

House District 46
Attention: Marcus Oshiro, Rm 424
Senate District 22
Attention: Donovan Dela Cruz, Rm 202

THE TWENTY-SEVENTH LEGISLATURE
APPLICATION FOR GRANTS AND SUBSIDIES
CHAPTER 42F, HAWAII REVISED STATUTES

Log No:

For Legislature's Use Only

Type of Grant or Subsidy Request:

GRANT REQUEST – OPERATING

GRANT REQUEST – CAPITAL

SUBSIDY REQUEST

"Grant" means an award of state funds by the legislature, by an appropriation to a specified recipient, to support the activities of the recipient and permit the community to benefit from those activities.

"Subsidy" means an award of state funds by the legislature, by an appropriation to a recipient specified in the appropriation, to reduce the costs incurred by the organization or individual in providing a service available to some or all members of the public.

"Recipient" means any organization or person receiving a grant or subsidy.

STATE DEPARTMENT OR AGENCY RELATED TO THIS REQUEST (LEAVE BLANK IF UNKNOWN):

STATE PROGRAM I.D. NO. (LEAVE BLANK IF UNKNOWN):

1. APPLICANT INFORMATION:

Legal Name of Requesting Organization or Individual:

Dba: **Wahiawa General Hospital**

Street Address: 128 Lehua Street

Mailing Address: Wahiawa, HI 96786

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name R. Don Olden

Title CEO

Phone # (808) 621-4211

Fax # (808) 621-2251

e-mail rdolden@aol.com; mariay@wahiawageneral.com

3. TYPE OF BUSINESS ENTITY:

- NON PROFIT CORPORATION
 FOR PROFIT CORPORATION
 LIMITED LIABILITY COMPANY
 SOLE PROPRIETORSHIP/INDIVIDUAL

6. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

**EMERGENCY SUPPORT
FOR WAHIAWA GENERAL HOSPITAL**

4. FEDERAL TAX ID #: 

5. STATE TAX ID #: 

7. AMOUNT OF STATE FUNDS REQUESTED:

FISCAL YEAR 2015: \$ 2,000,000

8. STATUS OF SERVICE DESCRIBED IN THIS REQUEST:

- NEW SERVICE (PRESENTLY DOES NOT EXIST)
 EXISTING SERVICE (PRESENTLY IN OPERATION)

SPECIFY THE AMOUNT BY SOURCES OF FUNDS AVAILABLE AT THE TIME OF THIS REQUEST:

STATE \$ _____

FEDERAL \$ _____

COUNTY \$ _____

PRIVATE/OTHER \$ _____


R. DON OLDEN, CEO
NAME & TITLE

1/31/2014
DATE SIGNED

Application for Grants and Subsidies

I. Background and Summary

1. A brief description of the applicant's background

A Full-Service Non-Profit Healthcare Provider Since 1944

Wahiawa General Hospital (WGH), a 501(c)(3) tax exempt organization has served the healthcare needs of the Central Oahu and North Shore populations since 1944. What began as a basic outpatient clinic operation for plantation workers, military personnel and other Central Oahu residents has evolved into a complex emergency services, surgery, general acute care, senior behavioral health, outpatient clinics, Home Health, Family Practice Residency Teaching and long-term-care hospital. Today, WGH is licensed for 67 acute care beds and 93 skilled nursing beds, and provides excellent emergency services supported with state- of-the-art radiology and laboratory services.

A Major Employer

WGH is a major employer in the area with approximately 650 full time and part time employees that comprises approximately 470 FTE's working on a weekly basis. After the closure of the Hawaii Medical Center – West (HMC-W) in December of 2011, WGH experienced a growth in patient services and hired over 90 additional FTEs. The combination of annual employee payroll and professional fees paid to physicians of over \$37 million is reinvested many times over in the community and the State. Approximately 90% of the WGH employees live in Kahuku, Haleiwa, Waialua, Wahiawa, Mililani and West Oahu. Physicians providing services at WGH live in many areas of Oahu, including Kailua, Honolulu, Central Oahu, and the North Shore.

