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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 01-01-2013 , 2013, and ending 12-31-2013

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

C Name of organization
NORTH HAWAII COMMUNITY HOSPITAL

Doing Business As

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

City or town, state or province, country, and ZIP or foreign postal code
KAMUELA, HI 967438496

D Employer identification number
99-0260423

E Telephone number
(808) 881-4400

G Gross receipts $ 52,252,062

F Name and address of principal officer
DENNIS STILLMAN
SAME AS C ABOVE
KAMUELA, HI 967438496

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: ▶ HTTP //WWW NHCH COM

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

L Year of formation 1989

M State of legal domicile HI

Part I Summary

1 Briefly describe the organization's mission or most significant activities
ACUTE CARE HOSPITAL WITH THE MISSION TO IMPROVE THE HEALTH AND WELLNESS OF THE PEOPLE OF NORTH HAWAII

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**	12
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	7
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	431
6	Total number of volunteers (estimate if necessary)	**6**	74
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	15,428
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	14,428

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	1,857,667	1,575,490
9	Program service revenue (Part VIII, line 2g)	51,574,945	49,715,736
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-153,751	-30,106
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,571,110	924,531
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	54,849,971	52,185,651
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	28,293,970	28,821,176
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	3,409
b	Total fundraising expenses (Part IX, column (D), line 25) ▶416,034		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	28,807,598	31,662,669
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	57,101,568	60,487,254
19	Revenue less expenses Subtract line 18 from line 12	-2,251,597	-8,301,603
Net Assets or Fund Balances		**Beginning of Current Year**	**End of Year**
20	Total assets (Part X, line 16)	161,337,747	177,455,257
21	Total liabilities (Part X, line 26)	15,277,443	15,130,616
22	Net assets or fund balances Subtract line 21 from line 20	146,060,304	162,324,641

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

****** | 2014-11-10
Signature of officer | Date

NEIL T KUYPER TREASURER
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
KELLEY SIMON				P00791436
Firm's name ▶ ERNST & YOUNG US LLP			Firm's EIN ▶	
Firm's address ▶ 370 17TH STREET SUITE 3300 DENVER, CO 80202			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

ACUTE CARE HOSPITAL WITH THE MISSION TO IMPROVE THE HEALTH AND WELLNESS OF THE PEOPLE OF NORTH HAWAII

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 $ 39,260,844 including grants of $) (Revenue $ 49,715,736)

NORTH HAWAII COMMUNITY HOSPITAL (THE HOSPITAL), LOCATED IN KAMUELA, HAWAII ON THE ISLAND OF HAWAII, IS A NOT-FOR-PROFIT, ACUTE CARE HOSPITAL THAT PROVIDES INPATIENT, OUTPATIENT AND EMERGENCY CARE SERVICES FOR THE RESIDENTS AND VISITORS OF NORTH HAWAII THE HOSPITAL WAS CHARTERED IN NOVEMBER 1987 AND COMMENCED OPERATIONS IN MAY 1996 THE HOSPITAL IS CURRENTLY LICENSED FOR 35 BEDS ADMITTING PHYSICIANS ARE PRACTITIONERS IN THE LOCAL AREA IN 2013, THE HOSPITAL SERVED PATIENTS THROUGH 70,022 OUTPATIENT VISITS AND 1,687 ADMISSIONS

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

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

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ 39,260,844

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 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	Yes	
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		No
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		No
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, 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**		No
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**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	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**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, 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**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 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	110		
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	431		
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		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8		
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?		9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		9b		
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?		12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** 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**	12		
	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**	7		
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**		Yes	
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**		Yes	
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**		Yes	
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**		No
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

▶SHANNON OLSEN 67-1125 MAMALAHOA HIGHWAY
KAMUELA,HI 967438496 (808)881-4400

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) ROBERT R MOMSEN CHAIR	6 0 0 0	X		X				0	0	0
(2) VIRGINIA PRESSLER VICE CHAIR	3 0 0 0	X		X				0	0	0
(3) NEIL T KUYPER TREASURER	3 0 0 0	X		X				0	0	0
(4) ROBERT W HASTINGS III SECRETARY	3 0 0 0	X		X				0	0	0
(5) RICHARD M LEVY BOARD MEMBER	3 0 0 0	X						0	0	0
(6) ROBERT K LINDSEY BOARD MEMBER	3 0 0 0	X						0	0	0
(7) KAHU BILLY MITCHELL BOARD MEMBER	3 0 0 0	X						0	0	0
(8) WILLIAM PARK MD BOARD MEMBER/PHYSICIAN	40 0 0 0	X						427,250	0	18,911
(9) WILLIAM D HILLER MD BOARD MEMBER/CHIEF OF STAFF	40 0 0 0	X						524,956	0	19,594
(10) LOWELL JOHNSON INTERIM CEO	40 0 0 0	X		X				396,000	0	0
(11) HOWARD WONG MD BOARD MEMBER/CHIEF OF STAFF	40 0 0 0	X						352,696	0	15,266
(12) PATRICIA GUNTER MD BOARD MEMBER/PHYSICIAN	40 0 0 0	X						287,577	0	24,402
(13) JASON PARET CFO	40 0 0 0				X			109,264	0	18,538
(14) WAYNE S HIGAKI VP PUBLIC AFFAIRS/CDO	40 0 0 0				X			185,091	0	11,381
(15) WILLIAM BROWN VP HUMAN RESOURCES	40 0 0 0				X			184,057	0	17,069
(16) LORIE ANN MORTENSEN VP PATIENT CARE	40 0 0 0				X			172,335	0	11,263
(17) KERRY HOWELL VP-DEVELOPMENT, MARKETING	40 0 0 0				X			31,935		6,717

