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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter Social Security numbers on this form as it may be made public By law, the IRS generally cannot redact the information on the form

▶ Information about Form 990 and its instructions is at www.IRS.gov/form990

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 07-01-2013 , 2013, and ending 06-30-2014

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

C Name of organization
CENTRAL PENINSULA GENERAL HOSPITAL INC

Doing Business As
Central Peninsula Hospital

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

City or town, state or province, country, and ZIP or foreign postal code
Soldotna, AK 99669

D Employer identification number
92-0077523

E Telephone number
(907) 714-4404

G Gross receipts $ 235,291,769

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

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

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

H(c) Group exemption number ▶

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

J Website: ▶ www cpgh org

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

L Year of formation 1994

M State of legal domicile AK

Part I Summary

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

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	11
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	10
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	925
6	Total number of volunteers (estimate if necessary)	**6**	245
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	44,444
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	90,412

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	2,802,938	690,205
9	Program service revenue (Part VIII, line 2g)	215,314,333	229,904,499
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	45,397	259,080
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,849,386	3,844,998
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	221,012,054	234,698,782
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	182,869	151,055
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)	67,730,487	69,552,860
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)	138,890,586	151,767,800
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	206,803,942	221,471,715
19	Revenue less expenses Subtract line 18 from line 12	14,208,112	13,227,067
Net Assets or Fund Balances		**Beginning of Current Year**	**End of Year**
20	Total assets (Part X, line 16)	146,313,507	191,966,077
21	Total liabilities (Part X, line 26)	48,306,258	80,731,761
22	Net assets or fund balances Subtract line 21 from line 20	98,007,249	111,234,316

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 — 2015-02-05 Date

▶ Lance Spindler CFO
Type or print name and title

Paid Preparer Use Only

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

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III . . . . . ☐

1 Briefly describe the organization's mission

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

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

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

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

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations 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 $ 196,167,123 including grants of $) (Revenue $ 202,817,980)

Our 49 bed hospital provided patient and ancillary services to 2,563 inpatients and 86,256 outpatients during the 2013 tax year The hospital provides emergency medical services regardless of ability to pay Emergency medical services were provided to 15,409 individuals, and 1,502 of those individuals were admitted to the hospital 4,117 surgical procedures were performed in the hospital during the tax year The imaging department performed 39,916 procedures Over 66,026 physical therapy 15-minute procedures were provided to area residents During the 2013 tax year, free medical services in the amount of $8,880,963 (gross charges) were provided to patients eligible for charity care

4b (Code) (Expenses $ 10,787,655 including grants of $) (Revenue $ 12,446,953)

Skilled nursing and long term care services were provided by our 60 bed skilled nursing facility Heritage Place provides healing and compassionate residential care in a home like setting Total admissions for the 2013 tax year were 69 and total resident days of care were 19,673 An average of 54 residents per day were provided long term care and nursing Ancillary services for residents included 15,563 physical therapy treatments, while outpatients received 2,842 therapy treatments

4c (Code) (Expenses $ 12,868,057 including grants of $) (Revenue $ 14,639,566)

The hospital operates 6 family and specialty physician services clinics providing care in the following areas Family medicine, Pediatrics, Neurology, Pain Management, Surgery, and Orthopedics Other outpatient clinics include Wound care, Sleep studies, Forensic services, and the provision of Durable medical equipment During the 2013 tax year physician and specialty services were provided for 21,582 patients Over 3,324 wound care procedures, 139 forensic exams, and 138 sleep studies were also performed

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ 219,822,835

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7	Yes	
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 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*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a	Yes	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, 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*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, 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 25a*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**	Yes	
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If so, 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)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**		No
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*	**35b**		
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**	Yes	
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V . . . . . ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	113		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	925		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . .	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

Check if Schedule O contains a response or note to any line in this Part VI . . . . . ☑

Section A. Governing Body and Management

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

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

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

Section C. Disclosure

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

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

☑ Own website ☑ Another's website ☐ Upon request ☑ 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

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

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

Check if Schedule O contains a response or note to any line 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

(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
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Silverio Mattero Board Member	4	X						4,525	0	0
(2) Judith Salo Board Member (former)	4 0	X						3,200	0	0
(3) Alyson Stogsdill President (former)	6 0	X						14,075	0	0
(4) Trena Richardson President	6 0	X						4,575	0	0
(5) Loren Wiemer Board Member (former)	4 0	X						6,525	0	0
(6) Irving Carlisle Secretary/Treasurer	6 0	X						3,925	0	0
(7) Henry Peter Sprague Vice President	6 0	X						4,275	0	0
(8) Gregg Motonaga Anesthesia MD/Board Member	44 0	X				X		609,423	0	22,032
(9) Mark Dixson Board Member	4 0	X						3,575	0	0
(10) Mark Premo Board Member	4 0	X						3,075	0	0
(11) Joseph Bujak Board Member	4 0	X						2,000	0	0
(12) Andrea D Posey CNO (former)	40 0			X				176,820	0	37,800
(13) Johnny L Dodd VP of Human Resources	40 0			X				164,083	0	28,403
(14) Matthew Dammeyer Chief Operating Officer	40 0			X				222,930	0	38,629
(15) Richard Davis CEO	40 0			X				393,703	0	31,902
(16) Shaun Keef Chief Financial Officer (former)	40 0			X				237,157	0	35,569
(17) David S Innes Orthopedic Surgeon	40 0					X		1,519,082	0	34,805

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

(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
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) Cynthia Kahn Pain Management Physician	40 0					X		547,506	0	15,162
(19) Justin Evans Anethesia MD	40 0					X		522,771	0	52,305
(20) Jason Lattin Surgeon	40 0					X		659,041	0	34,805
(21) Steven Manley Board Member	4 0	X						0	0	0
(22) Stephen Horn Board Member	4 0	X						0	0	0
(23) James McHale Board Member	4 0	X						0	0	0
(24) Debra Shuey Board Member	4 0	X						0	0	0
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								5,102,266	0	331,412

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 ▶ 73

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
South Sound Inpatient Physicians PO Box 742936 Los Angeles CA 900742936	Physician Services	824,129
C&A Industries Aureus PO Box 3037 Omaha NE 68103	Contract Labor Provider	593,023
Alaska Hospitalist Group LLC 4300 B Street Anchorage AK 99503	Physician Services	293,667
Molloy Schmidt LLC 110 South Willow St Suite 101 Kenai AK 99611	Attorney Services	282,748
Curtis Buccholz, 44455 Sterling Hwy Soldotna AK 996697936	Pathology services	250,371

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 ▶ 10

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII . . . . . ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a 0				
	b	Membership dues	1b 0				
	c	Fundraising events	1c 0				
	d	Related organizations	1d 104,931				
	e	Government grants (contributions)	1e 550,630				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f 34,644				
	g	Noncash contributions included in lines 1a-1f $	14,644				
	h	**Total.** Add lines 1a-1f		690,205			
Program Service Revenue			Business Code				
	2a	Hospital Service Revenue	622000	202,817,980	202,817,980	0	0
	b	Nursing Home Revenue	623000	12,446,953	12,446,953	0	0
	c	Physician Clinic Revenue	621110	14,639,566	14,639,566	0	0
	d						
	e						
	f	All other program service revenue		0	0	0	0
	g	**Total.** Add lines 2a–2f		229,904,499			
	3	Investment income (including dividends, interest, and other similar amounts)		256,616	0	0	256,616
	4	Income from investment of tax-exempt bond proceeds		0	0	0	0
	5	Royalties		0	0	0	0
			(i) Real / (ii) Personal				
	6a	Gross rents	414,460 / 0				
	b	Less rental expenses	370,016 / 0				
	c	Rental income or (loss)	44,444 / 0				
	d	Net rental income or (loss)		44,444	0	44,444	0
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	0 / 2,464				
	b	Less cost or other basis and sales expenses	0 / 0				
	c	Gain or (loss)	0 / 2,464				
	d	Net gain or (loss)		2,464	2,464	0	0
Other Revenue	8a	Gross income from fundraising events (not including $ 0 of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances	a 440,323				
	b	Less cost of goods sold	b 222,971				
	c	Net income or (loss) from sales of inventory		217,352	217,352	0	0
		Miscellaneous Revenue	Business Code				
	11a	Property tax revenue	900099	96,342	96,342	0	0
	b	USAC Telephone Grant Revenue	900099	481,191	481,191	0	0
	c						
	d	All other revenue		3,005,669	3,005,669	0	0
	e	**Total.** Add lines 11a–11d		3,583,202			
	12	**Total revenue.** See Instructions		234,698,782	233,707,517	44,444	256,616

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 or note to any line in this Part IX . . . . . ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	151,055	151,055		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0	0		
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0	0		
4 Benefits paid to or for members	0	0		
5 Compensation of current officers, directors, trustees, and key employees	5,425,483	4,113,091	1,312,392	0
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0	0	0	0
7 Other salaries and wages	45,177,880	45,177,880	0	0
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	1,561,659	1,561,659	0	0
9 Other employee benefits	14,057,437	14,057,437	0	0
10 Payroll taxes	3,330,401	3,330,401	0	0
11 Fees for services (non-employees)				
a Management	0	0	0	0
b Legal	242,505	0	242,505	0
c Accounting	74,252	0	74,252	0
d Lobbying	19,731	0	19,731	0
e Professional fundraising services See Part IV, line 17	0			0
f Investment management fees	0	0	0	0
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	3,463,568	3,463,568	0	0
12 Advertising and promotion	265,859	265,859	0	0
13 Office expenses	20,383,839	20,383,839	0	0
14 Information technology	4,072,985	4,072,985	0	0
15 Royalties . .	0	0	0	0
16 Occupancy	2,290,727	2,290,727	0	0
17 Travel	324,367	324,367	0	0
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0	0	0	0
19 Conferences, conventions, and meetings	317,297	317,297	0	0
20 Interest	961,727	961,727	0	0
21 Payments to affiliates	0	0	0	0
22 Depreciation, depletion, and amortization	7,845,261	7,845,261	0	0
23 Insurance	977,197	977,197	0	0
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 Medicare program deductions	50,779,904	50,779,904	0	0
b Medicaid program deductions	18,684,098	18,684,098	0	0
c Uncompensated care program deductions	20,478,365	20,478,365	0	0
d Commercial, goverrntment, other program deductions	18,268,091	18,268,091	0	0
e All other expenses	2,318,027	2,318,027	0	0
25 **Total functional expenses.** Add lines 1 through 24e	221,471,715	219,822,835	1,648,880	0
26 **Joint costs.** 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 or note to any line in this Part X . . . . . ☑

