in Net Assets</b>	<b>1,166,928</b>	<b>8,244,741</b>
<b>Net Assets, Beginning of Year</b>	<b><u>200,517,957</u></b>	<b><u>192,273,216</u></b>
<b>Net Assets, End of Year</b>	<b><u>\$ 201,684,885</u></b>	<b><u>\$ 200,517,957</u></b>

**Kingman Hospital, Inc. and Subsidiary  
(d/b/a Kingman Regional Medical Center)**

**Consolidated Statements of Cash Flows  
Years Ended June 30, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>Operating Activities</b>		
Change in net assets	\$ 1,166,928	\$ 8,244,741
Items not requiring (providing) cash		
Depreciation	15,827,313	13,619,909
Loss on disposal of property and equipment	100,076	88,590
Net realized and unrealized losses (gains) on investments	(1,794,834)	254,821
Change in interest in net assets of Kingman Regional Medical Center Foundation	(103,559)	5,738
Provision for uncollectible accounts	8,232,385	20,874,227
Goodwill impairment loss	-	650,000
Changes in		
Accounts receivable	(11,773,541)	(23,505,804)
Estimated amounts due to/from Medicaid payers	1,271,467	(1,569,294)
Supplies	(260,422)	(645,696)
Prepaid expenses and other current assets	678,328	(1,150,277)
Other assets	(2,653)	(672)
Accounts payable and accrued expenses	(1,795,415)	68,934
Estimated amounts due to/from Medicare and other third-party payers	(546,610)	(882,582)
Incurred but not reported	510,312	668,177
Other liabilities	186,653	181,935
Net cash provided by operating activities	<u>11,696,428</u>	<u>16,902,747</u>
<b>Investing Activities</b>		
Purchase of property and equipment	(10,057,007)	(41,357,783)
Proceeds from sale of property and equipment	-	25,000
Purchase of investments	(5,203,782)	(9,539,051)
Proceeds from disposition of investments	6,539,694	15,393,447
Repayments of notes receivable	42,500	35,000
Net cash used in investing activities	<u>(8,678,595)</u>	<u>(35,443,387)</u>
<b>Financing Activities</b>		
Net borrowings (repayments) under line-of-credit agreement	(964,965)	13,515,000
Principal payments under capital lease obligation	<u>(2,944,893)</u>	<u>(19,543)</u>
Net cash provided by (used in) financing activities	<u>(3,909,858)</u>	<u>13,495,457</u>
<b>Decrease in Cash and Cash Equivalents</b>		
<b>Cash and Cash Equivalents, Beginning of Year</b>	(892,025)	(5,045,183)
<b>Cash and Cash Equivalents, End of Year</b>	<u>6,515,665</u>	<u>11,560,848</u>
<b>Supplemental Cash Flows Information</b>		
Property and equipment included in accounts payable	\$ 2,168,264	\$ 1,587,351
Capital lease obligation incurred for property and equipment	<u>\$ -</u>	<u>\$ 298,473</u>
Line-of-credit converted to capital lease	<u>\$ 12,550,035</u>	<u>\$ -</u>

# **Kingman Hospital, Inc. and Subsidiary (d/b/a Kingman Regional Medical Center)**

## **Notes to Consolidated Financial Statements**

**June 30, 2013 and 2012**

### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

#### ***Nature of Operations***

Kingman Hospital, Inc d/b/a Kingman Regional Medical Center (the Medical Center) is a not-for-profit acute care hospital. The Medical Center provides inpatient, outpatient and emergency care services for residents of Kingman, Arizona and the surrounding local area. Hospital District Number One of Mohave County, a political subdivision of the State of Arizona (the District), owns certain existing facilities, equipment and land operated by the Medical Center. Northwestern Arizona Regional Insurance Company (NARIC), an Arizona non-profit corporation, provides captive insurance services to the Medical Center. NARIC is a wholly-owned subsidiary of the Medical Center.

#### ***Principles of Consolidation***

The accompanying consolidated financial statements include the accounts of the Medical Center and NARIC, its wholly-owned subsidiary. Significant intercompany accounts and transactions have been eliminated in consolidation.