Facing a Fragile Financial Condition

Due to socio-economic conditions in the area, WGH has experienced a fragile financial condition for over a decade.

- Many of its patients are from the Wahiawa Neighborhood Revitalization Strategy Area (NRSA), a federally designated distressed community.
- WGH does not have access to adequate operating or capital funds other than support through state funding combined with charitable funding. Unfortunately, new charitable funding has been very hard to develop, or insignificant, over the past decade.
- Approximately 85% of patient revenues are primarily from treatment of patients with Medicare and Medicaid insurance coverage which pay at rates below cost and therefore do not provide sufficient operating margins to create positive operating cash flows to fund operating expenses and fund the hospital's capital needs. Admissions to the acute hospital services consist of approximately 65% Medicare, 20% Medicaid, 12.5% private insurance and 2.5% uninsured. The financial characteristic of the skilled nursing services also includes over 85% of Medicare and Medicaid patients.

- WGH has experienced substantial deficits (see Exhibit 1). The deficits were primarily caused by the following:
 - A very high 85% percentage of patients living in a federally designated distressed area with Medicare and Medicaid insurance coverage that have low annual increases in reimbursement;
 - Union driven salary and wage increases in nursing services, which are unmatched with reimbursement rate increases from Medicare and Medicaid programs which pay below operating cost, plus HMSA's reimbursement doesn't offset the Government program shortfalls;
 - A defined benefit pension plan that cannot be funded and has not been funded for several years. *Special note: The defined benefit pension plan has significant pension and excise tax liabilities of over \$27 million that cannot be paid by WGH. The hospital formally requested through legal counsel in January 2010 that the PBGC take over the pension plan. The PBGC notified the Hospital in August 2012 that it legally took over the pension plan effective March 2010 and a settlement agreement is being negotiated. The outcome is uncertain at this time, but WGH is optimistic the liability will be substantially reduced. Upon settlement there will be annual costs of repayment to the PBGC.*
 - Meaningful Use: Information systems development costs have not been offset by Medicare incentives provided in achieving the federally mandated 2010 Meaningful Use regulations for Electronic Health Records. Obama Care has not created more efficient operations since the cost of supporting Electronic Health Records under Meaningful Use substantially increased costs related to computer systems hardware and software plus increased high cost of personnel to run the systems;
 - Significant amounts of patient bad debt – FY11 recognized \$1.9 million, FY12 \$2.5 million, FY13 \$1.6 million, and as of mid-year FY14 \$1.5 million;
 - Unfunded services of as much as \$2 million for patients requiring long lengths of stay, notably patients with psychological problems exceeding 60 day lengths of stay. In the first 6 months of FY 2014 over 50% of the acute patient days were due to patients exceeding 10 day stays. Part of the long stay phenomena is due to WGH being designated by the DOH to treat Psych patients in its Emergency Room due to major Psych coverage problems on Oahu; and
 - Increases in surgical physician costs to cover emergency on-call needs and retention of hospitalist physicians costing \$650,000+ annually for patients without community physicians to follow them while in the care of the hospital. 90% of acute patients in the hospital are now treated by the Hospitalists and the Family Medicine Residency Program. The evolution of Hospitalist programs in the US and on Oahu created a new business model as to physician coverage in hospitals. The era of private physicians being the primary attending physicians in hospitals is essentially past history.
 - In addition, WGH has funded The JABSOM Family Practice Program for two decades and the program has almost always operated at a significant deficit. WGH provides the Physicians Clinic Mililani which must be dedicated to the Family Medicine Residents training program. The clinic cannot be operated efficiently like a private physician's office due to the education needs of the residents. Consequently, the professional fees of the clinic only cover the cost of the Faculty

and almost none of the clinic normal operating costs. The losses related to running the clinic over the last three years has exceeded \$1 million per year.

These contributed to creating deficits of \$4.8 million in fiscal year 2010, \$4.1 million in fiscal year 2011, and \$1.18 million in fiscal year 2012.