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		0	1	30,230,384
	2	Savings and temporary cash investments		35,197,813	2	5,278,059
	3	Pledges and grants receivable, net		31,686	3	94,772
	4	Accounts receivable, net		22,175,972	4	24,663,984
	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	5	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	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		4,247,583	8	4,488,685
	9	Prepaid expenses and deferred charges		1,219,529	9	1,555,004
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 125,816,880			
	b	Less accumulated depreciation	10b 54,428,890	69,429,959	10c	71,387,990
	11	Investments—publicly traded securities		0	11	0
	12	Investments—other securities See Part IV, line 11		500,000	12	500,000
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	497,662
	15	Other assets See Part IV, line 11		13,510,965	15	53,269,537
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		146,313,507	16	191,966,077
Liabilities	17	Accounts payable and accrued expenses		13,438,967	17	12,401,135
	18	Grants payable		0	18	0
	19	Deferred revenue		14,006	19	9,676
	20	Tax-exempt bond liabilities		34,853,285	20	67,333,899
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	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			22	0
	23	Secured mortgages and notes payable to unrelated third parties			23	153,953
	24	Unsecured notes and loans payable to unrelated third parties			24	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			25	833,098
	26	**Total liabilities.** Add lines 17 through 25		48,306,258	26	80,731,761
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		97,507,249	27	106,540,914
	28	Temporarily restricted net assets		500,000	28	4,693,402
	29	Permanently restricted net assets		0	29	0
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		98,007,249	33	111,234,316
	34	Total liabilities and net assets/fund balances		146,313,507	34	191,966,077

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI . . . . . ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	234,698,782
2	Total expenses (must equal Part IX, column (A), line 25)	2	221,471,715
3	Revenue less expenses Subtract line 2 from line 1	3	13,227,067
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	98,007,249
5	Net unrealized gains (losses) on investments	5	0
6	Donated services and use of facilities	6	0
7	Investment expenses	7	0
8	Prior period adjustments	8	0
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	111,234,316

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII . . . . . ☐

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**
▶ **Information about Schedule A (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CENTRAL PENINSULA GENERAL HOSPITAL INC

Employer identification number
92-0077523

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? **11g(i)**		
(ii) A family member of a person described in (i) above? **11g(ii)**		
(iii) A 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

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

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

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

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

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

Section C. Computation of Public Support Percentage

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2012 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2013.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2012.** 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 **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2013.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2012.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

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

Section C. Computation of Public Support Percentage

15	Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2013** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2012** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2013.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2012.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

Part IV **Supplemental Information.** 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		
Return Reference	Explanation	

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.
▶ See separate instructions. ▶ Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period — Calendar year (or fiscal year beginning in)	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		10,177
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		9,554
j	Total Add lines 1c through 1i			19,731
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

Part IV Supplemental Information

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

Return Reference	Explanation
Schedule C, Part II-B, Line 1	The Hospital engages in very little lobbying Educational discussions with lawmakers and general support of healthcare legislation does occur on occasion Total labor and travel expenses for the tax year amounted to $10,177 This represents the labor and travel expenses for two trips to Juneau, the capital of Alaska and two trips to Washington DC Certain organization to which Central Peninsula Hospital pays membership dues, engage in lobbying activities The amount reported for other activities represents the % of those membership dues which were reportedly spent on lobbying type activities Total Hospital dues spent on lobbying activities by other organizations was $9,554

Part IV Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions. ▶ Information about Schedule D (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CENTRAL PENINSULA GENERAL HOSPITAL INC

Employer identification number
92-0077523

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

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

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

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds 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
a Total number of conservation easements	2a	1
b Total acreage restricted by conservation easements	2b	40
c Number of conservation easements on a certified historic structure included in (a)	2c	0
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d	0

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

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

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

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

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

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

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

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

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

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

b If "Yes," explain the arrangement in Part 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
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶
- c Temporarily restricted endowment ▶

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

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

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

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	2,150,517	0		2,150,517
b Buildings	77,392,636	0	36,111,569	41,281,067
c Leasehold improvements	545,822	0	246,327	299,495
d Equipment	38,090,926	0	17,176,208	20,914,718
e Other	7,636,979	0	894,786	6,742,193
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				71,387,990

Part VII **Investments—Other Securities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

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

Part VIII **Investments—Program Related.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

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

Part IX **Other Assets.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d See Form 990, Part X, line 15

(a) Description	(b) Book value
(1) Plant replacement and expansion funds	16,447,887
(2) Bond debt service reserve funds	4,193,402
(3) Bond proceeds reserved for construction project	31,275,450
(4) Deferred loss on bond refunding	1,352,798
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	53,269,537

Part X **Other Liabilities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1 (a) Description of liability	(b) Book value
Federal income taxes	0
Reserves payable to third party payors	791,371
Other current liabilities	41,727
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	833,098

2. Liability for uncertain tax positions 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 Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements			1	138,678,714
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	0		
b	Donated services and use of facilities	2b	0		
c	Recoveries of prior year grants	2c	0		
d	Other (Describe in Part XIII)	2d	592,987		
e	Add lines **2a** through **2d**			2e	592,987
3	Subtract line **2e** from line **1**			3	138,085,727
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	0		
b	Other (Describe in Part XIII)	4b	96,613,055		
c	Add lines **4a** and **4b**			4c	96,613,055
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	234,698,782

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return. Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements			1	125,451,647
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a	0		
b	Prior year adjustments	2b	0		
c	Other losses	2c	0		
d	Other (Describe in Part XIII)	2d	592,987		
e	Add lines **2a** through **2d**			2e	592,987
3	Subtract line **2e** from line **1**			3	124,858,660
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	0		
b	Other (Describe in Part XIII)	4b	96,613,055		
c	Add lines **4a** and **4b**			4c	96,613,055
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	221,471,715

Part XIII Supplemental Information

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

Return Reference	Explanation
Schedule D, Part II, Line 9	In 2008 the hospital purchased a building which resides on 40 acres of land subject to a perpetual covenant for the benefit of all Alaska residents, restricting the use of the land for agricultural purposes pursuant to AK statute 38 05 321 The building on the property is used by the Hospital's chemical dependency unit There is no value placed on the easement itself and therefore it does not appear on the Hospital Financial statements or footnotes The cost of the real property and land is recorded on the Hospital's balance sheet at its net book value
Schedule D, Part XI, Line 2d	Part VIII revenues are reported net of certain items which appear as expenses in the audited financial statements These items are Cost of goods sold on durable medical equipment ($222,971) and expenses pertaining to unrelated business income ($370,016)
Schedule D, Part XI, Line 4b	These expenses represent the total deductions from revenue for third party payors (Medicare, Medicaid, VA, etc) and the amount of charity care discounts provided to patients The audited financials report revenue net of contractual allowances, rather than gross
Schedule D, Part XII, Line 2d	Certain reclassifications of expenses are required on the 990 Part VIII which are reported as reductions of revenue These expenses include rental real estate expenses report on line 6b of the 990 Part VIII in the amount of $370,016 Additionally, cost of goods sold are reported on line 10b of 990 Part VIII in the amount of $222,971 Both items are reported as expenses in the audited financial statements rather than reductions of revenue
Schedule D, Part XII, Line 4b	Certain expenses on the audited financial statements are reported net of revenues however those revenues are reported as gross on the 990 Part XIII These expenses include charity care write-offs of $8,880,963 and third party payer deductions from revenue of $87,732,092

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990.*

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CENTRAL PENINSULA GENERAL HOSPITAL INC

Employer identification number
92-0077523

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
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	3a	Yes	
	☐ 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	3b	Yes	
	☐ 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"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)	1	2,301	3,982,330		3,982,330	3 54 %
b Medicaid (from Worksheet 3, column a)	1	10,878	20,289,323	18,118,268	2,171,055	1 93 %
c Costs of other means-tested government programs (from Worksheet 3, column b)	1	167	38,341	24,796	13,545	0 01 %
d **Total** Financial Assistance and Means-Tested Government Programs	3	13,346	24,309,994	18,143,064	6,166,930	5 48 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	534	26,648	679,969	99,799	580,170	0 52 %
f Health professions education (from Worksheet 5)	113	335	70,420	8,810	61,610	0 05 %
g Subsidized health services (from Worksheet 6)	9	12,698	2,572,419	1,115,681	1,456,738	1 3 %
h Research (from Worksheet 7)	4	120	19,849	0	19,849	0 02 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)	981	3,513	280,305	0	280,305	0 25 %
j **Total.** Other Benefits	1,641	43,314	3,622,962	1,224,290	2,398,672	2 14 %
k **Total.** Add lines 7d and 7j	1,644	56,660	27,932,956	19,367,354	8,565,602	7 62 %

Part II Community Building Activities Complete this 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	0	0	0	0	0	0 %
2	Economic development	0	0	0	0	0	0 %
3	Community support	2	0	204	0	204	0 %
4	Environmental improvements	0	0	0	0	0	0 %
5	Leadership development and training for community members	0	0	0	0	0	0 %
6	Coalition building	4	0	300	0	300	0 %
7	Community health improvement advocacy	0	0	0	0	0	0 %
8	Workforce development	1	199	66,012	0	66,012	0 06 %
9	Other	0	0	0	0	0	0 %
10	**Total**	7	199	66,516	0	66,516	0 06 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	5,200,414		
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	4,086,588		
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				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	27,587,893
6	Enter Medicare allowable costs of care relating to payments on line 5	6	30,928,532
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-3,340,639
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (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, primary website address, and state license number	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
	See Additional Data Table										

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)

Name of hospital facility or facility reporting group Central Peninsula Hospital

If reporting on Part V, Section B for a single hospital facility 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 begining 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	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 09			
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests 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	**3**	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	**4**		No
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) www cpgh org			
b	☐ Other website (list url)			
c	☑ Available upon request from the hospital facility			
d	☑ 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 as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☐ Participation in the development of a community-wide plan			
d	☐ Participation in the execution of a community-wide plan			
e	☐ Inclusion of a community benefit section in operational plans			
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☑ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		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)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
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)*

Financial Assistance Policy		Yes	No
9 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?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 400% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Residency			
i ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☑ Other (describe in Part VI)			
Billing and Collections			
15 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?	**15**	Yes	
16 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 individual's eligibility under the facility's FAP			
a ☑ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			
17 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 individual's eligibility under the facility's FAP?	**17**	Yes	
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☑ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			

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 individuals regarding the individuals' bills
- **d** ☑ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

		Yes	No
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?	**19**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

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)			
21 During the tax year, did the hospital facility charge any FAP-eligible individual 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?	**21**		No
If "Yes," explain in Part VI			
22 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual?	**22**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
See Additional Data Table	

Part V Facility Information *(continued)*

Section D. 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? **16**

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

Part VI Supplemental Information

Provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs 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

Form and Line Reference	Explanation
Schedule H, Part I, Line 6a	The most recently completed Community Health Needs Assessment was published in January 2013, or the 2012 tax year

Form and Line Reference	Explanation
Schedule H, Part I, Line 7	In areas where costs were reasonably able to be compiled we used actual costs For activities such as the cost of charity care, we used the cost to charge ratios as calculated by the figures reported on our most recently filed Medicare cost report

Form and Line Reference	Explanation
Schedule H, Part I, Line 7, Column f	Bad debt was reported at gross charges in 990 Part IX, line 25 or $11,597,402 along with gross charity care of $8,880,963 However, for the purposes of this Schedule H, we have used the cost to charge ratio calculated herein (44 84%) to reduce our uncompensated care (bad debt plus charity) to the estimated cost to provide that care ($5,200,414 in bad debt) Of this balance, approximately 73% is estimated to be attributable to patients who may have been eligible to receive free or discounted care under the Hospital's financial assistance policy but failed to apply for assistance