#### ***Use of Estimates***

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

#### ***Cash and Cash Equivalents***

The Medical Center considers all liquid investments, other than those limited as to use, with original maturities of three months or less to be cash equivalents. At June 30, 2013 and 2012, cash equivalents consisted primarily of money market accounts with brokers.

At June 30, 2013, the Medical Center's cash accounts exceeded federally insured limits by approximately \$7,566,000.

# **Kingman Hospital, Inc. and Subsidiary (d/b/a Kingman Regional Medical Center)**

## **Notes to Consolidated Financial Statements**

**June 30, 2013 and 2012**

### ***Investments and Investment Return***

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investment return includes dividend, interest and other investment income, realized and unrealized gains and losses on investments carried at fair value, and realized gains and losses on other investments

### ***Patient Accounts Receivable***

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Medical Center analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for uncollectible accounts. Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts

For receivables associated with services provided to patients who have third-party coverage, the Medical Center analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for uncollectible accounts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely)

For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Medical Center records a significant provision for uncollectible accounts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts

The Medical Center's allowance for doubtful accounts for self-pay patients decreased from 81% of self-pay accounts receivable at June 30, 2012, to 65% of self-pay accounts receivable at June 30, 2013. In addition, the Medical Center's charge-offs increased approximately \$4,000,000 from approximately \$8,600,000 for the year ended June 30, 2012, to approximately \$12,600,000 for the year ended June 30, 2013. Both changes are primarily due to the Medical Center recording an uninsured discount of 30% and increasing the charity care policy's threshold starting in fiscal year 2013. This discount is recorded for self-pay accounts at the time of billing

### ***Supplies***

The Medical Center states supply inventories at the lower of cost, determined using the first-in, first-out method, or market. Supplies consist primarily of drugs and medical supplies

# **Kingman Hospital, Inc. and Subsidiary (d/b/a Kingman Regional Medical Center)**

## **Notes to Consolidated Financial Statements**

**June 30, 2013 and 2012**

### ***Property and Equipment***

Property and equipment acquisitions are recorded at cost and are depreciated on a straight-line basis over the estimated useful life of each asset. Assets under capital lease obligations are depreciated over the shorter of the lease term or their respective estimated useful lives.

The following estimated useful lives for each major depreciable classification of property and equipment are as follows:

Land improvements	5 – 25 years
Buildings and building improvements	5 – 20 years
Equipment	3 – 20 years

Donations of property and equipment are reported at fair value at the date of contribution as an increase in unrestricted net assets unless use of the assets is restricted by the donor.

### ***Long-lived Asset Impairment***

The Medical Center evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimate future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended June 30, 2013 and 2012.

### ***Interest in Net Assets of Kingman Regional Medical Center Foundation***

Kingman Regional Medical Center Foundation (the Foundation) and the Medical Center are financially interrelated organizations. The Foundation seeks private support for and holds net assets on behalf of the Medical Center. The Medical Center accounts for its interest in the net assets of the Foundation (Interest) in a manner similar to the equity method. The Interest is stated at fair value and changes in the Interest are included in change in net assets. Transfers of assets between the Foundation and the Medical Center are recognized as increases or decreases in the Interest.

### ***Temporarily Restricted Net Assets***

Temporarily restricted net assets are those whose use by the Medical Center has been limited by donors to a specific time period or purpose.

# **Kingman Hospital, Inc. and Subsidiary (d/b/a Kingman Regional Medical Center)**

## **Notes to Consolidated Financial Statements**

**June 30, 2013 and 2012**

### ***Goodwill***

Goodwill is tested annually for impairment. If the fair value of goodwill is lower than its carrying amount, a goodwill impairment is indicated and goodwill is written down to its implied fair value. Subsequent increases in goodwill are not recognized in the financial statements. Management evaluated the goodwill for impairment at the individual reporting unit level. Based on management's evaluation, it was determined that impairment of goodwill in the amount of \$0 and \$650,000 was required for the years ended June 30, 2013 and 2012, respectively.