Impending Negative Impact Approaching. For fiscal year 2013, WGH operated profitably due to increased patients from HMC-W's closure and special funding from the State and Federal government.

HMCW's closure increased WGH's patient activity levels – the number of emergency visits increased by 20%, from an average of 50 patients per day (PPD) to an average of 60 PPD. Acute inpatient admissions through the emergency room increased by over 60% and acute medical surgical census increased by 80%, from an average of approximately 20 PPD to an average of 36 PPD. WGH adapted to the increased patient demands. In FY 2013, WGH received a \$1,000,000 GIA to help fund a new Hospitalists Program and bad debts from the West area patients. Plus, WGH received a \$750,000 GIA to help fund the Family Practice Residency Program. In FY 2014, these two critically needed GIA programs were not approved by the legislature.

The window of time until Queen's Medical Center (QMC) reopens HMC-W as QMC-West is in the next few months, either March or May 2014, at which time WGH expects to see a significant decline in the number of patients. WGH is preparing for the patient decline by planning for the adjustment in operating costs and increasing its fundraising efforts. WGH has experienced a difficult financial operation in the first six months of FY 2014 due to extraordinary long lengths of stay and by the spring 2014 WGH expects to face a difficult adjustment period and a fragile financial operating situation. WGH will need to reduce its staffing by approximately 25% and revamp its nursing services to adjust to the reopening of QMC-W.

Queens opening of West will also affect the Emergency Physicians at WGH. The Emergency Physician Group that provides services to WGH's Emergency Room also practices in hospitals at Hilo, North Hawaii, Castle Medical Center, Molokai and Kahuku. There is an increasing awareness that the cost of supporting WGH's emergency services is being partially supported, or subsidized, by professional fees from the other hospital emergency programs. The Group is asking WGH to provide support funding for the differential to make the compensation comparable to other hospitals in the State. The cost of this issue has not been included in any of WGH's financial reports but it will most likely need to occur during the next fiscal year. The amount is expected to range from \$250,000 to \$350,000 per year.

2. The goals and objectives related to the request

Goal to Maintain Financial Stability In Spite of the Impending Negative Impact

Wahiawa General Hospital (WGH) needs to create positive cash flows to achieve financial stability. Without GIA support, the risk of the hospital running out of cash is a very high probability. With the impending negative impact of QMC-West's opening, WGH urgently needs the GIA support and is asking for the funding to be approved.

Objectives Are to Support Known Deficits

The GIA financial support with go toward funding:

- Patient bad debts,
- Unfunded Medicare and Medicaid services and under-insured medical coverage incurred by long term stay patients, and
- Continued support of Hospitalist Physicians especially needed for patients who do not have a community physician.

3. The public purpose and need to be served

The public purpose of this grant request is to assure the financial viability of WGH and the continued provision of Emergency and Acute Services to residents of Central Oahu, West Oahu and the North Shore.

4. Describe the target population to be served

WGH serves the overall population of approximately 110,000 residents of the Central Oahu and North Shore area, plus over two million tourists annually. The community includes a diverse population of adults, seniors, military personnel and tourists.

Many of WGH's patients are from the Wahiawa Neighborhood Revitalization Strategy Area (NRSA), a federally designated distressed community.

5. Describe the geographic coverage

WGH's service area includes the communities of Kahuku, Waialua, Haleiwa, Wahiawa and Mililani with some overlap into Waipahu, Kunia and West Oahu. WGH has been very important to the service area of Eva for Emergency Services while HMCW or QMCW is still closed.

The State of Hawaii Department of Health considers WGH to be a critical link in the emergency services network for Central Oahu. WGH's emergency room is the nearest full-service emergency service for residents in a 30-mile radius primarily on a two-lane road. Plus, WGH is the hospital that receives many of the ambulance visits due to Pali Momi being on divert a significant amount of time.