Form and Line Reference	Explanation
Schedule H, Part II	The Hospital supports our local education and workforce establishments through monetary donations, job fairs, job shadowing, internships, community partnership and coalition building, and skills training Community involvement, workforce development, and health education improves the quality of life, and health of the community through the fostering of positive relationships and by engaging the community in health initiatives

Form and Line Reference	Explanation
Schedule H, Part III, Section A, Line 4	Footnote Bad debt provisions are made for the amount of revenue that will not be collected from patients to whom services were billed but not paid The Hospital has determined these patients are neither medically nor financial indigent and do not qualify for the Hospital's charity care program Bad debt provisions are determined by management's assessment with consideration of business and economic conditions, changes and trends in healthcare coverage, and other collection indicators The adequacy of this provision is periodically reviewed and further modified based upon the account receivable payor composition and aging, and historical write-off experience by payor category The amount reported in Schedule H, Part III is based on the estimated cost to provide care for individual patient accounts which were classified as bad debt during the year The amount which may be attributable to patients who qualify for charitable assistance or free care is estimated at approximately 73% of that total These are accounts which our financial counselors made every effort to contact and assist patients to apply for financial assistance, but the patient refused to do so It is our belief that all of these bad debts should be considered community benefits as they provide a necessary and vital health benefit to members of our service area free of charge

Form and Line Reference	Explanation
Schedule H, Part III, Section B, Line 8	It is our belief that all of the shortfall in actual receipts from Medicare compared to the cost to provide care to Medicare patients should be considered a community benefit The reason for this stance is that the Hospital is required to write off all contractual allowance for Medicare patients regardless of the amount of the shortfall The Hospital may only collect the portion which is a patient's co-pay or deductible and may not engage in collection efforts for the remainder The Medicare costs reported herein are based on the fiscal year 2014 Medicare cost report filed

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

Form and Line Reference	Explanation
Schedule H, Part VI, Line 2	In addition to the preparation of a Community Health Needs Assessment (CHNA) and a strategic plan to meet the identified needs, the Hospital also determines health deficits within the community through a variety of other ways Hospital officials meet regularly with an advisory committee comprised of area residents and former patients to determine the adequacy of facilities and services to meet the health needs of the community The hospital periodically employs consultants to determine the physician and specialty physician needs of the community in order to direct strategic planning and physician recruiting Finally, an open dialogue between Hospital management and patients, staff, and area medical staff is another source of identifying community health needs which exist

Form and Line Reference	Explanation
Schedule H, Part VI, Line 3	Hospital staff attempt to provide a financial assistance program brochure to every patient during discharge The brochure is also available upon request, on the Hospital's public website, and is published in the local newspaper Financial counselors personally contact patients and explain the financial assistance policy, assist with completion of applications, and set up payment plans if necessary The Hospital employs 2 full time financial counselors that meet personally with patients to review their bills, set up payment arrangements, explain the financial assistance policy, and assist with the financial assistance application process In addition, the Hospital purchases advertising space in the local newspaper to notify the public of its financial assistance program and how patients can reach our financial counselors to apply

Form and Line Reference	Explanation
Schedule H, Part VI, Line 4	The area served by the Hospital is comprised of 13 Census designated places or towns and has a total population of approximately 36,000 residents according to the 2010 census The geographic region is in the Central Kenai Peninsula in the state of Alaska Based on the 2010 Census, approximately 11% of the population is age 65 or older, 32% are between 45 and 64, and 32% are between 19 and 44 Basic social and economic characteristics of the region indicate an 8 6% unemployment rate with a median household income of $60,378, while 8 9% of residents live below the federal poverty line More than 22% of adults age 18 to 64 years are uninsured, just 1% higher than the US average

Form and Line Reference	Explanation
Schedule H, Part VI, Line 5	The Hospital engages in numerous community efforts year-round to improve health awareness and education in our service area Monetary donations to local non-profits that support health initiatives and healthy living, personnel support of local non-profits, public service announcements, conference room space for community organizations and support groups, health speaker bureaus, child safety programs, health fairs, immunization clinics, community health newsletters, and numerous other programs, initiatives, and collaborations

Additional Data

Software ID: 13000241
Software Version: v1.00
EIN: 92-0077523
Name: CENTRAL PENINSULA GENERAL HOSPITAL INC

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
Schedule H, Part V, Section B, Line 3-Central Peninsula Hospital	In conducting the CHNA, the University of New England (UNE) reached out to a broad cross section of the local community in order to gather health data through phone interviews The UNE also used published census and health data for the community, state, and nation in their needs assessment Hospital management supplements health information provided in the CHNA through partnerships and collaborations around the state and the nation such as involvement in the Alaska State Hospital and Nursing Home Association, Rural Health Care and Small Hospital associations, and also on the local level with the Kenai Peninsula Borough, the Patient advisory committee, and the Service area board

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
Schedule H, Part V, Section B, Line 5-Central Peninsula Hospital	In addition to the above methods of disbursement, the CHNA was also provided through email to Administrators, Hospital Board Members, and supervisory staff of the Hospital

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
Schedule H, Part V, Section B, Line 6-Central Peninsula Hospital	Hospital Management collaborates with the Board of Directors to address the CHNA findings through frequent strategic planning and implementation of new services whenever financially viable Additionally, the Hospital support the provision of health service by Community health partners when it cannot supply those needs itself

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
Schedule H, Part V, Section B, Line 7-Central Peninsula Hospital	Two of the 2013 CHNA health findings require long-term planning or community collaboration to meet the health need 1 Respiratory Health and COPD affect over 10% of the population surveyed Although the service area reports lower rates of smoking than peer communities, COPD rates remain the same Additional attention on smoking cessation is needed along with reduction of obesity rates The Hospital does treat patients admitted for services with smoking cessation patches free of charge while they are inpatients However, an external campaign to reduce smoking rates has no yet been developed and it is unclear at this time what community collaboration efforts would best serve this need 2 Diabetes - nearly 10% of the population surveyed reported a diagnosis of diabetes Age and obesity are major risk factors in developing diabetes, and nearly 68% of the population is either overweight or obese The Hospital has therefore focused much of its attention not on diabetes itself but on prevention through one of its major risk factors, obesity The Healthy Lifestyles department specifically targets healthy eating and healthy living habits which can help lower the occurrence of diabetes Further, the diabetes education department offers education, counseling, and support groups to area residents that suffer from diabetes

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
Schedule H, Part V, Section B, Line 14-Central Peninsula Hospital	The Hospital makes its financial assistance policy widely available to its patients and the public through various means During the discharge process, admissions staff attempt to provide a copy of the financial assistant brochure to every patient Additionally, financial counselors contact patients about their billings and discuss the financial assistance policy with them over the phone and in person and offer assistance with completion of applications The policy is posted on our public website at www cpgh org and is reported quarterly in local area government assembly meetings during the Hospital's financial presentation Finally, advertising space is purchased in our local newspaper to publicize the financial assistance policy to the general public along with instructions for how to contact a financial counselor

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
Schedule H, Part V, Section B, Line 20- Central Peninsula Hospital	The Hospital offers all self pay patients (regardless of FAP eligibility) a 25% prompt pay discount on hospital charges This discount is more advantageous than substantially all of our negotiated commercial rates For those patients who are unable to pay because they are financially or medically indigent, they are provided an opportunity to enroll in our financial assistance program for a further discount or free care

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

Section D. 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)
Heritage Place 232 Rockwell Ave Soldotna,AK 99669	Skilled nursing facility, longterm care
Serenity House 47480 Kristina Way Soldotna,AK 99669	Skilled nursing facility, longterm care
Central Peninsula Pain Management 289 N Fireweed Unit C/D Soldotna,AK 99669	Skilled nursing facility, longterm care
Central Peninsula Neurology 289 N Fireweed St Suite C/D Soldotna,AK 99669	Skilled nursing facility, longterm care
Central Peninsula Family Practice Kenai 506 Lake Street Kenai,AK 99611	Skilled nursing facility, longterm care
Kenai Physical Medicine 260 Caviar St Kenai,AK 99611	Skilled nursing facility, longterm care
Soldotna Physical Medicine 245 N Binkley Soldotna,AK 99669	Skilled nursing facility, longterm care
Kenai Health Center 630 Barnacle Way Kenai,AK 99611	Skilled nursing facility, longterm care
Central Peninsula Family & Pediatrics 245 N Binkley St Suite 101 Soldotna,AK 99669	Skilled nursing facility, longterm care
Central Peninsula Surgical Services 289 N Fireweed St Unit B Soldotna,AK 99669	Skilled nursing facility, longterm care
Serenity House intake office 245 N Binkley Street Suite 203 Soldotna,AK 99669	Skilled nursing facility, longterm care
Peninsula Medical Center 265 N Binkley Street Soldotna,AK 99669	Skilled nursing facility, longterm care
Central Peninsula Medical Center 245 N Binkley Street Soldotna,AK 99669	Skilled nursing facility, longterm care
Vacant building 158 Corral Street Soldotna,AK 99669	Skilled nursing facility, longterm care
Serenity House transitional housing 166 W Corral Street Soldotna,AK 99669	Skilled nursing facility, longterm care

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

Section D. 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)
Medical Office Space - Spine Ctr 108 E Corral St Soldotna,AK 99669	Skilled nursing facility, longterm care
Radiation Oncology Building 240 Hospital Place Soldotna,AK 99669	Skilled nursing facility, longterm care
CP Foot & Ankle Clinic 198 W Corral Soldotna,AK 99669	Skilled nursing facility, longterm care

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990**

▶ **Information about Schedule I (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CENTRAL PENINSULA GENERAL HOSPITAL INC

Employer identification number
92-0077523

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. 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
See Additional Data Table							

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 8

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶ 2

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.