### ***Net Patient Service Revenue***

The Medical Center has agreements with third-party payers that provide for payments to the Medical Center at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such estimated amounts are revised in future periods as adjustments become known.

### ***Charity Care***

The Medical Center provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue. The Medical Center estimates the direct and indirect costs of providing charity care by applying the ratio of cost to gross charges to the gross uncompensated care. The Medical Center's direct and indirect costs for services furnished under its charity care policy aggregated approximately \$6,270,000 and \$4,223,000 for 2013 and 2012, respectively.

During 2012, the Medical Center modified the charity care policy to provide increased assistance to more of the low income, uninsured and underinsured population of Mohave County who have been affected by the economic downturn or were disenrolled by the State of Arizona's Medicaid program.

# **Kingman Hospital, Inc. and Subsidiary (d/b/a Kingman Regional Medical Center)**

## **Notes to Consolidated Financial Statements**

**June 30, 2013 and 2012**

### ***Contributions***

Unconditional promises to give cash and other assets are accrued at estimated fair value at the date each promise is received. Gifts received with donor stipulations are reported as either temporarily or permanently restricted support. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported as an increase in unrestricted net assets. Donor-restricted contributions whose restrictions are met within the same year as received are reported as temporarily restricted contributions. Conditional contributions are reported as liabilities until the condition is eliminated or the contributed assets are returned to the donor.

### ***Estimated Professional Liability Costs***

An annual estimated provision is accrued for the self-insured portion of medical professional liability claims and includes an estimate of the ultimate costs for both reported claims and claims incurred but not reported and receivables for any stop loss recoveries.

### ***Income Taxes***

The Medical Center is an Arizona corporation, and has been recognized as exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Medical Center is subject to federal income tax on any unrelated business taxable income. NARIC is considered by management to be a "feeder organization" under Section 502(b)(2) and is not subject to federal or state income taxes. NARIC has been recognized as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Medical Center files tax returns in the U.S. federal jurisdiction. With a few exceptions, the Medical Center is no longer subject to U.S. federal examinations by tax authorities for years before 2010.

### ***Excess of Revenues Over Expenses***

The statements of operations include excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets).

# **Kingman Hospital, Inc. and Subsidiary (d/b/a Kingman Regional Medical Center)**

## **Notes to Consolidated Financial Statements**

**June 30, 2013 and 2012**

### ***Electronic Health Records Incentive Program***

The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for one-time incentive payments under both the Medicare and Medicaid programs to eligible hospitals and providers that demonstrate meaningful use of certified electronic health records technology (EHR). Payments under the Medicare program are generally made for up to four years based on a statutory formula. Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services. Payment under both programs are contingent on the hospital continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period. The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

During 2013, the Medical Center has recorded approximately \$306,000 under the Medicare and Medicaid programs related to physician payments, which is included in other revenue within operating revenues in the statement of operations.

### ***Reclassifications***

Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 financial statement presentation. These reclassifications had no effect on the change in net assets.

### ***Subsequent Events***

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

### ***Note 2: Net Patient Service Revenue***

The Medical Center recognizes patient service revenue associated with services provided to patients who have third-party payer coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Medical Center recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of the Medical Center's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Medical Center records a significant provision for uncollectible accounts related to uninsured patients in the period the services are provided. This provision for uncollectible accounts is presented on the statement of operations as a component of net patient service revenue.

# **Kingman Hospital, Inc. and Subsidiary (d/b/a Kingman Regional Medical Center)**

## **Notes to Consolidated Financial Statements**

**June 30, 2013 and 2012**

The Medical Center has agreements with third-party payers that provide for payments to the Medical Center at amounts different from its established rates. These payment arrangements include

*Medicare* Inpatient acute care services, home health services and substantially all outpatient 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. Outpatient services are predominantly paid based on prospectively determined rates per procedure. The Medical Center is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare fiscal intermediary.