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) DIANE ES PAYNE PHYSICIAN	40 0 0 0					X		382,193	0	17,167
(19) JENNIFER S REAL PHYSICIAN	40 0 0 0					X		261,568	0	18,839
(20) MALCOM MACDONALD PHYSICIAN	40 0 0 0					X		252,380	0	17,835
(21) JONETTE L CRAWFORD PHYSICIAN	40 0 0 0					X		199,050	0	20,519
(22) ELISE FULSANG PHYSICIAN	40 0 0 0					X		149,885		10,286
(23) KENNETH F WOOD PRESIDENT/CEO - FORMER	0 0 0 0						X	356,562	0	16,545

1b	**Sub-Total** . . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . . ▶	4,272,799	0	244,332

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 ▶ 44

			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	Yes	
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
HURON CONSULTING SERVICES LLC, 3005 MOMENTUM PLACE CHICAGO IL 60689	CONSULTING SERVICES	2,873,593
CLINICAL LABS OF HAWAII LP, MAIL CODE 60300 PO BOX 1300 HONOLULU HI 96807	LAB SERVICES	943,222
CA INDUSTRIES INC, PO BOX 3037 OMAHA NE 68103	STAFFING	440,615
INFINIPRISE TECHNOLOGIES LLC, 5950 CARMICHAEL PLACE STE 104 MONTGOMERY AL 36117	IT SERVICES	436,501
ANESTHESIA RELIEF LLC, PO BOX 1840 KAILUA KONA HI 96745	ANESTHESIA SERVICES	322,028

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 ▶ 27

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				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e	447,892			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	1,127,598			
	g	Noncash contributions included in lines 1a-1f $		155,247			
	h	**Total.** Add lines 1a-1f			1,575,490		
Program Service Revenue			Business Code				
	2a	PATIENT SERVICE REVENUE	900099	45,579,598	45,579,598		
	b	STATE OF HAWAII SUSTAINABILITY	900099	3,488,370	3,488,370		
	c	E H R MEANINGFUL USE	900099	647,768	647,768		
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f			49,715,736		
	3	Investment income (including dividends, interest, and other similar amounts)		17,678		15,428	2,250
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			

		(i) Real	(ii) Personal				
	6a	Gross rents	306,116					
	b	Less rental expenses						
	c	Rental income or (loss)	306,116	0				
	d	Net rental income or (loss)			306,116			306,116

		(i) Securities	(ii) Other				
	7a	Gross amount from sales of assets other than inventory		18,627			
	b	Less cost or other basis and sales expenses		66,411			
	c	Gain or (loss)		-47,784			
	d	Net gain or (loss)			-47,784			-47,784
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from fundraising events			0			
	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			0			
	10a	Gross sales of inventory, less returns and allowances	a					
	b	Less cost of goods sold	b					
	c	Net income or (loss) from sales of inventory			0			
		Miscellaneous Revenue		Business Code				
	11a	MEDICAL ABSTRACTS		900099	12,324			12,324
	b	VENDING MACHINE/CAFETERIA SALES		900099	345,780			345,780
	c	MISCELLANEOUS REVENUE		900099	260,311			260,311
	d	All other revenue						
	e	**Total.** Add lines 11a–11d			618,415			
	12	**Total revenue.** See Instructions			52,185,651	49,715,736	15,428	878,997

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	0			
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	2,457,740	2,105,302	352,438	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	373,107		373,107	
7 Other salaries and wages	21,063,943	15,960,599	4,820,682	282,662
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	386,644	304,185	77,676	4,783
9 Other employee benefits	2,908,930	2,160,400	708,124	40,406
10 Payroll taxes	1,630,812	1,235,129	376,592	19,091
11 Fees for services (non-employees)				
a Management	722,968		722,968	
b Legal	1,176,020		1,176,020	
c Accounting	147,026		147,026	
d Lobbying	0			
e Professional fundraising services See Part IV, line 17	3,409			3,409
f Investment management fees	0			
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	9,881,945	5,018,425	4,847,249	16,271
12 Advertising and promotion	26,430	3,821	22,586	23
13 Office expenses	408,929	246,202	152,588	10,139
14 Information technology	1,087,785		1,087,785	
15 Royalties . .	0			
16 Occupancy	2,247,357	28,701	2,211,154	7,502
17 Travel	138,689	91,667	46,977	45
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	51,852	25,894	25,958	
20 Interest	526,348	343,534	179,038	3,776
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	2,886,810	1,839,916	1,040,840	6,054
23 Insurance	2,429,063	1,587,574	824,125	17,364
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 SUPPLIES	6,487,877	6,275,402	211,994	481
b BAD DEBT	1,407,674	1,407,674		
c LAND LEASE AMORTIZATION	40,003	26,110	13,606	287
d FIXED ASSET ABANDONMENT LOSS	1,082,642		1,082,642	
e All other expenses	913,251	600,309	309,201	3,741
25 **Total functional expenses.** Add lines 1 through 24e	60,487,254	39,260,844	20,810,376	416,034
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		530,166	1	600,797
	2	Savings and temporary cash investments		1,761,693	2	2,032,390
	3	Pledges and grants receivable, net		2,755,005	3	1,011,984
	4	Accounts receivable, net		7,493,288	4	5,509,406
	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		356,016	7	252,051
	8	Inventories for sale or use		1,203,955	8	1,248,054
	9	Prepaid expenses and deferred charges		367,392	9	285,479
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 85,956,415			
	b	Less accumulated depreciation	10b 36,865,303	25,244,841	10c	49,091,112
	11	Investments—publicly traded securities		0	11	0
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		121,625,391	15	117,423,984
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		161,337,747	16	177,455,257
Liabilities	17	Accounts payable and accrued expenses		5,008,158	17	5,516,580
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		0	20	0
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	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		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		8,277,087	23	7,190,619
	24	Unsecured notes and loans payable to unrelated third parties		0	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		1,992,198	25	2,423,417
	26	**Total liabilities.** Add lines 17 through 25		15,277,443	26	15,130,616
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		25,727,997	27	43,657,505
	28	Temporarily restricted net assets		6,663,385	28	6,130,769
	29	Permanently restricted net assets		113,668,922	29	112,536,367
		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		146,060,304	33	162,324,641
	34	Total liabilities and net assets/fund balances		161,337,747	34	177,455,257