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

Part IV **Supplemental Information.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Return Reference	Explanation
Schedule I, Part I, Line 2	The Hospital provides cash contributions to local organizations which support community initiatives and healthy living on the Kenai Peninsula Contributions are only made to organizations in good community standing Hospital officers are responsible for approving all assistance to outside organizations and do so with discretion

Additional Data

Software ID: 13000241
Software Version: v1.00
EIN: 92-0077523
Name: CENTRAL PENINSULA GENERAL HOSPITAL INC

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Kenai Peninsula Youth Foundation Kenai River Brown Bears PO Box 2605 Soldotna,AK 99669	26-2580744	501(c)3	20,300				Monetary support for the 2013-2014 youth hockey season The Kenai Peninsula Youth Foundation is an organization dedicated to providing developmental programs for aspiring student athletes

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Bridges Community Resource Network PO Box 1612 Soldotna,AK 99669	92-0151271	501(c)3	11,200				Monetary support for the Imagination Library, Cancer fundraisers, local arts and crafts guild, and school sports

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
City of Kenai 210 Fidalgo St Suite 200 Kenai, AK 99611	92-6001599	170(c)1	10,000				Monetary support for the construction of the Enchanted Forest Playground

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Kenai Peninsula Food Bank 33955 Community College Dr Soldotna,AK 99669	94-3112445	501(c)3	10,000				Monetary support for the Food Bank which provides low-cost or free nutritious foods to families with financial need

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Kenai Peninsula United Way 11355 Frontage Road Benco Building Suite 101 Kenai, AK 99611	92-0111698	501(c)3	10,000				Monetary support of United Way of the Kenai Peninsula, which promotes healthy living, financial stability, and educational improvement through its many community programs

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Kenai River Foundation PO Box 3674 Soldotna,AK 99669	27-1570362	501(c)3	10,000				Monetary donation for the Wounded Heroes Event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Soldotna Chamber of Commerce 44790 Sterling Hwy Soldotna,AK 99669	92-0061612	501(c)6	8,035				Monetary support for the Community partnership, Progress Days, and the annual Pie Auction

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
American Cancer Society Inc 250 Williams St NW Suite 400 Atlanta, GA 303031002	13-1788491	501(c)3	7,000				Monetary support for the American Cancer Society Relay for life and Polar bear jump The American Cancer society funds cancer research and education

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Kenai Watershed Forum PO Box 2937 Soldotna,AK 99669	91-1829284	501(c)3	6,500				Monetary support for Kenai River conservation and education and for maintenance and support of the Tsalteshi trail system

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Kachemak Bay Broadcasting Inc 3913 Kachemak Way Homer, AK 99603	92-0060366	501(c)3	5,200				Monetary Donation to public radio broadcasting for the Kenai Peninsula

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 23.**
▶ **Attach to Form 990.** ▶ **See separate instructions.**
▶ **Information about Schedule J (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CENTRAL PENINSULA GENERAL HOSPITAL INC

Employer identification number
92-0077523

Part I Questions Regarding Compensation

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

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

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

Return Reference	Explanation
Schedule J, Part I, Line 1a	Gross up payments are made for certain taxable fringe benefits including the value of life insurance over $50,000 A year-end wage adjustment is made for all affected employees to include the gross up for fringe benefits and excess life insurance benefits The hospital has historically paid all social security and medicare taxes on such benefits while the employee is responsible for federal income taxes In 2014 the hospital discontinued the payment of gym membership dues for employees
Schedule J, Part I, Line 1b	The year end gross up adjustment for fringe benefits and life insurance over $50,000 is based on historical practice and is not governed by a written policy The hospital maintains that at some future date, employees may be required to pay their own FICA taxes on fringe benefits Similarly, the hospital decided not to continue paying for gym memberships during 2014
Schedule J, Part I, Line 3	The hospital contracts with an independent consultant every three years to perform a review of executive salaries and benefits The most recent review was performed in October 2014 The resulting report is provided to the Board of Directors and Management for review The Board then sets compensation levels for the CEO through a written employment contract The CEO is responsible for hiring the remainder of the Hospital's executive staff and for using comparable data studies to set their salaries
Schedule J, Part I, Line 4	The Hospital provides a 457 Top Hat plan to certain key employees and executives The following individual on Schedule J participated in the 457 plan and either deferred their own compensation or received hospital contributions into the plan during the tax year, Gregg Motonaga $17,499, Justin Evans $17,499, Richard Davis $6,609, Shaun Keef $3,584, Andrea Posey $1,648, Johnny Dodd $3,060, and Matthew Dammeyer $4,096
Schedule J, Part I, Line 5	In accordance with their employment contracts, Emergency room physicians and surgeons receive a percentage of their professional physician fees billed This compensation is not based on the entity's overall revenue
Schedule J, Part I, Line 6	The hospital pays an annual incentive plan bonus to all employees, supervisors and executives based on a series of 4 operational and quality measures One of these 4 measures is meeting the hospital's net earnings budget This element comprises only one-fourth of the potential plan bonus payment and the bonus is not calculated based on the amount of the entity's earnings The remaining measures are 1)patient satisfaction, 2)quality, and 3)utilization

Additional Data

Software ID: 13000241
Software Version: v1.00
EIN: 92-0077523
Name: CENTRAL PENINSULA GENERAL 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				
Gregg Motonaga Anesthesia MD/Board Member	(I)	579,577	30,958	1,063	23,172	21,748	656,518	0
	(II)	0	0	0	0	0	0	0
Justin Evans Anethesia MD	(I)	497,469	28,408	1,029	23,172	33,268	583,346	0
	(II)	0	0	0	0	0	0	0
David S Innes Orthopedic Surgeon	(I)	1,335,617	155,685	33,164	5,672	33,268	1,563,406	0
	(II)	0	0	0	0	0	0	0
Jason Lattin Surgeon	(I)	595,672	37,740	29,764	5,672	33,267	702,115	0
	(II)	0	0	0	0	0	0	0
Cynthia Kahn Pain Management Physician	(I)	422,089	74,205	52,267	5,672	10,544	564,777	0
	(II)	0	0	0	0	0	0	0
Richard Davis CEO	(I)	288,847	49,136	61,018	12,185	22,514	433,700	0
	(II)	0	0	0	0	0	0	0
Shaun Keef Chief Financial Officer (former)	(I)	186,523	25,507	29,261	6,436	33,268	280,995	0
	(II)	0	0	0	0	0	0	0
Andrea D Posey CNO (former)	(I)	139,279	18,937	21,818	8,878	32,135	221,047	0
	(II)	0	0	0	0	0	0	0
Johnny L Dodd VP of Human Resources	(I)	137,393	8,133	22,105	8,687	22,514	198,832	0
	(II)	0	0	0	0	0	0	0
Matthew Dammeyer Chief Operating Officer	(I)	183,913	23,830	18,641	9,708	32,135	268,227	0
	(II)	0	0	0	0	0	0	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CENTRAL PENINSULA GENERAL HOSPITAL INC

Employer identification number
92-0077523

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	Kenai Peninsula Borough	92-0030894	488530NF9	12-18-2003	47,985,000	Hospital expansion project 2003 GO bonds		X		X		X
B	Kenai Peninsula Borough	92-0030894	01179PX51	09-15-2011	27,905,000	Refunding bonds - 2011 GO		X		X	X	
C	Kenai Peninsula Borough	92-0030894	01179RDP5	02-20-2014	32,490,000	Medical Office Building construction project		X		X	X	

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	43,635,000	0	0	
2	Amount of bonds legally defeased	0	0	0	
3	Total proceeds of issue	53,963,243	32,616,814	34,999,563	
4	Gross proceeds in reserve funds	0	0	2,960,067	
5	Capitalized interest from proceeds	3,376,615	0	347,061	
6	Proceeds in refunding escrows	32,616,814	0	1,233,335	
7	Issuance costs from proceeds	544,896	201,610	127,595	
8	Credit enhancement from proceeds	0	0	0	
9	Working capital expenditures from proceeds	0	0	0	
10	Capital expenditures from proceeds	53,418,347	0	3,598,902	
11	Other spent proceeds	0	0	0	
12	Other unspent proceeds	0	0	31,275,450	
13	Year of substantial completion	2008	2008	2016	

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X		X	X			
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X				X			
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %		0 %		0 %			
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 %		0 %		0 %			
6	Total of lines 4 and 5	0 %		0 %		0 %			
7	Does the bond issue meet the private security or payment test?		X		X	X			
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X		X		X			

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?	X			X		X		
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X		X	X			
b	Exception to rebate?		X		X		X		
c	No rebate due?		X		X		X		
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?	X		X		X			
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		X		
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was the hedge terminated?								

Part IV Arbitrage *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?	X			X		X		
7	Has the organization established written procedures to monitor the requirements of section 148?		X		X	X			

Part V Procedures To Undertake Corrective Action

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?		X		X	X			

Part VI Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Return Reference	Explanation

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.
▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CENTRAL PENINSULA GENERAL HOSPITAL INC

Employer identification number
92-0077523

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

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

1 (a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected? Yes	No

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

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

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

Part III Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Charles Weimer	Husband of former board member Loren Weimer	13,000	Leased real estate to Hospital at FMV		No

Part V Supplemental Information

Provide additional information for responses to questions on Schedule L (see instructions)

Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CENTRAL PENINSULA GENERAL HOSPITAL INC

Employer identification number
92-0077523

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part VI, Section A, Line 7b	
Form 990, Part VI, Section B, Line 11b	The 990 is prepared by the Hospital's Finance Department and submitted to Hospital managem ent for review Management then returns any edits to the Finance Dept for preparation of a 2nd draft The 2nd draft of the 990 and all schedules and statements are then submitted t o each member of the Board for review and comment The board proposes any edits to the Fin ance dept and gives authority to the CFO or Board President to sign and file the return
Form 990, Part VI, Section B, Line 12c	Both senior leadership and members of the Board of Directors complete an annual conflict o f interest statement w hich is reviewed by management and the finance team The board revie ws and discusses any conflicts of interest w hich arise throughout the year and take approp riate action if needed
Form 990, Part VI, Section B, Line 15	An independent professional executive remuneration study is performed every 2-3 years The most recently performed study by the Haygroup w as executed in October 2014 Remuneration reports are submitted to the Board for review and used to set the w age scales for the CEO, CFO, CNO, COO, and VP of Human Resources Contemporaneous documentation exists for this s tudy
Form 990, Part VI, Section C, Line 18	The hospital published its 3 most recent 990s on its own w ebsite at w w w cpgh org The Hosp ital's 990 is also published on Guidestar com and is available upon request via email
Form 990, Part VI, Section C, Line 19	The Hospital makes its governing documents, conflict of interest policy, and audited finan cial statements available to the public upon request The audit financial statements are a lso published on its w ebsite at w w w cpgh org

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CENTRAL PENINSULA GENERAL HOSPITAL INC

Employer identification number
92-0077523

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

(a) Name, address, and EIN (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" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

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

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No

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

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

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

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

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

Part VII Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation

Additional Data

Software ID: 13000241
Software Version: v1.00
EIN: 92-0077523
Name: CENTRAL PENINSULA GENERAL HOSPITAL INC

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
Central Peninsula Health Foundation	c	14,644	Actual cost of capital assets provided to the Hospital
Central Peninsula Health Foundation	q	62,632	Actual expenses incurred by the Hospital are stated at the dollar value paid which is reimbursed at cost by the Foundation
Central Peninsula Health Foundation	m	178,919	The Foundation performs fundraising for which a portion benefits the Hospital and Hospital programs The value of those programs for which the Foundation transferred solicited funds during 2014 was $178,919
Central Peninsula Health Foundation	n	13,829	The Hospital provides office space to Central Peninsula Health Foundation The value of the space is determined based on our most recently filed Medicare Cost Report (2013) expenses for facility, administration, and support services allocated per square foot
Central Peninsula Health Foundation	o	64,348	The Hospital shares certain paid employees for directorship and accounting functions necessary to operate Central Peninsula Health Foundation
Kenai Peninsula Borough	k	1	The Hospital is operated by Central Peninsula General Hospital Inc through a lease and operating agreement with the Kenai Peninsula Borough The amount of the lease stated in that agreement is $1 per annum
Kenai Peninsula Borough	p	7,990,819	The Hospital reimburses the Kenai Peninsula Borough for expenses related to its debt service, property insurance premiums, refuse, and sales tax This amount represents actual cash payments to the borough for these expenses
Kenai Peninsula Borough	r	7,730,136	Per the lease and operating agreement with the Kenai Peninsula Borough, all cash >90 days operating must be transferred to an account held by the Borough for Plant replacement and expansion of facilities of the hospital This is the total amount of cash transferred to the borough during FY2014

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TY 2013 Reasonable Cause Explanation

Name: CENTRAL PENINSULA GENERAL HOSPITAL INC

EIN: 92-0077523

Software ID: 13000241

Software Version: v1.00

Explanation: Extension was filed for 990 and accepted by the IRS. Extension deadline was met.