*Medicaid* Inpatient services rendered to Arizona Healthcare Cost Containment System (AHCCCS) beneficiaries are paid based on a per diem rate, plus an outlier payment for certain high-cost admissions. Outpatient services are paid using a fee schedule methodology for each service or group of services provided.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The Medical Center has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Medical Center under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Patient service revenue, net of contractual allowances and discounts (but before the provision for uncollectible accounts), recognized in the years ended June 30, 2013 and 2012, respectively, was

	<b>2013</b>	<b>2012</b>
Medicare	\$ 95,135,091	\$ 82,792,601
Medicaid	18,764,477	27,758,502
Other third-party payers	93,621,181	88,624,035
Self-pay	<u>12,975,485</u>	<u>27,973,727</u>
Total	<u><u>\$ 220,496,234</u></u>	<u><u>\$ 227,148,865</u></u>

# **Kingman Hospital, Inc. and Subsidiary (d/b/a Kingman Regional Medical Center)**

## **Notes to Consolidated Financial Statements**

**June 30, 2013 and 2012**

The following summary details gross patient service charges and deductions from these charges at June 30

	<b>2013</b>	<b>2012</b>
Gross charges at established rates		
Inpatient	\$ 398,260,073	\$ 353,363,537
Outpatient	<u>468,967,675</u>	<u>428,281,539</u>
	867,227,748	781,645,076
Total deductions from gross charges	<u>646,731,514</u>	<u>554,496,211</u>
Net patient service revenue	<u><u>\$ 220,496,234</u></u>	<u><u>\$ 227,148,865</u></u>

### **Note 3: Concentration of Credit Risk**

The Medical Center grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers at June 30 is

	<b>2013</b>	<b>2012</b>
Medicare	34%	37%
Medicaid	16%	18%
Other third-party payers	31%	33%
Self-pay	<u>19%</u>	<u>12%</u>
	<u><u>100%</u></u>	<u><u>100%</u></u>

**Kingman Hospital, Inc. and Subsidiary  
(d/b/a Kingman Regional Medical Center)**

**Notes to Consolidated Financial Statements**

**June 30, 2013 and 2012**

**Note 4: Investments and Investment Return**

***Investments***

Investments include

	<b>2013</b>	<b>2012</b>
Cash and equivalents	\$ 1,090,579	\$ 1,315,624
Certificates of deposit	1,179,274	5,533,325
Domestic marketable equity securities	7,088,319	6,598,257
Foreign marketable equity securities	1,689,852	1,618,416
Domestic equity mutual funds	10,490,002	9,162,346
Foreign equity mutual funds	2,963,387	2,601,921
U S government agencies	7,611,081	9,015,302
Fixed income mutual funds	22,093,686	20,457,401
Municipal bonds	944,995	-
Corporate bonds	4,117,474	4,084,538
Alternative investments	1,562,145	-
Real estate investment trust	<u>619,465</u>	<u>604,207</u>
 Total	 61,450,259	 60,991,337
Less long-term investments	<u>1,175,997</u>	<u>5,398,585</u>
 Short-term investments	 <u>\$ 60,274,262</u>	 <u>\$ 55,592,752</u>

Long-term investments consist of certificates of deposit with maturity dates greater than one year

The Medical Center invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that change could materially affect the amounts reported in the accompanying balance sheets.

# **Kingman Hospital, Inc. and Subsidiary (d/b/a Kingman Regional Medical Center)**

## **Notes to Consolidated Financial Statements**

**June 30, 2013 and 2012**

Total investment return is comprised of the following

	<b>2013</b>	<b>2012</b>
Interest and dividend income	\$ 2,073,559	\$ 1,344,833
Net realized gain on sales of securities	1,000,428	1,906,875
Net unrealized gain (loss)	<u>794,406</u>	<u>(2,161,696)</u>
	<u><u>\$ 3,868,393</u></u>	<u><u>\$ 1,090,012</u></u>

### **Note 5: Property and Equipment**

Property and equipment consists of the following at June 30

	<b>2013</b>	<b>2012</b>
Land and land improvements	\$ 19,033,232	\$ 18,998,292
Building and building improvements	98,288,119	96,870,294
Equipment	<u>108,240,474</u>	<u>94,704,099</u>
	<u><u>225,561,825</u></u>	<u><u>210,572,685</u></u>
Less accumulated depreciation	<u>(107,056,515)</u>	<u>(92,596,848)</u>
	<u><u>118,505,310</u></u>	<u><u>117,975,837</u></u>
Construction-in-progress	<u>3,384,789</u>	<u>7,616,380</u>
	<u><u>\$ 121,890,099</u></u>	<u><u>\$ 125,592,217</u></u>