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	52,185,651
2	Total expenses (must equal Part IX, column (A), line 25)	2	60,487,254
3	Revenue less expenses Subtract line 2 from line 1	3	-8,301,603
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	146,060,304
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	24,565,940
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	162,324,641

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		No
	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		
	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
NORTH HAWAII COMMUNITY HOSPITAL

Employer identification number
99-0260423

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

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

1 ☐ A church, convention of churches, or association of churches 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 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
NORTH HAWAII COMMUNITY HOSPITAL

Employer identification number
99-0260423

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 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	5,020,278	4,911,169			
b	Contributions	0	123,000			
c	Net investment earnings, gains, and losses	565,011	519,199			
d	Grants or scholarships	381,643	476,608			
e	Other expenditures for facilities and programs	33,492	37,584			
f	Administrative expenses	34,055	18,898			
g	End of year balance	5,136,099	5,020,278			

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 ▶ 81 720 %
- c Temporarily restricted endowment ▶ 18 280 %

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

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		16,793,374		16,793,374
b Buildings		3,909,896	3,237,040	672,856
c Leasehold improvements		38,412,936	12,828,991	25,583,945
d Equipment		26,078,957	20,163,362	5,915,595
e Other		761,250	635,908	125,342
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				49,091,112

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) EQUITY PARKER RANCH FDN TRUST	109,299,121
(2) CONSTRUCTION IN PROGRESS	79,419
(3) INVESTMENT IN LIBERTY DIALYSIS	42,106
(4) LOAN ISSUE COSTS - UNAMORTIZED	60,615
(5) BENEFICIAL INTERESTS	5,136,098
(6) CONTRIBUTED USE OF LAND	2,806,625
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	117,423,984

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
CAPITAL LEASE OBLIGATION	1,563,517
HMSA ADVANCE	826,923
OTHER LIABILITIES	32,977
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	2,423,417

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	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	

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

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 V, LINE 4	INTENDED USE OF ENDOWMENT FUNDS THE ORGANIZATION HAS BENEFICIAL INTERESTS IN SEVERAL ENDOWMENTS, ALL WITH THE PURPOSE OF PROVIDING RESOURCES TO BE USED TO ENHANCE HEALTH CARE SERVICES IN NORTH HAWAII

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
NORTH HAWAII COMMUNITY HOSPITAL

Employer identification number
99-0260423

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 ☐ 100% ☐ 150% ☑ 200% ☐ Other _____ %	3a	Yes	
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☑ 400% ☐ Other _____ %	3b	Yes	
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		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a		No
b	If "Yes," did the organization make it available to the public?	6b		
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 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)			61,818		61,818	0 100 %
b Medicaid (from Worksheet 3, column a)			11,914,842	8,275,727	3,369,115	5 670 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			11,976,660	8,275,727	3,430,933	5 770 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			9,950		9,950	0 020 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			639,822	424,920	214,902	0 360 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j **Total.** Other Benefits			649,772	424,920	224,852	0 380 %
k **Total.** Add lines 7d and 7j			12,626,432	8,700,647	3,655,785	6 150 %