Central Peninsula General Hospital

(A Component Unit of the Kenai Peninsula Borough)

Financial Statements, Supplemental Information

Years Ended June 30, 2014 and 2013

BDO

Central Peninsula General Hospital

(A Component Unit of the Kenai Peninsula Borough)

Financial Statements and Supplemental Information

Years Ended June 30, 2014 and 2013

Central Peninsula General Hospital

(A Component Unit of the Kenai Peninsula Borough)

Contents

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Anchorage, AK 99503

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Central Peninsula General Hospital (the "Hospital"), a component unit of the Kenai Peninsula Borough, as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements in order 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 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Central Peninsula General Hospital, as of June 30, 2014 and 2013, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Central Peninsula General Hospital's basic financial statements. The supplemental schedule of patient service revenues, schedule of operating expenses - by function and schedule of revenue and expenses - budget to actual are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of patient service revenues, schedule of operating expenses - by function and schedule of revenue and expenses - budget to actual is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2014 on our consideration of the Central Peninsula General Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Central Peninsula General Hospital's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
October 29, 2014

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Management's Discussion and Analysis

Introduction

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

Financial Statements

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

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

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

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

Previous to fiscal year 2013, the financial statements of the Hospital included, as a blended component unit, Central Peninsula Health Foundation (the Foundation). Due to the early adoption of *GASB 61* the Foundation is no longer required to be reported as a component unit of the hospital.

Financial Highlights

- The Hospital's 2014 Net Position increased over the prior year by $13.2 million or 13.5%.
- The Hospital's cash and cash equivalents increased by approximately $311 thousand while non-current cash and investments increased by $5.1 million.
- The Hospital issued $32.5 million in new GO bonds to fund the construction of a specialty medical office building.
- Operating income increased by approximately $538 thousand in 2014 compared to 2013.

The Hospital's Net Position

Summarized financial information of the Hospital's Statement of Net Position as of June 30, 2014 and 2013 is as follows:

	In Thousands		
	2014	2013	Change from prior year
Assets and Deferred Outflows			
Cash and cash equivalents	$ 35,509	$ 35,198	$ 311
Patient accounts receivable, net	23,521	21,377	2,144
Other current assets	7,281	6,298	983
Non-current cash and investments	16,948	11,822	5,126
Bond reserves	4,193	-	4,193
Unspent bond proceeds	31,276	-	31,276
Deferred outflows	1,850	2,189	(339)
Capital assets, net	71,388	69,430	1,958
Total Assets and Deferred Outflows	$ 191,966	$ 146,314	$ 45,652
Liabilities			
Current liabilities	$ 18,192	$ 16,223	$ 1,969
Long-term debt, net of current portion	62,540	32,084	30,456
Total Liabilities	80,732	48,307	32,425
Net Position			
Net investment in capital assets	36,177	36,567	(390)
Restricted	4,693	500	4,193
Unrestricted	70,364	60,940	9,424
Total Net Position	111,234	98,007	13,227
Total Liabilities and Net Position	$ 191,966	$ 146,314	$ 45,652

The most noteworthy changes in the Hospital's net position during 2013 and 2014 are the increases in unspent bond proceeds, bond reserves, non-current cash and investments, and long-term debt.

A $31.3 million increase in bond proceeds occurred during 2014 as a result of the issuance of $34.9 million in revenue bonds for the construction of a specialty medical office building. A corresponding increase of $30.4 million in long-term debt and $2.0 million in short-term debt also resulted from that issuance. In accordance with debt service requirements of this bond issuance, a $4.2 million increase in bond reserves occurred during 2014.

Non-current cash and investments increased by nearly $5.1 million due to transfers of cash in excess of 90 days of operating cash into the plant replacement and expansion fund. Transfers of cash into the fund are governed by a lease and operating agreement between the Hospital and the Kenai Peninsula Borough.

The net position of the Hospital increased from $98.0 million as of June 30, 2013 to $111.2 million as of June 30, 2014, reflecting the overall performance for fiscal year 2014 of a $13.2 million increase in net position. The $13.2 million increase in net position from 2013 to 2014 is primarily the result of increased patient volumes in adult and pediatric acute care, intensive care, and surgery, coupled with a decrease in operating expenses such as a reduction in hospitalist physician fees, medical supplies, and employee benefits.

Operating Results and Changes in the Hospital's Net Position

Summarized financial information of the Hospital's Statement of Revenues, Expenses and Changes In Net Position for the years ended June 30, 2014 and 2013 follows:

	In Thousands		
	2014	2013	Change from prior year
Operating Revenues			
Net patient revenue (net of bad debt)	$ 122,384	$ 120,150	$ 2,234
Other revenue	4,330	3,801	529
Total Operating Revenue	126,714	123,951	2,763
Operating Expenses			
Salaries, wages, and benefits	67,176	66,075	1,101
Supplies and drugs	20,460	19,997	463
Purchased services and professional fees	14,100	13,900	200
Depreciation and amortization	8,067	7,959	108
Other	2,628	2,275	353
Total Operating Expenses	112,431	110,206	2,225
Operating Income	14,283	13,745	538
Non-Operating Revenues (Expenses)			
Property taxes	96	95	1
Investment income	257	44	213
Other non-operating	(1,424)	(1,681)	257
Total Non-Operating Expenses	(1,071)	(1,542)	471
Capital Grants	15	2,005	(1,990)
Increase in Net Position	$ 13,227	$ 14,208	$ (981)

The Hospital's net patient revenue for fiscal year 2014 showed an increase of $2.2 million from fiscal year 2013. Net patient revenues for fiscal year 2013, showed an increase of $7.5 million from 2012.

The 1.8% increase in 2014 net patient revenues was the result of; a 22.1% increase in acute care patient days, a 19.0% increase in physical medicine procedures, an 11.2% increase in respiratory therapy procedures, and annual charge increases. The $15.3 million increase in total patient revenue created by increased patient volumes was reduced by an $11.5 million increase in contractual write-offs, and a $1.6 million increase in the provision for bad debts.

Operating expenses increased by 2.0% from fiscal year 2013 to 2014 and 3% from fiscal year 2012 to 2013. The current year increase in operating expenses was largely due to increases in salaries, contract labor costs and pharmacy drugs, coupled with a decrease in employee benefits and physician fees.

Salaries expense for 2014 increased by 4.6% or $2.3 million over the previous year. A wage increase of 3% of salaries for non-union employees, as well as a 3.5% increase in staffing caused this increase. Pharmacy drug costs increased by 25.4% over the previous year due to a 22.1% increase in acute care patient volumes, coupled with a 20.2% increase in oncology and infusion patient units. Employee benefits costs declined by 7% in 2014 due to a reduction in employee health plan expenses for the second straight year. A decrease of $1.2 million and $2.0 million occurred in 2014 and 2013 respectively, from the previous year for employee health insurance costs. Changes to the health plan in 2014 and 2013 included increases in employee premiums, co-pays, and deductibles as well as the addition of new preferred providers. These changes, in addition to employee education about health plan choices, helped to contain costs for the plan years 2013 and 2014. Another area of expense reduction was in physician fees. A reduction of 41.1% occurred in 2014 physician fees due almost entirely to a change in providers of Hospitalist services. Hospital administrators negotiated a significant rate reduction with a new physician group provide to hospitalist services to inpatients.

Non-operating revenues and expenses consist primarily of interest expense, investment income, and grants. Investment income increased by $212.0 thousand in 2014 compared to 2013 due to an increase in investment earnings for deposits held in the Kenai Peninsula Borough Central Treasury. Another notable decrease occurred in bond interest expense due to the capitalization of interest on construction projects in progress during 2014 and 2013.

Capital contributions decreased by $2.0 million dollars in 2014 from the previous year due to receipt of a onetime grant from the State of Alaska to assist with the construction of a radiation oncology facility. This project was completed in 2013.

Budget Comparison

The following schedule presents a comparison of actual results to budget for the year ended June 30, 2014:

	In Thousands		
	Actual	Budget	Variance
Operating Revenues			
Net patient revenue	$ 122,384	$ 125,058	$ (2,674)
Other revenue	4,330	4,519	(189)
Total Operating Revenue	126,714	129,577	(2,863)
Operating Expenses	112,431	114,661	2,230
Operating Income	14,283	14,916	(633)
Non-Operating Revenues (Expenses)	(1,071)	(1,112)	41
Capital Grants	15	-	15
Increase in Net Position	$ 13,227	$ 13,804	$ (577)

Net patient revenue trailed behind our budget by 2.1% in 2014 due to a 7.9% increase in deductions from third party payers over budget. Much of this increase was due to higher than expected write-offs from Medicare and Medicaid. Although gross patient revenues exceeded budget by 2.3% in 2014, the increased deductions from revenue outpaced revenue growth producing an overall decline in net patient revenue.

Operating expenses also trailed behind budget by 1.9% in 2014. Employee benefits were $3.0 million under budget due to savings in our employee health plan. Offsetting those savings were contract labor expenses which exceeded budget by $1.6 million, and pharmacy drugs which were $626 thousand over budget.

Capital Assets Discussion

2014

Capital asset additions of $6.8 million were placed in service during fiscal year 2014, while construction in progress increased by $8.6 million. Significant additions to property, plant, and equipment included the placement of a new building into service for use by our Kenai Physical medicine department. The building was purchased from Frontier Physical therapy during 2013 and underwent renovations before it was placed in service during 2014. Other significant additions include building renovations for obstetrics, oncology, wound care, and imaging. An X-ray room and related equipment were added to the spine clinic, and a new ultrasound system was purchased for the Hospital. The additions to construction in progress for 2014 are mainly related to the construction of a specialty medical office building and an upgrade to our current information systems network. Retirements of $6.4 million during 2014 included patient monitoring equipment, a building remodel from 1984, MRI upgrades, medical records automation systems, and a breast biopsy system which were all fully depreciated. A partial impairment of a generator project from 2000 was also recorded as part of the system has been removed from service.

2013

Capital asset additions of $11.5 million were placed in service during fiscal year 2013, while construction in progress increased by $1.1 million. Significant additions to property, plant, and equipment included the construction of a radiation oncology treatment center, the purchase of two medical office buildings, completion of a fourth operating room, new software systems forthe obstetrics and emergency departments, and renovation of a building for the spine center program. Retirements of $3.8 million included our previous nuclear medicine and ultrasound systems, an MRI system upgrade, and a mobile c-arm unit.