II. Service Summary and Outcomes

1. Describe the scope of work, tasks and responsibilities

Scope of Work: Wahiawa General Hospital (WGH) is in process of planning for the negative impact with the opening of Queen's Medical Center – West and the impending decline in the number of patients, which will result in WGH facing a negative operating loss while it balances operational efficiency and quality care.

Tasks: In anticipation of the loss of patients, the management team of WGH has undertaken the difficult task of planning for a significant revision of its operations, including staffing levels, service levels, and expense reduction.

Responsibilities: The Board of Directors, CEO, and management team of WGH have the fiduciary responsibility for assuring that WGH is fiscally sound and operationally efficient, while

continuing to provide quality care to meet the community healthcare demands of residents in the West Oahu / North Shore Area without creating additional short term debt. If WGH cannot cover its operating losses on an ongoing basis, it would create a major impact on the healthcare needs of the area residents.

2. Provide a projected annual timeline for accomplishing the results or outcomes of the service

WGH is in process of its planning, expects to mobilize the changes by early 2014 when Queen's Medical Center – West (QMC-W) opens its emergency room and hospital. However, the reopening of QMC-W is a floating target and WGH needs the GIA funding requested independent of when QMC-W reopens.

3. Describe its quality assurance and evaluation plans for the request. Specify how the applicant plans to monitor, evaluate, and improve their results

WGH has a financial monitoring process that reviews its financial status monthly, along with staffing ratios for efficiency. WGH is The Joint Commission (formerly JACHO) accredited and maintains the quality assurance plans for patient care. In addition, WGH is certified by the Centers for Medicare and Medicaid (CMS), participates in the Hospital Quality Initiative, and regularly reports its quality outcomes which are posted on the Medicare.gov Hospital Compare website for public scrutiny. WGH is aware that while fiscal austerity could have a negative impact on the quality of patient care, WGH will continue to sustain its on-going monitoring and evaluation of quality initiatives in conjunction with the planned changes.

4. List the measure(s) of effectiveness that will be reported to the State agency through which grant funds are appropriated (the expending agency). The measure(s) will provide a standard and objective way for the State to assess the program's achievement or accomplishment. Please note that if the level of appropriation differs from the amount included in this application that the measure(s) of effectiveness will need to be updated and transmitted to the expending agency.

WGH will report two areas of effectiveness – quality and financial operating status.

For quality. The key quality measures include:

- Timely and effective care, or process of care, which show the percentage of WGH patients who receive treatments for common, serious medical conditions and how quickly WGH treats patients who come to the hospital for medical emergencies
- Readmissions, complications and deaths, which measure the 30-day death (mortality) rates and 3-day readmission rates, surgical complications, and healthcare-associated infection measures.
- Patients' experiences, which uses the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) standardized survey instrument and data collection methodology for measuring patients' perspectives on hospital care.

For financial effectiveness, the key financial operating measures include:

- Net operating income which reflects the results of WGH's revenues against its expenses, reported monthly and year to date

- Net cash from operating activities, reported monthly and on a year to date basis

III. Financial

Budget

- 1. The applicant shall submit a budget utilizing the enclosed budget forms as applicable, to detail the cost of the request.**

WGH experienced net operating losses of \$4.98 million in fiscal year 2011 and another loss of \$1.18 million in fiscal year 2012 (a reduction in operating loss which was realized due to the patient and revenue boost for six months in the year that Hawaii Medical Center-West closed). The HMC-West closure provided a positive revenue and financial boost to WGH in fiscal year 2013, however, the six month trend for fiscal year 2014 is on track for a net operating loss of approximately \$0.8 million which can easily change depending upon when QMC-West opens in the next few months.

- 2. The applicant shall provide its anticipated quarterly funding requests for the fiscal year 2015.**

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
\$500,000	\$500,000	\$500,000	\$500,000	\$2,000,000

- 3. The applicant shall provide a listing of all other sources of funding that they are seeking for fiscal year 2015.**

Due to the lack of operating funds to set aside for capital improvement, in fiscal year 2014, WGH initiated seeking capital funding to assist in maintaining and improving the hospital facility. These include:

- City and County of Honolulu, Grant-in-Aid for emergency room equipment which includes physiological monitors, nurse call system, ultrasound, slit lamp, intravascular temperature management, ventilators, and others greatly needed.