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount 2 1,407,673			
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 3 201,677			
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	6,694,404
6	Enter Medicare allowable costs of care relating to payments on line 5	6	9,225,039
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-2,530,635
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 NORTH HAWAII COMMUNITY 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 beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**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 2013			
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**	Yes	
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) SEE SECTION C			
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**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in 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
LINE 3	FOR THE HAWAII COUNTY REPORT, 15 KEY INFORMANTS WERE INTERVIEWED FOR THEIR SPECIFIC KNOWLEDGE OF THE HEALTH NEEDS OF THE COMMUNITY WHEN CERTAIN TOPIC AREAS WERE LACKING AN INTERVIEW WITH SPECIFIC TO HAWAII COUNTY, FINDINGS FROM THE STATEWIDE PERSPECTIVE WERE INCLUDED THE INFORMATION OBTAINED FROM THESE INTERVIEWS WAS INCORPORATED INTO THE REPORT IN THREE WAYS A SUMMARY QUALITATIVE ANALYSIS TOOL CALLED A "WORD CLOUD" WAS PRODUCED USING TAGCROWD COM TO IDENTIFY THE MOST COMMON THEMES AND TOPICS WORDS OR PHRASES THAT WERE MENTIONED MOST OFTEN DISPLAY IN THE WORD CLOUD IN THE LARGEST AND DARKEST FONT NEXT, INPUT FROM THE KEY INFORMANTS WAS INCLUDED IN EACH RELEVANT TOPIC AREA IN SECTION 3 2 OF THE CHNA
LINE 4	TWENTY-SIX OF TWENTY-EIGHT HAWAII HOSPITALS, LOCATED ON ALL ISLANDS, PARTICIPATED IN THE CHNA PROJECT CASTLE MEDICAL CENTER HALE HO`OLA HAMAKUA (HAWAII COUNTY) HILO MEDICAL CENTER (HAWAII COUNTY) KAHI MOHALA BEHAVIORAL HEALTH (SERVES HAWAII COUNTY RESIDENTS) KAHUKU MEDICAL CENTER KAISER PERMANENTE MEDICAL CENTER (SERVES HAWAII COUNTY RESIDENTS) KAPI`OLANI MEDICAL CENTER FOR WOMEN & CHILDREN (SERVES HAWAII COUNTY RESIDENTS) KA`U HOSPITAL (HAWAII COUNTY) KAUAI VETERANS MEMORIAL HOSPITAL KOHALA HOSPITAL (HAWAII COUNTY) KONA COMMUNITY HOSPITAL (HAWAII COUNTY) KUAKINI MEDICAL CENTER KULA HOSPITAL LANA`I COMMUNITY HOSPITAL LEAHI HOSPITAL MAUI MEMORIAL MEDICAL CENTER MOLOKAI GENERAL HOSPITAL NORTH HAWAII COMMUNITY HOSPITAL (HAWAII COUNTY) PALI MOMI MEDICAL CENTER REHABILITATION HOSPITAL OF THE PACIFIC (SERVES HAWAII COUNTY RESIDENTS) SAMUEL MAHELONA MEMORIAL HOSPITAL SHRINERS HOSPITALS FOR CHILDREN HONOLULU (SERVES HAWAII COUNTY RESIDENTS) STRAUB CLINIC & HOSPITAL THE QUEEN'S MEDICAL CENTER (SERVES HAWAII COUNTY RESIDENTS) WAHIAWA GENERAL HOSPITAL WILCOX MEMORIAL HOSPITAL
LINE 5A	THE CHNA CAN BE FOUND AT http //www nhch com/cms/View aspx/Show/communitybenefit
LINE 7	THE CHNA IDENTIFIED 20 AREAS OF COMMUNITY HEALTH NEEDS NORTH HAWAII COMMUNITY HOSPITAL (NHCH) RECOGNIZES THE IMPORTANCE OF THESE NEEDS AND HAS SUPPORTED EFFORTS TO ADDRESS MANY OF THEM, IT IS ALSO RECOGNIZED THAT THERE ARE HEALTH NEEDS THAT NHCH WILL NOT DIRECTLY BE ADDRESSING DUE TO RESOURCE CONSTRAINTS NHCH PLANS TO ADDRESS THE EXERCISE, NUTRITION AND WEIGHT COMMUNITY HEALTH NEED INCLUDED IN THE CHNA NHCH WILL IMPLEMENT A STRATEGY TO CREATE COMMUNITY AWARENESS OF THE RELATIONSHIP BETWEEN AND THE IMPACT OF EXERCISE, WEIGHT AND NUTRITION ON CHRONIC DISEASES SUCH AS DIABETES AND HEART DISEASE AND TO ENCOURAGE COMMUNITY PARTICIPATION IN ACTIVITIES THAT PROMOTE HEALTHY NUTRITION AND EXERCISE ALTHOUGH NHCH WILL NOT DIRECTLY BE ADDRESSING ALL OF THE AREAS OF NEED LISTED ON THE CHNA REPORT, WE HAVE SUPPORTED AND PARTNERED WITH OTHERS TO ADDRESS SEVERAL OF THEM AND WILL CONTINUE TO SUPPORT OPPORTUNITIES TO ADDRESS COMMUNITY HEALTH NEEDS IN COLLABORATION WITH OTHERS
LINE 9	NOTICES THAT FINANCIAL ASSISTANCE IS AVAILABLE ARE POSTED IN ALL PATIENT REGISTRATION, BILLING OFFICE AND EMERGENCY DEPARTMENT AREAS THESE NOTICES DO NOT CONTAIN THE FULL DETAILED TEXT OF THE POLICY REGISTRATION PERSONNEL ARE KNOWLEDGEABLE TO ASSIST PATIENTS WITH QUESTIONS AND ARE ABLE TO GIVE THEM THE FINANCIAL ASSISTANCE APPLICATION
LINE 14G	MEASURES TO PUBLICIZE THE POLICY NOTICES THAT FINANCIAL ASSISTANCE IS AVAILABLE ARE POSTED IN ALL PATIENT REGISTRATION, BILLING OFFICE AND EMERGENCY DEPARTMENT AREAS THESE NOTICES DO NOT CONTAIN THE FULL DETAILED TEXT OF THE POLICY REGISTRATION PERSONNEL ARE KNOWLEDGEABLE TO ASSIST PATIENTS WITH QUESTIONS AND ARE ABLE TO GIVE THEM THE FINANCIAL ASSISTANCE APPLICATION