Debt

As of June 30, 2014 the Hospital had $32.5 million in general obligation bonds and $27.9 million in refunding bonds outstanding as detailed in *Note 6* to the financial statements. Principal payments totaling $2.2 million and interest payments of $1.4 million were made on long-term debt during 2014. General Obligation (GO) issued during 2014 are for the purpose of building a specialty medical office building. Refunding bonds were used exclusively to fund the Hospital expansion project. There have been no changes in the Hospital's debt ratings in the past two years.

During 2012 the Hospital's 2003 GO bonds were refunded through the Alaska Municipal Bond Bank. The re-issuance of these bonds at a lower rate of interest will save the Hospital nearly $2.7 million in interest over the next 12 years.

In November 2010, the Hospital entered into two capital leases with Johnson & Johnson Finance Corporation for the acquisition of Vitros 350 and Vitros 5600 chemistry analyzers. The total principal amount of these leases at inception was $348.0 thousand. Principal payments totaling $57.8 thousand and interest payments of $5.4 thousand were made on these capital leases during 2014.

Contacting the Hospital's Financial Management

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

Financial Statements

Central Peninsula General Hospital
(A Component Unit of the Kenai Peninsula Borough)

Statements of Net Position

June 30,	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	$ 30,230,384	$ 30,200,714
Equity in Central Treasury of Borough	5,278,059	4,997,099
	35,508,443	35,197,813
Patient receivables	29,253,620	26,529,797
Less estimated uncollectibles	(5,732,327)	(5,153,267)
	23,521,293	21,376,530
Property taxes receivable	2,779	3,392
Less estimated uncollectible taxes	(40)	(377)
	2,739	3,015
Other receivables	1,234,724	828,113
Prepaid expenses	1,555,004	1,219,529
Inventory	4,488,685	4,247,583
	7,278,413	6,295,225
Total Current Assets	66,310,888	62,872,583
Assets Whose Use is Limited		
Plant replacement funds	16,447,887	11,322,729
Other reserved funds	500,000	500,000
Bond reserves held by BNY	2,960,067	-
Bond reserves held by escrow agent	1,233,335	-
Unspent bond proceeds	31,275,450	-
Total Assets Whose Use is Limited	52,416,739	11,822,729
Property, Plant and Equipment		
Buildings	77,392,636	76,321,508
Equipment	38,090,926	39,257,315
Land and land improvements	4,242,497	3,749,952
Construction in progress	5,544,999	2,033,428
Leasehold improvements	545,822	551,163
Less accumulated depreciation and amortization	(54,428,890)	(52,483,407)
Total Property, Plant and Equipment, net	71,387,990	69,429,959
	123,804,729	81,252,688
Deferred Outflows of Resources		
Deferred loss on bond refunding	1,352,798	1,499,047
Excess consideration paid for acquisition	497,662	689,189
Total Deferred Outflows of Resources	1,850,460	2,188,236
Total Assets and Deferred Outflows	$ 191,966,077	$ 146,313,507

See notes to accompanying financial statements.

Central Peninsula General Hospital
(A Component Unit of the Kenai Peninsula Borough)

Statements of Net Position, continued

June 30,	2014	2013
Liabilities and Net Position		
Current Liabilities		
Accounts and contracts payable	$ 4,620,209	$ 3,822,693
Accrued liabilities	5,228,649	4,925,214
Claims payable	2,552,277	2,807,624
Due to third party payors	791,371	1,824,649
Unearned revenue	9,676	14,006
Bond interest payable	852,990	491,617
Current portion of bonds payable	4,035,000	2,225,000
Current portion of capital leases	59,504	53,040
Other current liabilities	41,727	58,787
Total Current Liabilities	18,191,403	16,222,630
Long-Term Liabilities, net of current portion		
Bonds payable	56,360,000	27,905,000
Capital leases	94,449	153,953
Premium on bonds payable	6,085,909	4,024,675
Total Long-Term Liabilities	62,540,358	32,083,628
Total Liabilities	80,731,761	48,306,258
Net Position		
Net investment in capital assets	36,176,605	36,567,338
Restricted	4,693,402	500,000
Unrestricted	70,364,309	60,939,911
Total Net Position	111,234,316	98,007,249
Total Liabilities and Net Position	$ 191,966,077	$ 146,313,507

See notes to accompanying financial statements.

Central Peninsula General Hospital
(A Component Unit of the Kenai Peninsula Borough)
Statements of Revenues, Expenses and Changes in Net Position

For the Years ended June 30,	2014	2013
Operating Revenues		
Patient service revenue (net of contractual allowances and charity)	$ 133,981,649	$ 130,091,691
Provision for bad debts	(11,597,400)	(9,941,179)
Net patient service revenue less provision for bad debts	122,384,249	120,150,512
Other operating revenue	4,329,463	3,800,757
Total Operating Revenues	126,713,712	123,951,269
Operating Expenses		
Salaries	51,562,119	49,283,257
Employee benefits	15,614,051	16,791,568
Medical supplies	8,626,685	9,170,193
Depreciation	8,066,688	7,959,305
Other supplies	7,196,331	7,129,264
Other professional fees	5,041,640	4,444,273
Drugs and IV solutions	4,637,087	3,697,272
Repairs and maintenance	3,658,637	3,379,216
Utilities	2,650,983	2,534,082
Physician fees	1,061,321	1,803,472
Insurance	977,197	954,791
Leases and rentals	709,756	784,911
Other	2,628,211	2,274,866
Total Operating Expenses	112,430,706	110,206,470
Income from operations	14,283,006	13,744,799
Non-Operating Revenues (Expenses)		
General property taxes	96,342	94,695
Investment income	256,616	44,523
Interest expense	(961,727)	(1,218,937)
Other expenses	(461,814)	(461,938)
Total Non-Operating Revenues (Expenses)	(1,070,583)	(1,541,657)
Income before contributions	13,212,423	12,203,142
Capital contributions	14,644	2,004,970
Change in net position	13,227,067	14,208,112
Net Position, beginning of year	98,007,249	83,799,137
Net Position, end of year	$ 111,234,316	$ 98,007,249

See notes to accompanying financial statements.

Central Peninsula General Hospital
(A Component Unit of the Kenai Peninsula Borough)
Statements of Cash Flows

For the Years ended June 30,	2014	2013
Cash Flows from Operating Activities		
Receipts from patients and users	$ 123,535,671	$ 120,904,252
Payments to suppliers	(37,483,170)	(35,635,590)
Payments to employees	(67,035,492)	(65,905,899)
Net cash flows from operating activities	19,017,009	19,362,763
Cash Flows from Non-Capital Financing Activities		
Receipts from property taxes	92,288	96,253
Grants and other non-operating sources	121,637	394,887
Net cash flows from non-capital financing activities	213,925	491,140
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(10,289,246)	(12,589,947)
Proceeds from issuance of bonds	34,872,166	-
Principal paid on capital debt	(2,278,040)	(2,193,505)
Capital contributions from grants	14,644	2,004,970
Interest paid/received on capital debt	(902,434)	(1,686,176)
Net cash flows from capital and related financing activities	21,417,090	(14,464,658)
Cash Flows from Investing Activities		
Change in assets whose use is limited	(40,594,010)	110,598
Investments (purchased)/matured	-	3,034,960
Investment income received	256,616	44,523
Acquisition of a business	-	(1,185,000)
Net cash flows from investing activities	(40,337,394)	2,005,081
Net increase in cash and cash equivalents	310,630	7,394,326
Cash and Cash Equivalents and Equity in Central Treasury, beginning of year	35,197,813	27,803,487
Cash and Cash Equivalents and Equity in Central Treasury, end of year	$ 35,508,443	$ 35,197,813

See notes to accompaning financial statements.

Central Peninsula General Hospital
(A Component Unit of the Kenai Peninsula Borough)
Statements of Cash Flows, continued

For the Years ended June 30,	2014	2013
Reconciliation of Income from Operations to Net Cash Flows from Operating Activities		
Income from operations	$ 14,283,006	$ 13,744,799
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation expense	8,066,688	7,959,305
Provision for bad debts	11,597,400	9,941,179
Changes in assets and liabilities:		
Patient receivables	(13,742,163)	(12,404,122)
Other receivables	(406,611)	75,720
Inventory	(241,102)	(708,198)
Prepaid expenses	(335,475)	122,224
Accounts and contracts payable	797,516	1,069,581
Accrued liabilities	303,435	290,794
Claims payable	(255,347)	(147,641)
Due to third party payors	(1,033,278)	(584,074)
Other current liabilities	(17,060)	3,196
Total adjustments	4,734,003	5,617,964
Net cash flows from operating activities	$ 19,017,009	$ 19,362,763

See notes to accompaning financial statements.

1. The Reporting Entity

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

2. Summary of Significant Accounting Policies

Enterprise Accounting

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

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

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

Cash Equivalents

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

Equity in Central Treasury

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

Assets Whose Use is Limited

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

Inventory

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

Prepaid Expenses

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

Property, Plant and Equipment

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

Excess Consideration Paid for Acquisition

The Hospital has recognized goodwill as a result of acquiring another business (see Note 12 regarding acquisitions). The Hospital evaluates the carrying value of goodwill annually and amortizes the remaining balance over a 5 year period using the present value of net flows.

Deferred Loss on Bond Refunding

The Hospital reissued bonds in September 2011 (See Note 6 regarding Long-Term Debt) resulting in a deferred loss on bond refunding. The unamortized balance as of June 30, 2014 and 2013 was $1,352,798 and $1,499,047, respectively.

Bad Debts

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

Operating Income and Expense

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

Non-Operating Income/Expense

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

Net Patient Service Revenue

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

Property Taxes

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

Unearned Revenue

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

Use of Estimates

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

Change in Accounting Principle

In 2014, the Hospital adopted newly issued Governmental Accounting Standards Board (GASB) pronouncement 67, resulting in additional footnote disclosures for its defined contribution pension plan.

In 2013, the Hospital adopted GASB pronouncements 63 and 65, resulting in a change in statements of net position, and GASB Statement number 69 Government Combinations and Disposals of Government Operations. The new pronouncements require reporting two new categories of accounts. Certain items previously reported as assets are now categorized as deferred outflows. A deferred outflow represents the consumption of the government's net position that is applicable to a future reporting period. Other items previously categorized as liabilities are now categorized as deferred inflows. A deferred inflow represents the acquisition of net assets or fund balance that is applicable to a future reporting period. For example, revenues that have been earned but are not yet available in the governmental funds are now reported as deferred inflows. In the financial statements the residual net of all of the accounts is now called net position. The adoption of these statements has no effect on previously reported net position.

Reclassifications

Certain reclassifications which have no impact on change in net position have been made to the 2014 and 2013 financial statements to conform to current year classifications.