### **Note 6: Interest in Net Assets of Kingman Regional Medical Center Foundation**

The Foundation was established to solicit contributions principally for funding a portion of the Medical Center's capital improvements, operations and program needs of the Medical Center. Funds are distributed to the Medical Center as determined by the Foundation's Board of Directors. The Medical Center's interest in the net assets of the Foundation is reported in the statements of net assets and was \$991,293 and \$887,734 at June 30, 2013 and 2012, respectively.

# **Kingman Hospital, Inc. and Subsidiary (d/b/a Kingman Regional Medical Center)**

## **Notes to Consolidated Financial Statements**

**June 30, 2013 and 2012**

### **Note 7: Lines-of-Credit**

During 2012, the Medical Center obtained a \$15,000,000 non-revolving bank line-of-credit expiring August 26, 2014. At June 30, 2012, there was \$12,515,000 borrowed against this line. The line was collateralized by certain Medical Center investments. During 2013, the line-of-credit was refinanced as a lease agreement through Arizona Health Facilities Authority in the amount of \$12,550,035 (see Note 8).

During 2013, the Medical Center obtained a \$3,000,000 unsecured revolving bank line-of-credit expiring on December 18, 2013. At June 30, 2013, there was \$0 borrowed against this line. Interest is fixed at 3.25%.

During 2012, the Medical Center obtained a \$5,000,000 revolving bank line-of-credit that expired on August 25, 2012. At June 30, 2012, there was \$1,000,000 borrowed against this line. The amount was collateralized by certain certificates of deposit. Interest was fixed at 3.5%.

### **Note 8: Capital Lease Obligations**

During 2013, the Medical Center converted a line-of-credit to a capital lease in the amount of \$12,550,035 which was used in part to acquire approximately \$21,000,000 of assets. The lease is due through 2016 at an interest rate of 1.23% and is collateralized by equipment. The Medical Center has various leases due through 2015 with interest rates of 0% to 1%.

2014	\$ 4,340,915
2015	4,268,446
2016	<u>1,421,049</u>
	10,030,410
Less amount representing interest	<u>146,338</u>
	9,884,072
Present value of future minimum lease payments	4,243,797
Less current maturities	<u>4,243,797</u>
Noncurrent portion	<u><u>\$ 5,640,275</u></u>

# **Kingman Hospital, Inc. and Subsidiary (d/b/a Kingman Regional Medical Center)**

## **Notes to Consolidated Financial Statements**

**June 30, 2013 and 2012**

### **Note 9: Notes Receivable**

Notes receivable consists of the following at June 30

	<b>2013</b>	<b>2012</b>
Various unsecured notes due from physicians with interest rates ranging from 6% to 10 25% per annum due in installments through 2013	\$ 503,955	\$ 530,394
Allowance for doubtful accounts	<u>(304,634)</u>	<u>(304,634)</u>
	199,321	225,760
Less current portion	<u>(199,321)</u>	<u>(156,289)</u>
	<u>\$ -</u>	<u>\$ 69,471</u>

### **Note 10: Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purpose

	<b>2013</b>	<b>2012</b>
Held by Kingman Regional Medical Center Foundation	\$ 991,293	\$ 887,734
Specific programs	<u>253,248</u>	<u>213,339</u>
	<u>\$ 1,244,541</u>	<u>\$ 1,101,073</u>

During 2013 and 2012 net assets were released from donor restrictions by incurring expenses and satisfying the restricted purpose in the amount of \$42,042 and \$109,372, respectively

# **Kingman Hospital, Inc. and Subsidiary (d/b/a Kingman Regional Medical Center)**

## **Notes to Consolidated Financial Statements**

**June 30, 2013 and 2012**

### **Note 11: Functional Expenses**

The Medical Center provides health care services primarily to residents within its geographic area. Expenses related to providing these services are as follows:

	<b>2013</b>	<b>2012</b>
Acute care services	\$ 114,097,970	\$ 105,395,639
Acute rehab unit	960,090	1,024,101
Home health services	4,215,878	4,321,020
Outpatient physician services	33,185,359	31,711,812
Management and general	<u>72,043,386</u>	<u>64,131,224</u>
	<u><u>\$ 224,502,683</u></u>	<u><u>\$ 206,583,796</u></u>

### **Note 12: Professional Liability Costs**

During the year ended June 30, 2007, the Medical Center formed a captive insurance company, NARIC, to provide professional liability insurance. NARIC has purchased stop-loss insurance on a claims-made basis and they are self-insured on an occurrence basis. The Medical Center has purchased excess tail liability insurance to cover professional liability claims incurred before, but reported after, cancellation or expiration of the prior claims-made insurance policy maintained in prior years. Estimates for claims incurred but not reported (IBNR) was \$5,358,314 and \$4,848,002 at June 30, 2013 and 2012, respectively. The amount charged to expense for claims and insurance was approximately \$4,016,000 and \$2,783,000 for the years ended June 30, 2013 and 2012, respectively.

### **Note 13: Self-Funded Health and Dental Insurance**

The Medical Center is liable for all health and dental benefits incurred and/or paid for covered services delivered to eligible participants, subject to maximum liability limits as defined in the plan. In order to limit claim liability, the Medical Center has purchased insurance coverage for claims in excess of \$175,000 per individual. The Medical Center charges its expected monthly liability to expense in its consolidated statements of operations.

Estimates for claims payable include both reported and unreported claims and are recorded in accrued expenses and were approximately \$2,247,000 and \$2,161,000 at June 30, 2013 and 2012, respectively. The amount charged to expense for claims was approximately \$17,200,000 and \$15,900,000 for the years ended June 30, 2013 and 2012, respectively.

# **Kingman Hospital, Inc. and Subsidiary (d/b/a Kingman Regional Medical Center)**

## **Notes to Consolidated Financial Statements**

**June 30, 2013 and 2012**

### **Note 14: Operating Leases**

On July 1, 1990, the Medical Center entered into a lease, covering the hospital facilities and equipment, with the District for a period of 10 years with renewal options for two additional 10-year periods. The Medical Center exercised the first 10-year renewal option on July 1, 2000, and restated the terms and provisions of the lease. The lease was again amended through a supplemental agreement on June 1, 2002. The amended lease calls for payments equal to the scheduled principal and interest payments on the Hospital District Number One of Mohave County, General Obligation Refunding Series 2002 Bonds, plus administrative expenses incurred by the District, plus an annual payment of \$185,400 for additional rent during the lease term, adjusted annually 2%. The Medical Center has exercised the second 10-year renewal option beginning July 1, 2010.

Effective July 1, 2012, this lease was amended, which increased the annual payment for additional rent to \$1,200,000 through 2022. Unless cancelled by either the Medical Center or the District, the lease shall automatically renew for an additional one month on the 1<sup>st</sup> day of each month so full 10-year lease term is created monthly.

The Medical Center has recorded the lease as an operating lease and is recording rent expense on a straight-line basis over the lease term. The difference between recorded rent expense and actual rent payments is recorded as deferred rent. Upon termination or expiration of the lease, all equipment, personal property and fixtures acquired by the Medical Center subsequent to the lease entered into with the District on July 1, 1990, in connection with the operations of the facilities, shall become the property of the District, subject to any outstanding balance owed by the Medical Center as of that date.

On June 1, 1993, the Medical Center entered into an operating lease with the District for real property adjoining the land on which the hospital facilities are located. The term of the lease is for a period that is identical to the term of the 1990 lease and the extensions contained therein. The Medical Center agreed to a lump sum payment of \$500,000, which was recorded as prepaid rent and is being amortized on a straight-line basis over the term of the lease.