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? _____

	Name and address	Type of Facility (describe)
1		
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
PART III, LINE 4	BAD DEBT EXPENSE IS SHOWN AS A PERCENTAGE OF TOTAL EXPENSE OF THE HOSPITAL AND REPRESENTS THE PORTION OF UNREIMBURSED EXPENSE FROM THE HOSPITAL'S APPLICABLE CHARITY CARE PROGRAMS BAD DEBT FINANCIAL STATEMENT FOOTNOTE - BAD DEBT PROVISIONS ARE MADE FOR THE AMOUNT OF REVENUE THAT WILL NOT BE COLLECTED FROM PATIENTS TO WHOM SERVICES WERE BILLED BUT NOT PAID THE HOSPITAL HAS DETERMINED THESE PATIENTS ARE NOT FINANCIALLY INDIGENT AND DO NOT QUALIFY FOR THE HOSPITAL'S CHARITY CARE PROGRAM BAD DEBT PROVISIONS ARE DETERMINED BY MANAGEMENT'S ASSESSMENT WITH CONSIDERATION OF BUSINESS AND ECONOMIC CONDITIONS, CHANGES AND TRENDS IN HEALTHCARE COVERAGE, AND OTHER COLLECTION INDICATORS THE ADEQUECY 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
PART III, LINE 9B	CHARITY CARE WILL BE GRANTED TO ALL UNDERINSURED AND UNINSURED PATIENTS THE SCREENING PROCESS WILL OPTIMALLY OCCUR AT THE TIME OF SERVICE, BUT MAY OCCUR ANYTIME DURING THE COLLECTION PROCESS INCLUDING POST ASSIGNMENT TO AN OUTSIDE COLLECTION AGENCY ACCOUNTS FOR PATIENTS WHO QUALIFY FOR FINANCIAL ASSISTANCE ARE IDENTIFIED FOR A YEAR AND ASSESSED ANNUALLY AND/OR DURING SUBSEQUENT VISITS TO THE HOSPITAL PROMPT PAYMENT DISCOUNTS ARE AVAILABLE FOR PATIENTS WHO PAY FOR SERVICES AT THE TIME OF TREATMENT THE CAREPAYMENT PROGRAM IS AVAILABLE FOR ELIGIBLE PATIENTS AND PROVIDES LOW MONTHLY PAYMENTS WITH 0% INTEREST

Form and Line Reference	Explanation
PART VI, LINE 2	NEEDS ASSESMENT ADMITTING PHYSICIANS ARE PRACTITIONERS IN THE LOCAL AREA AND THE BOARD IS COMPRISED OF COMMUNITY MEMBERS THIS ALLOWS THE HOSPITAL TO ASSESS THE NEEDS OF THE COMMUNITY THAT IT SERVES IN ADDITION, MANY COMMUNITY HEALTH INPROVEMENT SERVICES ARE OFFERED IN THE FORMS OF ACTIVITIES OR PROGRAMS THAT HELP TO ASSESS AND IMPROVE COMMUNITY HEALTH AS REPORTED IN SCHEDULE H, PART V, SECTION B, FOR THE 2013 TAX YEAR, NORTH HAWAII COMMUNITY HOSPITAL COMPLETED A COMMUNITY HEALTH NEEDS ASSESSMENT WITH THE ASSISTANCE OF THE HEALTHCARE ASSOCIATION OF HAWAII
PART VI, LINE 3	PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE NOTICES ARE POSTED IN ALL PATIENT REGISTRATION, BILLING OFFICE AND EMERGENCY DEPARTMENT AREAS REGARDING THE AVAILABILITY OF FINANCIAL ASSISTANCE TO LOW-INCOME AND UNINSURED PATIENTS THIS INFORMATION IS ALSO POSTED ON THE HOSPITAL WEBSITE AND ON PATIENT BILLING STATEMENTS APPRORIATE STAFF MEMBERS THAT COMMUNICATE WITH THE PUBLIC REGARDING THEIR BILLS ARE TRAINED AND KNOWLEDGEABLE ABOUT THE HOSPITAL'S FINANCIAL ASSISTANCE POLICIES