In fiscal year 2015, WGH will seek additional capital funding:

- From the City and County of Honolulu, Community Development Block Grant program for other needed equipment replacements, and
- From private foundations for renovation of the emergency room.

Also in fiscal year 2015, WGH is seeking from the State Grant-in-Aid support for the Physician Center at Mililani, a satellite clinic of Wahiawa General Hospital which is a training site for the University of Hawaii John A. Burns School of Medicine (JABSOM) Family Practice Residents.

- 4. The applicant shall provide a listing of all state and federal tax credits it has been granted within the prior three years. Additionally, the applicant shall provide a listing of all state and federal tax credits they have applied for or anticipate applying for pertaining to any capital project, if applicable.**

WGH is a tax exempt organization. No state or federal tax credits have been granted within the prior three years and WGH has not applied for any such credits. WGH does anticipate applying for any such tax credits. The only exception being an occasion where for certain electro mechanical HVAC or electrical system upgrades there would be some type of tax credits to a financing company or contractor which could indirectly involve WGH.

5. The applicant shall provide the balance of its unrestricted current assets as of December 31, 2013.

As of December 31, 2013, WGH had unrestricted current assets of \$14.1 million with current liabilities of \$14.5 million.

IV. Experience and Capability

A. Necessary Skills and Experience

Necessary Skills, Abilities, Knowledge. Despite being located in a federally designated distressed community where patients have an inability or difficulty in paying for needed healthcare services, Wahiawa General Hospital has been able to maintain a quality operation since 1944. Despite the fiscal challenges WGH has maintained its license and operations as an acute care hospital with a skilled nursing facility meeting the quality standards of the State of Hawaii Department of Health licensure, federal Centers for Medicare and Medicaid (CMS) certification, and national The Joint Commission accreditation.

Experience. WGH is led by a CEO for the last seven years improved the hospital's financial viability. His experience is based on 20+ years of developing, managing and organizing turnarounds related to large and small hospital systems on the mainland and in Hawaii.

Related Projects or Contracts for Recent Three Years. There are no related projects or contracts in the recent three years.

B. Facilities

Wahiawa General Hospital is a 67-bed general acute care hospital with emergency services and a 93-bed skilled nursing unit, located in the town of Wahiawa on three acres bound by Lehua Avenue, Kilani Avenue, Center Street, and N. Cane Street. The hospital is licensed by the State Department of Health, certified by the Centers for Medicare and Medicaid (CMS), and accredited by The Joint Commission (former JACHO), all of which regularly inspects the hospital for safety and environmental quality.

The facility generally meets ADA requirements or has made accommodations for those areas that are not compliant.

V. Personnel: Project Organization and Staffing

A. Proposed Staffing, Staff Qualifications, Supervision and Training

Wahiawa General Hospital (WGH) is staffed by Board Certified and State Licensed Physicians, Registered Nurses, Certified Nurse Assistants and clerical personnel per State Licensing requirements for hospitals.

WGH is led by the following group possessing a broad spectrum and depth of experiences:

- A Board of Directors consisting of active and retired Board Certified community physicians, financial executives, military, a large land management executive, engineer, legal attorney, and community residents, and
- The CEO experienced in mergers and management of multi-hospital systems, acquisitions of acute care and skilled nursing facilities, turnarounds major hospital systems, management of clinics and outpatient services, physician practice management, strategic planning, capital planning and financing.

B. Organization Chart

All hospital personnel report to the hospital CEO and/or through the Organized Medical Staff to the Board of Directors of the hospital. An organizational chart is provided as Exhibit 2.