3. Charity Care

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

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

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy, the estimated cost of those services and supplies and equivalent service statistics. The following information measures the level of charity care provided and the estimated net cost of charity care services provided, calculated using a cost to charge ratio methodology during the years ended June 30, 2014 and 2013:

June 30	2014	2013
Charges Forgone, Based On Established Rates	$ 8,880,963	$ 9,031,980
Net Cost Of Charity Care Services Provided	$ 4,413,839	$ 4,663,075

4. Deposits and Investments

Deposits and investments consisted of the following at June 30:

	2014		2013	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Deposits				
Bank Accounts	$ 30,225,584	$ 30,557,392	$ 30,196,364	$ 30,466,233
Petty Cash	4,800	-	4,350	-
Total Deposits	30,230,384	30,557,392	30,200,714	30,466,233
Investment				
Certifications of deposit	500,000	500,000	500,000	500,000
Total Deposits And Investments	$ 30,730,384	$ 31,057,392	$ 30,700,714	$ 30,966,233

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

June 30,	2014	2013
Cash and cash equivalents	$ 30,230,384	$ 30,200,714
Assets whose use is limited -		
other reserved funds	500,000	500,000
bond reserves held by Bank of New York	2,960,067	-
bond reserves held by escrow agent	1,233,335	-
	$ 34,923,786	$ 30,700,714

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

On September 13, 2006, a restriction was placed on a portion of the Malpractice Trust to secure a $500,000 letter-of-credit whose beneficiary is Steadfast Insurance Company. Upon dissolution of the Malpractice Trust on September 19, 2008, a $500,000 certificate of deposit was purchased to secure the letter-of-credit. The balance of that certificate of deposit was $500,000 as of June 30, 2014.

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

June 30,	2014	2013
Current Assets		
Equity in Central Treasury of Kenai Peninsula Borough	$ 5,278,059	$ 4,997,099
Assets Whose Use is Limited		
Plant replacement funds	16,447,887	11,322,729
	$ 21,725,946	$ 16,319,828

5. Capital Assets

A summary of the changes in property, plant and equipment during fiscal year 2014 follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Land and land improvements	$ 3,749,952	$ 548,113	$ (55,568)	$ 4,242,497
Buildings	76,321,508	3,001,171	(1,930,043)	77,392,636
Equipment	39,257,315	3,227,519	(4,393,908)	38,090,926
Leasehold improvements	551,163	-	(5,341)	545,822
Construction in progress	2,033,428	8,628,599	(5,117,028)	5,544,999
Total property, plant and equipment	121,913,366	15,405,402	(11,501,888)	125,816,880
Accumulated depreciation and amortization	(52,483,407)	(8,066,688)	6,121,205	(54,428,890)
Net Property, Plant And Equipment	$ 69,429,959	$ 7,338,714	$ (5,380,683)	$ 71,387,990

6. Long-Term Debt

Issuance of New Debt

The Assembly of the Kenai Peninsula Borough authorized the issuance of $43,000,000 of Central Peninsula General Hospital Service Area Revenue bonds on October 22, 2013. The bond proceeds will be used to fund the construction costs of a specialty medical office building. In February 2014, the Borough issued $32,490,000 of 15-year bonds in two different series with a premium of $2,509,563. Series one, 2014A Serial bonds are tax-exempt with an average coupon rate of 4.78% and mature in 2029. Series two, the 2014B Serial bonds are taxable with an average coupon rate of 2.22% and mature in 2022. After the issuance of these bonds, $10,510,000 remains authorized and unissued.

Revenue Bond Covenants

The revenue bond covenants require the Hospital to establish a bond reserve account, and a debt service reserve account. The bond reserve account is held in escrow and is comprised of monthly payments in the amount of $246,667. The monthly payments were calculated to equal the maximum annual debt service requirement, and from this escrow account all future debt service payments will be paid. The bond reserve account has approximately $1,233,335 in escrow as of June 30, 2014. Additionally, a debt service reserve account is required in an amount equal to 125% of the maximum annual debt service payment. The debt service reserve amount of $2,960,067 is being held by Bank of New York and will be distributed as the final debt service payment. The remaining $740,080 of the debt service reserve account is being held by the Kenai Peninsula Borough out of the Hospital's Plant Replacement and Expansion fund. The bond reserve and debt service reserve accounts meet the required amounts as of June 30, 2014.

2011-Series Hospital Refunding Bonds

The voters of the Central Peninsula General Hospital Service Area authorized the sale of $49,900,000 in general obligation (G.O.) bonds on October 7, 2003. The bond proceeds were used to fund the construction costs of the hospital expansion project. The 20-year bonds were issued at a premium on December 18, 2003 with an average coupon rate of 4.86%.

In September 2011, the Borough issued Central Peninsula Hospital Refunding Bonds of $27,905,000. These bonds were used to retire $29,615,000 in outstanding debt from the 2003 G.O. bond issuance. The refunding bonds were issued at a premium of $4,711,814 and after paying issuance costs of $199,549, the present value of the savings on the debt service was $2,397,813. A deferred loss on the refunding of $1,754,982 was recognized and is being amortized over the remaining life of the bonds using the straight-line method. The balance of the deferred loss on refunding is $1,352,798 as of June 30, 2014.

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

Bonds payable consisted of the following as of June 30:

June 30,	2014	2013
General obligation bonds 2003 series payable in semi-annual installments, including an average coupon rate of 4.86%, original issue maturing August, 2023	$ -	$ 2,225,000
Refunding bonds 2011 series three payable in semi-annual installments, including an average coupon rate of 4.86%, maturing in September, 2020	27,905,000	27,905,000
General obligation bonds 2014 series one and 2014A series one payable in semi-annual installments, including an average coupon rate of 4.23%, maturing in March, 2029	32,490,000	-
Less current portion of debt	(4,035,000)	(2,225,000)
Bonds Payable, net of current portion	$ 56,360,000	$ 27,905,000

The remaining annual requirements to amortize bond debt outstanding as of June 30, 2014, are as follows:

Year Ending June 30:	Principal	Interest	Total
2015	$ 4,035,000	$ 2,446,993	$ 6,481,993
2016	4,180,000	2,303,106	6,483,106
2017	4,295,000	2,183,405	6,478,405
2018	4,440,000	2,038,420	6,478,420
2019	4,605,000	1,875,067	6,480,067
2020-2024	25,990,000	6,427,764	32,417,764
2025-2029	12,850,000	1,941,250	14,791,250
Total	$ 60,395,000	$ 19,216,005	$ 79,611,005

Capital Leases

In November 2010, the Hospital entered into two capital leases for equipment. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of June 30, 2014, are as follows:

Year Ended June 30:	
2015	$ 63,235
2016	63,235
2017	33,490
Total minimum lease payments	159,960
Less amount representing interest	(6,007)
Present value of net minimum lease payments	153,953
Less current portion	(59,504)
Capital Leases Payable, net of current portion	$ 94,449

7. Functional Expenses

Operating expenses grouped according to function are as follows:

	2014	2013
Operating Expenses		
Nursing expenses	$ 31,736,318	$ 32,091,680
Other professional services	27,999,541	25,931,344
General services	9,457,498	8,690,350
Administrative and fiscal services	35,170,661	35,533,791
Provision for depreciation	8,066,688	7,959,305
Total Operating Expenses	$ 112,430,706	$ 110,206,470

8. Third-Party Payor Programs

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

Medicare

Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient non-acute services, outpatient services, and certain defined capital and medical education costs related to Medicare beneficiaries are paid based upon a cost reimbursement method. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports and audits by the Medicare fiscal intermediary. Final cost report settlements have been issued through June 30, 2011.

Medicaid

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

9. Pension Plan

Employees of the Hospital are eligible to participate in the Central Peninsula General Hospital Employee Pension Plan, a defined contribution single-employer pension plan under IRC 403(b), established on July 1, 1995. There are no other participating employers or non-employer contributing entities. Plan membership for the years ended June 30, 2014 and 2013 consisted of 667 active or former Hospital employees, at the end of both years. The Hospital's Board of Directors has authority to establish, amend, or terminate the plan at any time.

After the first year of employment, and at the next open enrollment period, employees who work 1,000 hours or more are eligible to participate in the Plan. The Hospital will contribute 2% of an employee's eligible salary for all eligible employees. In addition, the Hospital will match the employee's voluntary contribution up to 3% of gross pay, should the employee elect to participate. As of January 1, 2013 the Hospital's total contribution for each employee was not to exceed $5,672. On January 1, 2014 the Hospital increased its maximum contribution for each employee to $5,848. The employee may contribute an additional amount above the 2% voluntary contribution. The additional amount shall not exceed the lesser of 18% of their eligible salary, or $23,000 for employees over the age of fifty, and $17,500 for all others. Participants are fully vested in their contributions and after five years, are 100% vested in the Hospital's matching contribution.

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

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

The Hospital's covered payroll for the years ended June 30, 2014 and 2013 was $41,815,328 and $41,113,328, respectively. Total payroll for the years ended June 30, 2014 and 2013 was $51,577,704 and $49,072,957, respectively.

Employee contributions to the Plan for the years ended June 30, 2014 and 2013 were $2,722,961 and $2,637,604, respectively. Employer contributions were $1,512,603 and $1,515,728 for the same periods. Total contributions to the Plan were 10.1% of covered payroll for June 30, 2014 and 10.1% for June 30, 2013.

10. Risk Management

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

Self-Insured Health Plan

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

	2014	2013
Health Insurance Claims Liabilities, beginning of year	$ 1,634,585	$ 1,756,453
Current year claims incurred and changes in estimates for claims incurred in prior years	10,496,317	11,715,902
Claims and expenses paid	(10,659,074)	(11,837,770)
Health Insurance Claims Liabilities, end of year	$ 1,471,828	$ 1,634,585

Professional and General Liability

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

The Hospital used actuarial studies performed by Milliman, Inc. dated May 2, 2013 to estimate its projected claims liabilities as of June 30, 2014 and a study dated April 10, 2012 to estimate liabilities which existed as of June 30, 2013. The liability that existed as of June 30, 2014 and 2013 is as follows:

	2014	2013
Malpractice Claims Liabilities, beginning of year	$ 1,173,039	$ 1,198,812
Current year claims incurred and changes in estimates for claims incurred in prior years	102,808	27,851
Claims and expense paid	(195,398)	(53,624)
Malpractice Claims Liabilities, end of year	$ 1,080,449	$ 1,173,039

11. Operating Leases

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

The following is a schedule by years of future minimum lease payments under the operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2014:

Year Ended June 30:	
2015	$ 178,237
2016	165,017
2017	162,017
2018	162,017
2019	135,391
Total Minimum Lease Payments	$ 802,679

Actual operating lease expense for the years ending June 30, 2014 and 2013 was $376,577 and $427,002, respectively.

In June, 2012 the Hospital entered into a lease arrangement with a medical services company to operate the Radiation Oncology Center on the Hospital campus. This non-cancelable lease will last 20 years starting on the commencement date, April 19, 2013. Monthly payments are $15,538 for the first two years, increasing by 2.5% annually until year 11. For year 12 an appraiser will determine the fair market value of the rental payments as well as subsequent payment increases to occur annually until the next scheduled valuation takes place in year 16. The cost of the building is $6,639,452 and the carrying amount is $6,153,585, as of June 30, 2014. Total accumulated depreciation for the radiation oncology center is $485,868 as of June 30, 2014. Future minimum lease revenues included in the schedule below are based on known payments occurring until the scheduled fair value adjustment in year 12.