Form and Line Reference	Explanation
PART VI, LINE 4	COMMUNITY INFORMATION NORTH HAWAII COMMUNITY HOSPITAL ("THE HOSPITAL") IS LOCATED IN KAMUELA, HI, ALSO KNOWN AS WAIMEA, HI, IN THE KOHALA DISTRICT OF THE NORTHEASTERN REGION OF THE ISLAND OF HAWAII IT IS A NOT-FOR-PROFIT, ACUTE CARE HOSPITAL THAT PROVIDES INPATIENT, OUTPATIENT, AND EMERGENCY CARE SERVICES FOR ABOUT 30,000 RESIDENTS AND VISITORS OF NORTH HAWAII THE HOSPITAL'S PRIMARY SERVICE AREA CONSISTS OF APPROXIMATELY ONE-FOURTH, OR 1000 SQUARE MILES, OF THE BIG ISLAND'S 4028 TOTAL SQUARE MILES THERE ARE CURRENTLY NO OTHER GENERAL ACUTE CARE HOSPITALS IN THE PRIMARY SERVICE AREA THE HOSPITAL WAS CHARTERED IN NOVEMBER 1987 AND COMMENCED OPERATIONS IN MAY 1995 THE HOSPITAL IS CURRENTLY LICENSED FOR 35 BEDS ADMITTING PHYSICIANS ARE PRACTITIONERS IN THE LOCAL AREA
PART VI, LINE 5	PROMOTION OF COMMUNITY HEALTH THE MAJORITY OF THE ORGANIZATION'S BOARD IS COMPRISED OF COMMUNITY MEMBERS FROM THE NORTHERN HAWAII AREA AND HAS AN OPEN MEDICAL STAFF THE HOSPITAL CONDUCTED APPROXIMATELY 34 DIFFERENT EVENTS INCLUDING HEALTH FAIRS AND EDUCATION DAYS IN THE LOCAL COMMUNITY, HOTELS, AND SCHOOLS OF THE AREA AS WELL AS TAKING A LEAD ROLE IN BREAST CANCER AWARENESS MONTH TOTAL COMMUNITY PEOPLE REACHED WAS APPROXIMATELY 13,740

Form and Line Reference	Explanation
PART VI, LINE 6	AFFILIATED HEALTH CARE SYSTEM NHCH BECAME A MEMBER OF THE QUEEN'S HEALTH SYSTEMS ("QHS") AFFILIATED GROUP IN DECEMBER 2013 THE GROUP INCLUDES QUEEN'S MEDICAL CENTER ("QMC"), MOLOKAI GENERAL HOSPITAL ("MGH"), QUEEN EMMA LAND COMPANY ("QEL"), QUEEN'S INSURANCE EXCHANGE ("QIE") AND QUEEN'S DEVELOPMENT CORPORATION ("QDC") QHS WILL PROVIDE LEGAL, ACCOUNTING AND ADMINISTRATIVE SUPPORT SERVICES TO NHCH AND QIE WILL PROVIDE MEDICAL MALPRACTICE INSURANCE TO NHCH IN RETURN, NHCH WILL ASSIST QMC IN FULFILLING ITS MISSION TO PROVIDE IN PERPETUITY QUALITY HEALTH CARE SERVICES TO IMPROVE THE WELL-BEING OF NATIVE HAWAIIANS AND ALL OF THE PEOPLE OF HAWAII

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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
NORTH HAWAII COMMUNITY HOSPITAL

Employer identification number
99-0260423

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☐ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
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**	Yes	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in 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
PART I, LINE 3	SEE SCHEDULE O, PART VI, LINE 15A
PART I, LINE 4A	KENNETH WOOD SEVERANCE AGREEMENT INCLUDES BI-WEEKLY COMPENSATION OF $13,713 94 FROM 10/1/2012 FOR 24 MONTHS AND COVERAGE FOR MEDICAL AND DENTAL BENEFITS AT A COST OF $529 08 PER MONTH FOR 18 MONTHS

Additional Data

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

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				
WILLIAM PARK MD BOARD MEMBER/PHYSICIAN	(I) (II)	423,998 0	0 0	3,252 0	4,784 0	14,127 0	446,161 0	0 0
WILLIAM D HILLER MD BOARD MEMBER/CHIEF OF STAFF	(I) (II)	520,048 0	0 0	4,908 0	385 0	19,209 0	544,550 0	0 0
LOWELL JOHNSON INTERIM CEO	(I) (II)	396,000 0	0 0	0 0	0 0	0 0	396,000 0	0 0
HOWARD WONG MD BOARD MEMBER/CHIEF OF STAFF	(I) (II)	351,259 0	0 0	1,437 0	7,020 0	8,246 0	367,962 0	0 0
PATRICIA GUNTER MD BOARD MEMBER/PHYSICIAN	(I) (II)	285,567 0	0 0	2,010 0	5,690 0	18,712 0	311,979 0	0 0
WAYNE S HIGAKI VP PUBLIC AFFAIRS/CDO	(I) (II)	184,134 0	0 0	957 0	3,662 0	7,719 0	196,472 0	0 0
WILLIAM BROWN VP HUMAN RESOURCES	(I) (II)	182,495 0	0 0	1,562 0	3,631 0	13,438 0	201,126 0	0 0
LORIE ANN MORTENSEN VP PATIENT CARE	(I) (II)	171,560 0	0 0	775 0	3,436 0	7,827 0	183,598 0	0 0
DIANE ES PAYNE PHYSICIAN	(I) (II)	381,609 0	0 0	584 0	7,615 0	9,552 0	399,360 0	0 0
JENNIFER S REAL PHYSICIAN	(I) (II)	261,176 0	0 0	392 0	5,202 0	13,637 0	280,407 0	0 0
MALCOM MACDONALD PHYSICIAN	(I) (II)	224,723 0	27,000 0	657 0	4,486 0	13,349 0	270,215 0	0 0
JONETTE L CRAWFORD PHYSICIAN	(I) (II)	198,708 0	0 0	342 0	2,056 0	18,463 0	219,569 0	0 0
KENNETH F WOOD PRESIDENT/CEO - FORMER	(I) (II)	0 0	0 0	356,562 0	0 0	16,545 0	373,107 0	0 0
ELISE FULSANG PHYSICIAN	(I) (II)	139,374	10,000	511	2,444	7,842	160,171	