C. Compensation

The reportable compensation from WGH for the three highest paid individuals of are:

- ██████████, CEO, \$188,537
- ██████████, Pharmacy Manager, \$164,403
- ██████████, Financial Services Manager, \$137,909

As reported in the latest available Return of Organization Exempt From Income Tax, Form 990, for Wahiawa General Hospital, for the fiscal year ending 6/30/2012.

VI. Other

A. Litigation

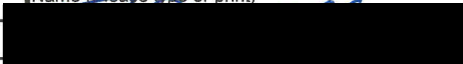
None at this time.

B. Licensure or Accreditation

Wahiawa General Hospital is licensed by the State of Hawaii Department of Health, certified by the Centers for Medicare and Medicaid (CMS), and accredited by The Joint Commission.

BUDGET REQUEST BY SOURCE OF FUNDS
(Period: July 1, 2014 to June 30, 2015)

Applicant: Wahiawa General Hospital
Emergency Support

BUDGET CATEGORIES	Total State Funds Requested (a)	(b)	(c)	(d)
A. PERSONNEL COST				
1. Salaries				
2. Payroll Taxes & Assessments				
3. Fringe Benefits				
TOTAL PERSONNEL COST				
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island				
2. Insurance				
3. Lease/Rental of Equipment				
4. Lease/Rental of Space				
5. Staff Training				
6. Supplies				
7. Telecommunication				
8. Utilities				
9 Patient Bad Debt	\$ 1,000,000			
10 Unfunded and under-insured services	\$ 350,000			
11 Hospitalist Physicians	\$ 650,000			
12				
13				
14				
15				
16				
17				
18				
19				
20				
TOTAL OTHER CURRENT EXPENSES	2,000,000			
C. EQUIPMENT PURCHASES				
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL				
TOTAL (A+B+C+D+E)	\$ 2,000,000			
SOURCES OF FUNDING		Budget Prepared By:		
(a) Total State Funds Requested	\$ 2,000,000	R. Don Olden	621-4211	
(b)		Name (Please type or print)	Phone	
(c)			1/31/2014	
(d)		Signature of Authorized Official	Date	
TOTAL BUDGET	\$ 2,000,000	R. Don Olden		
		Name and Title (Please type or print)		

BUDGET JUSTIFICATION PERSONNEL - SALARIES AND WAGES

Applicant: Wahiawa General Hospital

Period: July 1, 2014 to June 30, 2015

POSITION TITLE	FULL TIME EQUIVALENT	ANNUAL SALARY A	% OF TIME ALLOCATED TO GRANT REQUEST B	TOTAL STATE FUNDS REQUESTED (A x B)
				\$ -
				\$ -
	NOT APPLICABLE			\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
TOTAL:				
JUSTIFICATION/COMMENTS:				

BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Applicant: Wahiawa General Hospital

Period: July 1, 2014 to June 30, 2015

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST	TOTAL BUDGETED
			\$ -	
	NOT APPLICABLE		\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				
JUSTIFICATION/COMMENTS:				

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	TOTAL BUDGETED
			\$ -	
	NOT APPLICABLE		\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				
JUSTIFICATION/COMMENTS:				

BUDGET JUSTIFICATION CAPITAL PROJECT DETAILS

Applicant: Wahiawa General Hospital

Period: July 1, 2014 to June 30, 2015

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY: 2012-2013	FY: 2013-2014	FY:2014-2015	FY:2014-2015	FY:2015-2016	FY:2016-2017
PLANS						
LAND ACQUISITION		NOT APPLICABLE				
DESIGN						
CONSTRUCTION						
EQUIPMENT						
TOTAL:						
JUSTIFICATION/COMMENTS:						

**DECLARATION STATEMENT OF
APPLICANTS FOR GRANTS AND SUBSIDIES PURSUANT TO
CHAPTER 42F, HAWAI'I REVISED STATUTES**

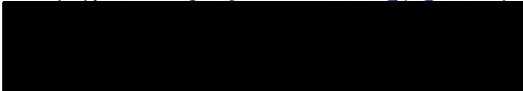
The undersigned authorized representative of the applicant certifies the following:

- 1) The applicant meets and will comply with all of the following standards for the award of grants and subsidies pursuant to Section 42F-103, Hawai'i Revised Statutes:
 - a) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant or subsidy is awarded;
 - b) Complies with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
 - c) Agrees not to use state funds for entertainment or lobbying activities; and
 - d) Allows the state agency to which funds for the grant or subsidy were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and ensuring the proper expenditure of the grant or subsidy.
- 2) The applicant meets the following requirements pursuant to Section 42F-103, Hawai'i Revised Statutes:
 - a) Is incorporated under the laws of the State; and
 - b) Has bylaws or policies that describe the manner in which the activities or services for which a grant or subsidy is awarded shall be conducted or provided.
- 3) If the applicant is a non-profit organization, it meets the following requirements pursuant to Section 42F-103, Hawai'i Revised Statutes:
 - a) Is determined and designated to be a non-profit organization by the Internal Revenue Service; and
 - b) Has a governing board whose members have no material conflict of interest and serve without compensation.

Pursuant to Section 42F-103, Hawai'i Revised Statutes, for grants or subsidies used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant or subsidy was awarded and disposes of the land in fee simple or by lease, the organization shall negotiate with the expending agency for a lump sum or installment repayment to the State of the amount of the grant or subsidy used for the acquisition of the land.

Further, the undersigned authorized representative certifies that this statement is true and correct to the best of the applicant's knowledge.

Wahiawa General Hospital
(Typed Name of Individual or Organization)



1/31/2014
(Date)

R. Don Olden
(Typed Name)

CEO
(Title)

**The Wahiawa Hospital Association
and Affiliates**

**Combined Balance Sheets
Fiscal Years 2012 and 2013**

	06/30/2013	6/30/2012
Assets		
Current assets:		
Cash and cash equivalents	\$3,303,474	\$1,396,971
Patient accounts receivable (less allowance for uncollectible accounts)	8,837,855	8,206,081
Accrued interest	0	0
Other receivables	979,459	358,172
Third-party insurance receivable	210,682	157,656
Inventories	422,294	385,535
Prepaid expenses and other current assets	887,780	770,471
Total current assets	14,641,543	11,274,886
Assets whose use is limited or restricted:		
Temporarily restricted by donor	1,454,775	1,125,350
Permanently restricted by donor	4,941,135	4,941,135
Collateral held for EFT	868,220	868,220
Total assets whose use is limited or restricted	7,264,130	6,934,705
Property, plant and equipment	6,735,992	5,840,289
Other assets	1,370	1,370
Total assets	\$28,643,034	\$24,051,250
 Liabilities and net assets		
Current liabilities:		
Accounts payable	4,960,093	3,915,819
Accrued expenses	2,198,218	1,873,975
Accrued interest	0	0
Third Party Insurance Payable	0	0
Pension Excise Tax Liability	9,726,858	9,726,858
Long Term Debt, current portion	0	0
Total current liabilities	16,885,169	15,516,652
Capital lease obligations, less current portion	726,846	577,884
Long Term Debt, less current portion	2,760,409	3,452,975
Accrued pension liability	17,563,383	17,563,383
Total non-current liabilities	21,050,638	21,594,242
Net assets:		
Unrestricted	(15,725,383)	(19,162,829)
Temporarily restricted	1,491,475	1,162,050
Permanently restricted	4,941,135	4,941,135
	(9,292,773)	(13,059,644)
Total liabilities and net assets	\$28,643,034	24,051,250