In June 2013, the Hospital entered into a lease arrangement with a local surgeon to operate a spine center from medical office space owned by the Hospital. This is a 2-year operating lease covering 65% of the total square footage of the building starting on the commencement date, June 10, 2013. Monthly payments are $8,498 for the first year with a provision to adjust the rental payment to a commercially reasonable fair market value at the beginning of year 2. The cost of the medical office building in its entirety is $1,616,660 and the carrying amount is $1,521,261 as of June 30, 2014. Total accumulated depreciation for the building is $95,399 as of June 30, 2014.

The following is a schedule by years of future minimum lease revenues under the operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2014:

Year Ended June 30:	
2015	$ 366,042
2016	273,926
2017	203,606
2018	207,750
2019	201,797
Thereafter	1,071,717
Total Minimum Lease Payments	$ 2,324,838

12. Acquisition of Business

In fiscal year 2013, the Hospital purchased the assets of a business for consideration of $1,185,000. The following table summarizes the consideration paid and the amounts of assets acquired:

June 30, 2013	
Equipment	$ 63,950
Patient charts	6,500
Accounts receivable	183,707
Workforce	88,771
Excess consideration paid for acquisition	842,072
Fair Value of Invested Capital	$ 1,185,000

Subsequent to the purchase, management determined that the accounts receivable, workforce, and goodwill were impaired resulting in a write off of $425,361 in 2013. The remaining balance is to be amortized over a 5 year period based on the present value of net cash flows. Amortization expense for year ended June 30, 2014 is $191,527 and is included in other operations expenses.

13. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, but believes that the GASB 68 will result in the biggest reporting change. Actual impacts have not yet been determined:

GASB 68 – Accounting and Financial Reporting for Pensions – 2013 - Effective for year-end December 31, 2015 - This statement contains certain technical corrections to prior GASB statements on the topics of Net Pension Liability and Pension Expense.

GASB 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees - Effective for year-end December 31, 2014 - This statement contains reporting requirements when a government financially guarantees the obligations of another government, non-profit, or private entity without receiving equal value in exchange.

14. Subsequent Events

In October 2014, the Hospital will begin leasing a medical office building from a member of the medical staff, Dr. Todd Boling (President of Jonas Ridge LLC). The space is intended for the medical office of a Urologist who will be joining the employed medical staff of the Hospital in October 2014. The rental amount is based on fair market value for similar medical office space.

The Hospital has signed an asset purchase agreement with Providence Imaging Center in order to acquire the medical, office, and imaging equipment of the business for $2.9 million. Transfer of ownership will occur on or about November 4, 2014. This is an asset only purchase agreement and no real property is included. The Hospital plans to operate the imaging center in the existing medical office space where the former imaging center was located. The Hospital intends to assume the existing lease between Beezinc and Providence Imaging Center. The office space is owned by two members of the medical staff of the Hospital.

The Hospital is in the construction phase of a Specialty Medical Office Building funded by the issuance of $32.5 million in GO Bonds through the Alaska Municipal Bond Bank. The office building will provide space for specialty physician offices, oncology, and physical medicine on the existing Hospital campus. The project is expected to be completed by March 2016.

Supplemental Schedules

Central Peninsula General Hospital
(A Component Unit of the Kenai Peninsula Borough)
Schedules of Patient Service Revenues

For the Years ended June 30,	2014	2013
Daily Patient Services		
Adults and pediatrics	$ 21,210,124	$ 17,490,401
Skilled nursing	10,149,254	10,015,441
Intensive care unit	5,621,674	4,426,717
Total Daily Patient Services	36,981,052	31,932,559
Other Nursing Services		
Operating room	30,223,961	28,320,654
Emergency	25,327,896	25,963,196
Central services and supply	23,598,272	25,141,283
Recovery room	2,237,655	1,993,546
Oncology/infusion	1,245,192	989,500
Total Other Nursing Services	82,632,976	82,408,179
Other Professional Services		
Imaging	37,864,504	35,872,217
Laboratory	18,545,417	16,288,671
Clinic	14,639,566	15,136,246
Pharmacy	11,606,459	9,977,237
Respiratory therapy	8,391,751	7,099,728
Physical therapy	7,928,248	5,333,401
Anesthesia	6,022,387	5,495,164
Chemical dependency	2,277,723	2,269,604
Intravenous therapy	1,983,498	1,865,959
Electro cardiology	1,717,208	1,618,927
Shared services	3,915	16,441
Total Other Professional Services	110,980,676	100,973,595
Total Patient Service Revenues	230,594,704	215,314,333
Contractual Adjustments		
Medicare	(50,779,904)	(42,557,717)
Medicaid	(18,684,098)	(16,522,878)
Other contractual	(18,268,090)	(17,110,067)
Total Contractual Adjustments	(87,732,092)	(76,190,662)
Uncompensated Care		
Charity discounts	(8,880,963)	(9,031,980)
Net Patient Service Revenue	$ 133,981,649	$ 130,091,691

Central Peninsula General Hospital
(A Component Unit of the Kenai Peninsula Borough)

Schedules of Operating Expenses - By Function

	2014			2013		
For the Years ended June 30,	Salaries	Supplies and Other Expenses	Total	Salaries	Supplies and Other Expenses	Total
Nursing Services						
Emergency	$ 5,975,808	$ 352,890	$ 6,328,698	$ 6,126,166	$ 353,990	$ 6,480,156
Adults and pediatrics	5,359,194	725,756	6,084,950	4,994,021	490,748	5,484,769
Skilled nursing	3,037,923	163,601	3,201,524	3,016,530	172,861	3,189,391
Operating room	2,616,715	1,997,878	4,614,593	2,352,557	2,095,976	4,448,533
Intensive care unit	1,469,973	466,645	1,936,618	1,456,102	94,435	1,550,537
Recovery room	657,941	63,951	721,892	603,168	149,319	752,487
Oncology / infusion	451,105	37,467	488,572	393,095	43,793	436,888
Central services and supply	135,249	7,677,283	7,812,532	130,931	8,399,754	8,530,685
Hospitalist program	-	546,939	546,939	-	1,218,234	1,218,234
Total Nursing Services	19,703,908	12,032,410	31,736,318	19,072,570	13,019,110	32,091,680
Other Professional Services						
Clinic	5,940,956	1,074,212	7,015,168	5,611,505	992,656	6,604,161
Anesthesiology	2,284,509	66,668	2,351,177	2,071,962	130,284	2,202,246
Physical therapy	2,209,426	344,845	2,554,271	1,787,785	306,841	2,094,626
Imaging	2,013,921	1,886,604	3,900,525	1,908,918	1,921,471	3,830,389
Laboratory	1,598,096	2,441,484	4,039,580	1,570,515	2,571,486	4,142,001
Pharmacy	1,116,506	4,423,185	5,539,691	1,114,083	3,493,185	4,607,268
Respiratory therapy	969,194	226,235	1,195,429	862,091	213,661	1,075,752
Chemical dependency	935,067	190,478	1,125,545	895,547	229,843	1,125,390
Electro cardiology	-	87,453	87,453	-	79,101	79,101
Intravenous therapy	-	190,702	190,702	-	170,410	170,410
Total Other Professional Services	17,067,675	10,931,866	27,999,541	15,822,406	10,108,938	25,931,344
General Services						
Dietary	1,682,584	1,844,778	3,527,362	1,540,384	1,696,547	3,236,931
Housekeeping	1,034,434	368,472	1,402,906	1,000,725	389,384	1,390,109
Operation of plant	978,677	3,083,749	4,062,426	925,877	2,764,728	3,690,605
Laundry and linen services	285,087	179,717	464,804	238,451	134,254	372,705
Total General Services	3,980,782	5,476,716	9,457,498	3,705,437	4,984,913	8,690,350
Administrative and Fiscal Services						
Administrative and general	7,891,918	7,943,182	15,835,100	7,752,836	7,514,963	15,267,799
Medical records and library	2,049,218	777,148	2,826,366	2,040,304	528,183	2,568,487
Nursing administration	868,618	26,526	895,144	889,704	16,233	905,937
Employee benefits	-	15,614,051	15,614,051	-	16,791,568	16,791,568
Total Administrative and Fiscal Services	10,809,754	24,360,907	35,170,661	10,682,844	24,850,947	35,533,791
Depreciation	-	8,066,688	8,066,688	-	7,959,305	7,959,305
Total Operating Expenses	$ 51,562,119	$ 60,868,587	$ 112,430,706	$ 49,283,257	$ 60,923,213	$ 110,206,470

Central Peninsula General Hospital
(A Component Unit of the Kenai Peninsula Borough)

Bring the Kids Home
DHSS Grant Number 602-14-974
Schedule of Revenue and Expenses - Budget and Actual

For Year Ended June 30, 2014	Budget	Actual	Variance Positive (Negative)
Revenue - State of Alaska	$ 145,000	$ 145,000	$ -
Expenses - personal services	$ 145,000	$ 145,000	$ -

Central Peninsula General Hospital
(A Component Unit of the Kenai Peninsula Borough)
SerenityHouse Residential Treatment Center
DHSS Grant Number 602-14-282
Schedule of Revenue and Expenses - Budget and Actual

For Year Ended June 30, 2014	Budget	Actual	Variance Positive (Negative)
Revenue - federal passed through the State of Alaska	$ 349,365	$ 349,365	$ -
Expenses - personal services	$ 349,365	$ 349,365	$ -

Central Peninsula General Hospital
(A Component Unit of the Kenai Peninsula Borough)

Small Hospital Improvement Program
DHSS in accordance with US DHHS HRSA Grant Number 6 H3HRH00026-12-00
Schedule of Revenue and Expenses - Budget and Actual

For Year Ended June 30, 2014	Budget	Actual	Variance Positive (Negative)
Revenue - federal passed through the State of Alaska	$ 8,151	$ 8,151	$ -
Expenses - other direct expenses	$ 8,151	$ 8,151	$ -

Other Information

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Central Peninsula General Hospital (the "Hospital"), as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Central Peninsula General Hospital's basic financial statements, and have issued our report thereon dated October 29, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Central Peninsula General Hospital's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Central Peninsula General Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Central Peninsula General Hospital's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
October 29, 2014

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Independent Auditor's Report on Compliance with Bond Covenants Based on the Audit of the Financial Statements

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

Report on Compliance with Bond Covenants Based on the Audit of the Financial Statements

We have audited the accompanying financial statements of the Central Peninsula General Hospital, a component unit of the Kenai Peninsula Borough (the "Hospital") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents and have issued our report thereon dated October 29, 2014.

Other Reporting Matters

In connection with our audit, nothing came to our attention that caused us to believe that the Central Peninsula General Hospital failed to comply with the terms, covenants, provisions, or conditions of the following sections of Resolution 2013-072 (amended by Resolution 2014-008) from the Kenai Peninsula Borough relating to the Central Kenai Peninsula Hospital Service Area Specialty Clinic Building Revenue Bonds, 2014 Series A and Series B:

However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

BDO USA, LLP

Anchorage, Alaska
October 29, 2014