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SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

Noncash Contributions

▶Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.
▶ Attach to Form 990.
▶Information about Schedule M (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
NORTH HAWAII COMMUNITY HOSPITAL

Employer identification number
99-0260423

Part I Types of Property

		(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1	Art—Works of art				
2	Art—Historical treasures				
3	Art—Fractional interests				
4	Books and publications				
5	Clothing and household goods				
6	Cars and other vehicles				
7	Boats and planes				
8	Intellectual property				
9	Securities—Publicly traded	X	9	155,247	FMV
10	Securities—Closely held stock				
11	Securities—Partnership, LLC, or trust interests				
12	Securities—Miscellaneous				
13	Qualified conservation contribution—Historic structures				
14	Qualified conservation contribution—Other				
15	Real estate—Residential				
16	Real estate—Commercial				
17	Real estate—Other				
18	Collectibles				
19	Food inventory				
20	Drugs and medical supplies				
21	Taxidermy				
22	Historical artifacts				
23	Scientific specimens				
24	Archeological artifacts				
25	Other ▶ (_____)				
26	Other ▶ (_____)				
27	Other ▶ (_____)				
28	Other ▶ (_____)				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . **29** 0

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

Part II **Supplemental Information.** Provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

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
NORTH HAWAII COMMUNITY HOSPITAL

Employer identification number
99-0260423

Return Reference	Explanation
FORM 990, PART VI, LINE 4	DESCRIPTION OF SIGNIFICANT CHANGES TO ORGANIZING OR ENABLING DOCUMENT THE QUEEN'S HEALTH SYSTEMS ("QUEEN'S"), CORPORATE PARENT OF THE QUEEN'S MEDICAL CENTER ("QMC") ANNOUNCED ON DECEMBER 16, 2013 THAT IT HAD OFFICIALLY ENTERED INTO AN AFFILIATION AGREEMENT WITH NORTH HAWAII COMMUNITY HOSPITAL ("NHCH") ON THAT DAY, NHCH AMENDED ITS ARTICLES OF INCORPORATION AND BYLAWS TO REFLECT THE AFFILIATION THE AMENDED ARTICLES AND BYLAWS NAME THE QUEEN'S HEALTH SYSTEMS (QHS) AS THE SOLE CORPORATE MEMBER AND PROVIDE THEM THE POWER TO ELECT AND REMOVE THE TRUSTEES OF NHCH, AND TO VOTE ON ALL MATTERS

Return Reference	Explanation
FORM 990, PART VI, LINE 6	DESCRIPTION OF CLASSES OF MEMBERS OR STOCKHOLDERS NHCH HAS A SOLE MEMBER, WHICH IS THE QUEEN'S HEALTH SYSTEMS, A HAWAII NONPROFIT CORPORATION (''QHS'')

Return Reference	Explanation
FORM 990, PART VI, LINE 7A	DESCRIPTION OF CLASSES OF PERSONS AND THE NATURE OF THEIR RIGHTS QHS ELECTS ALL OF THE BOARD MEMBERS OF THE NHCH BOARD OF TRUSTEES

Return Reference	Explanation
FORM 990, PART VI, LINE 7B	DESCRIBE CLASSES OF PERSONS, DECISIONS REQUIRING APPROVAL & TYPE OF VOTING RIGHTS CERTAIN MAJOR DECISIONS APPROVED BY THE NHCH BOARD OF TRUSTEES MUST ALSO BE APPROVED BY QHS SUCH DECISIONS INCLUDE 1 A CHANGE TO THE PURPOSE OF THE COMPANY, 2 A FINANCING TRANSACTION IN EXCESS OF $50,000, 3 A LEASE TRANSACTION THAT HAS A TERM THAT IS LONGER THAN 3 YEARS OR HAS A RENT OBLIGATION IN EXCESS OF $1,000,000 OVER THE LEASE TERM, 4 A TRANSACTION INVOLVING THE SALE, LEASE, DISPOSITION, OR HYPOTHECATION OF REAL PROPERTY, 5 ANNUAL OPERATIONAL AND CAPITAL BUDGETS, 6 STRATEGIC PLANS, 7 MERGER OR MAJOR ACQUISITIONS, 8 CREATION OF A NEW ENTITY OR JOINT VENTURE, 9 SALE OR DISPOSITION OF ALL OR SUBSTANTIALLY ALL OF ITS ASSETS, 10 DISSOLUTION, 11 AMENDMENT OF BYLAWS, 12 ADOPTION, AMENDMENT OR RESCISSION OF A BOARD POLICY, 13 CAPITAL EXPENDITURES IN EXCESS OF $1,000,000 FOR NHCH