Future minimum lease payments at June 30, 2013 for these leases were

2014	\$ 2,679.956
2015	2,675.831
2016	1,417.956
2017	1,417.956
2018	1,417.956
Thereafter	<u>7,124,334</u>
Future minimum lease payments	<u><u>\$ 16,733,989</u></u>

# **Kingman Hospital, Inc. and Subsidiary (d/b/a Kingman Regional Medical Center)**

## **Notes to Consolidated Financial Statements**

**June 30, 2013 and 2012**

### **Note 15: Retirement Plans**

The Medical Center has a defined contribution annuity retirement 403(b) plan covering substantially all of its employees. The Medical Center matches up to 100% of the first 3% of salary for those employees with less than three years but greater than one year of continuous service, 4% of salary for those employees with less than five full years but more than three full years of service and 6% of salary for those employees with more than five full years of service. Pension expense for the Medical Center for the years ended June 30, 2013 and 2012 was \$2,245,558 and \$2,285,975, respectively.

The Medical Center has an executive benefit 457(b) plan for select employees of the Medical Center. The plan is intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation benefits for a select group of highly compensated employees. Under the plan, an executive is entitled to receive a designated percentage of their annual compensation upon retirement. This amount is to be paid over a five-year period. All plan assets remain part of the Medical Center's general assets and, as such, are subject to the claims of its creditors. The related liability, which is included with accrued retirement obligations on the consolidated statements of net assets, was \$1,487,813 and \$1,219,581 as of June 30, 2013 and 2012, respectively.

### **Note 16: Disclosures About Fair Value of Financial Instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value.

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

# Kingman Hospital, Inc. and Subsidiary (d/b/a Kingman Regional Medical Center)

## Notes to Consolidated Financial Statements

June 30, 2013 and 2012

### ***Recurring Measurements***

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2013 and 2012

June 30, 2013	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Investments			
Domestic marketable equity securities	\$ 7,088,319	\$ 7,088,319	\$ -	\$ -
Foreign marketable equity securities	1,689.852	1,689.852	- -	- -
Domestic equity mutual funds	10,490,002	10,490,002	- -	- -
Foreign equity mutual funds	2,963,387	2,963,387	- -	- -
U.S. government agencies	7,611,081	- -	7,611,081	- -
Fixed income mutual funds	22,093,686	22,093,686	- -	- -
Municipal bonds	944.995	- -	944.995	- -
Corporate bonds	4,117,474	1,547,080	2,570,394	- -
Alternative investments	1,562,145	- -	1,562,145	- -
Real estate investment trust	619.465	- -	- -	619.465

# Kingman Hospital, Inc. and Subsidiary (d/b/a Kingman Regional Medical Center)

## Notes to Consolidated Financial Statements

June 30, 2013 and 2012

June 30, 2012	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments</b>				
Domestic marketable equity securities	\$ 6,598,257	\$ 6,598,257	\$ -	\$ -
Foreign marketable equity securities	1,618,416	1,618,416	- -	- -
Domestic equity mutual funds	9,162,346	9,162,346	- -	- -
Foreign equity mutual funds	2,601,921	2,601,921	- -	- -
U S government agencies	9,015,302	384,927	8,630,375	- -
Fixed income mutual funds	20,457,401	20,457,401	- -	- -
Corporate bonds	4,084,538	1,671,931	2,412,607	- -
Real estate investment trust	604,207	- -	- -	604,207

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2013. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

### ***Investments***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include equity and fixed income mutual funds, marketable equity securities, U S government agency securities, and corporate bonds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include corporate bonds. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy and include a real estate investment trust.