**The Wahiawa Hospital Association
and Affiliates**

Combined Statements of Unrestricted Revenues and Expenses

	Twelve Months FY 2013 06/30/2013 YTD	Twelve Months FY 2012 06/30/2012 YTD	Twelve Months Change 2013 vs 2012 inc (dec)
Unrestricted revenues, gains, and other support			
Patient Revenue	128,305,962	104,586,964	23,718,998
Deductions to Revenue	(70,071,981)	(52,728,463)	(17,343,518)
Charity Care	(965,246)	(249,236)	(716,010)
Provision for Bad Debt	(1,624,514)	(2,459,900)	835,386
Net Patient Revenue	55,644,221	49,149,365	6,494,856
Hospital snack bar	328,652	294,998	33,654
Rental income	375,743	379,620	(3,877)
Investment income	32,624	25,281	7,343
State Support	942,469	942,469	-
Family Practice Residency Program	749,992		749,992
Hospitalist Program	650,004		650,004
Bad Debt Reimbursement	350,004		350,004
Meaningful Use Income	1,346,867		1,346,867
Contributions	15,231	7,834	7,397
Provider Tax Income	2,522,663		2,522,663
Miscellaneous	55,717	55,840	(123)
Total revenues, gains, and other support	63,014,186	50,855,407	12,158,779
Expenses			
Salaries and benefits	34,915,733	30,257,701	4,658,032
Professional fees	5,121,350	3,844,612	1,276,738
Other purchased services	4,928,561	3,592,187	1,336,374
Drugs and supplies	6,660,116	5,805,509	854,607
Utilities	1,714,343	1,670,726	43,617
Repair and maintenance	1,459,924	1,269,249	190,675
Depreciation and amortization	1,178,161	1,056,880	121,281
Insurance	799,053	907,158	(108,105)
Interest	290,109	285,525	4,584
Provider Tax Expense	876,920	0	876,920
CMS Settlement Agreement	501,000		501,000
Other expenses	2,071,439	1,931,574	139,865
Total expenses	60,516,709	50,621,121	9,895,588
Operating Income (Loss)	2,497,477	234,286	2,263,191
Less: Defined Benefit Pension Expense	0	(1,417,743)	1,417,743
Unrestricted revenues over expenses (net income)	2,497,477	(1,183,457)	3,680,934

The Wahiawa Hospital Association and Affiliates
Consolidated Statements of Unrestricted Revenues and Expenses

	Internal Pre Audit Twelve Months FY 2011 6/30/2011 YTD	Per Audit Twelve Months FY 2010 6/30/2010 YTD	Change 2011 vs 2010 inc (dec)
Unrestricted revenues, gains, and other support			
Patient Revenue	86,215,924	84,450,640	1,765,284
Less: Deductions from revenue	(40,905,747)	(39,781,639)	(1,124,108)
Net Patient Revenue	45,310,177	44,669,001	641,176
Hospital snack bar	287,492	319,101	(31,609)
Rental income	508,262	372,860	135,402
Investment income	22,432	36,361	(13,929)
State Support	960,000	960,000	-
Contributions	6,407	2,461	3,946
Gain on disposal of PP&E		60,722	
Miscellaneous	65,740	69,277	(3,537)
Total revenues, gains, and other support	47,160,511	46,489,783	731,450
Expenses			
Salaries and benefits	28,164,865	28,528,381	(363,516)
Professional fees	4,166,427	3,916,661	249,766
Other purchased services	3,125,333	3,129,812	(4,479)
Drugs and supplies	5,002,382	5,104,896	(102,514)
Utilities	1,411,742	1,331,050	80,692
Repairs maintenance rentals	2,361,980	2,031,373	330,607
Depreciation and amortization	957,509	841,773	115,736
Insurance	946,831	889,630	57,201
Provision for bad debts	1,854,624	1,894,599	(39,975)
Interest	294,952	417,176	(122,224)
Other expenses	441,109	187,845	253,264
Total expenses	48,727,754	48,273,196	454,558
Operating Income (Loss)	(1,567,244)	(1,783,413)	216,169
Less: Defined Benefit Pension Expense	(1,490,429)	(1,155,408)	(335,021)
IRS Excise Tax	(1,500,000)	(1,816,677)	316,677
Unrestricted revenues over expenses (net income)	(4,557,673)	(4,755,498)	197,825

WAHIWA GENERAL HOSPITAL ORGANIZATION CHART

DRAFT