# Kingman Hospital, Inc. and Subsidiary (d/b/a Kingman Regional Medical Center)

## Notes to Consolidated Financial Statements

**June 30, 2013 and 2012**

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of net assets using significant unobservable (Level 3) inputs

<b>Real Estate Investment Trust</b>	
Balance, July 1, 2011	\$ 746.231
Total realized and unrealized gains and losses	<u>(142.024)</u>
Balance, June 30, 2012	604.207
Total realized and unrealized gains and losses	<u>15.258</u>
Balance, June 30, 2013	<u><u>\$ 619,465</u></u>
Total gains or losses for the period included in change in net assets attributable to the change in unrealized gains or losses related to assets and liabilities still held at the reporting date	
Year ended June 30, 2012	<u>\$ (142,024)</u>
Year ended June 30, 2013	<u><u>\$ 15,258</u></u>

### ***Unobservable (Level 3) Inputs***

The following table presents quantitative information about unobservable inputs used in recurring Level 3 fair value measurements

	<b>Fair Value at June 30, 2013</b>	<b>Valuation Technique</b>	<b>Unobservable Inputs</b>	<b>Range (Weighted Average)</b>
Real estate investment trust	\$ 604.207	Assessed Value	Real Estate Market Records	Not Available

# Kingman Hospital, Inc. and Subsidiary (d/b/a Kingman Regional Medical Center)

## Notes to Consolidated Financial Statements

**June 30, 2013 and 2012**

The following table presents estimated fair values of the Medical Center's financial instruments at June 30, 2013 and 2012

	2013		2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial assets</b>				
Cash and cash equivalents	\$ 5,623,640	\$ 5,623,640	\$ 6,515,665	\$ 6,515,665
Investments	61,450,259	61,450,259	60,991,337	60,991,337
Notes receivable	199,321	199,321	225,760	225,760
<b>Financial liabilities</b>				
Line-of-credit agreements	-	-	13,515,000	13,515,000
Capital lease obligations	9,884,072	9,884,072	278,930	278,930

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying statements of net assets at amounts other than fair value

### ***Cash and Cash Equivalents***

The carrying amount approximates fair value

### ***Investments***

The carrying amount approximates fair value

### ***Lines of Credit and Capital Lease Obligations***

Fair value is estimated based on the borrowing rates currently available to the Medical Center for bank loans with similar terms and maturities

### ***Note 17: Significant Estimates and Concentrations***

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following

### ***Allowance for Net Patient Service Revenue Adjustments***

Estimates of allowances for adjustments included in net patient service revenue are described in Notes 1 and 2

# **Kingman Hospital, Inc. and Subsidiary (d/b/a Kingman Regional Medical Center)**

## **Notes to Consolidated Financial Statements**

**June 30, 2013 and 2012**

### ***Malpractice Claims***

Estimates related to the accrual for medical malpractice claims are described in Notes 1 and 12

### ***Litigation***

In the normal course of business, the Medical Center is, from time to time, subject to allegations that may or do result in litigation. The Medical Center evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

### **Note 18: Patient Protection and Affordable Care Act**

The Patient Protection and Affordable Care Act (PPACA) will substantially reform the United States health care system. The legislation impacts multiple aspects of the health care system, including many provisions that change payments from Medicare, Medicaid, and insurance companies. Starting in 2014, the legislation requires the establishment of health insurance exchanges, which will provide individuals without employer provided health care coverage the opportunity to purchase insurance. It is anticipated that some employers currently offering insurance to employees will opt to have employees seek insurance coverage through the insurance exchanges. It is possible that the reimbursement rates paid by insurers participating in the insurance exchanges may be substantially different than rates paid under current health insurance products. Another significant component of the PPACA is the expansion of the Medicaid program to a wide range of newly eligible individuals. In anticipation of this expansion, payments under certain existing programs, such as Medicare disproportionate share, will be substantially decreased. Each state's participation in an expanded Medicaid program is optional.

The State of Arizona has experienced significant financial difficulties as a result of the down turn in the economy. These difficulties may greatly affect the Arizona Health Care Cost Containment System (AHCCCS) which serves as the State's Medicaid Agency. Governor Brewer has signed a bill that would expand the Medicaid program, however, lawsuits have been filed challenging the decision. This may result in revenues not offsetting the Medical Center's reduced revenue from other Medicare/Medicaid programs.

The PPACA is extremely complex and may be difficult for the federal government and each state to implement. While the overall impact of the PPACA cannot currently be estimated, it is possible that it will have a negative impact on the Medical Center's net patient service revenue. Additionally, it is possible the Medical Center will experience payment delays and other operational challenges during PPACA's implementation.