Return Reference	Explanation
FORM 990, PART VI, LINE 11	DESCRIPTION OF THE PROCESS USED TO REVIEW THE FORM 990 AS OF JANUARY 15, 2014, NORTH HAWAII COMMUNITY HOSPITAL (''NHCH'') HAS A SOLE MEMBER, WHICH IS THE QUEEN'S HEALTH SYSTEMS, A HAWAII NONPROFIT CORPORATION (''QHS'') THE FORM 990 FOR NHCH WAS REVIEWED BY THE GOVERNING BODY OF QHS PRIOR TO THE FILING OF THE RETURNS THE QHS FINANCE COMMITTEE, WHICH IS COMPRISED OF MEMBERS OF THE QHS BOARD OF TRUSTEES, WAS DELEGATED THE RESPONSIBILITY TO REVIEW THE RETURNS PRIOR TO THEIR FILING THE RETURNS WERE PRESENTED TO THE COMMITTEE BY MANAGEMENT ALSO, A COPY OF THE NHCH RETURN WAS MADE AVAILABLE TO EACH OF THE MEMBERS OF THE NHCH BOARD OF TRUSTEES PRIOR TO THE RETURNS BEING FILED WITH THE INTERNAL REVENUE SERVICE

Return Reference	Explanation
FORM 990, PART VI, LINE 15A	OFFICES & POSITIONS FOR WHICH PROCESS WAS USED, & YEAR PROCESS WAS BEGUN THE HOSPITAL OBTAINED SALARY MARKET STUDIES FROM A CONTRACTED MANAGEMENT COMPANY TO REVIEW ALL EXECUTIVES' SALARIES THEY ALSO COMPARED SALARIES OF APPLICANTS AND FORMER CHIEF EXECUTIVE OFFICERS OF THE ORGANIZATION 2012 WAS THE LAST TIME THE PROCESS WAS COMPLETED

Return Reference	Explanation
FORM 990, PART VI, LINE 19	DOCUMENTATION AVAILABLE TO PUBLIC THE HOSPITAL'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE AVAILABLE TO THE PUBLIC UPON REQUEST

Return Reference	Explanation
FORM 990, PART IX, LINE 11G	OTHER PROFESSIONAL SERVICES PURCHASED SERVICES $4,671,058 MEDICAL SERVICES $5,210,887 ---------- TOTAL $9,881,945

Return Reference	Explanation
990, PART XI, LINE 9	OTHER CHANGES IN NET ASSETS ADJUSTMENT TO NET ASSETS $25,042,159 CHANGE IN VALUE OF BENEFICIAL INTEREST 24,578 RECLASS UNCOLLECTIBLE PLEDGES FROM PRIOR YEAR (500,758) ROUNDING (39) ---------- TOTAL $24,565,940

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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
NORTH HAWAII COMMUNITY HOSPITAL

Employer identification number
99-0260423

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

(a) Name, address, and EIN (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) LUCY K HENRIQUES TRUST PO BOX 3170 DEPT 715 HONOLULU, HI 968023170 99-6002291	SUPPORT	AK	501(C)(3)	11C, III-FI	NA		No
(2) THE QUEEN'S HEALTH SYSTEMS 1301 PUNCHBOWL STREET HONOLULU, HI 96813 99-0238120	ADMIN SERVICE	HI	501(C)(3)	11 TYPE II	NA		No
(3) THE QUEEN'S MEDICAL CENTER 1301 PUNCHBOWL STREET HONOLULU, HI 96813 99-0073524	MEDICAL SVCS	HI	501(C)(3)	3	QHS	Yes	
(4) QUEEN EMMA LAND COMPANY 1301 PUNCHBOWL STREET HONOLULU, HI 96813 99-0183769	SUPPORT SVCS	HI	501(C)(3)	11 TYPE II	QHS	Yes	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) HAMAMATSUPET 1301 PUNCHBOWL STREET HONOLULU, HI 96813 94-3266916	PET IMAGING	HI	NA									

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	(i) No
(1) THE QUEEN'S DEVELOPMENT CORPORATION 1301 PUNCHBOWL STREET HONOLULU, HI 96813 99-0240109	DEVELOPMENT	HI	NA	C CORP					
(2) QUEEN'S INSURANCE EXCHANGE INC 1301 PUNCHBOWL STREET HONOLULU, HI 96813 91-1913839	INSURANCE	HI	NA	C CORP					
(3) DIAGNOSTIC LABORATORY SERVICES INC 99-859 IWAIWA STREET AIEA, HI 96701 99-0240499	MEDICAL LAB SVCS	HI	NA	C CORP					

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		No
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		No
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n		No
o Sharing of paid employees with related organization(s)	1o		No
p Reimbursement paid to related organization(s) for expenses	1p		No
q Reimbursement paid by related organization(s) for expenses	1q		No
r Other transfer of cash or property to related organization(s)	1r		No
s Other transfer of cash or property from related organization(s)	1s	Yes	

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
(1) LUCY K HENRIQUES TRUST	S	84,000	FMV

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
SCHEDULE R, PART III	HAMAMATSU/QUEEN'S PET IMAGING CENTER, LLC EIN 94-3266916 ADDRESS 1301 PUNCHBOWL STREET HONOLULU, HI 96813

NORTH HAWAII COMMUNITY HOSPITAL, INC.

Financial Statements

Years Ended December 31, 2012 and 2011

(With Independent Auditor's Report)

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

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NORTH HAWAII COMMUNITY HOSPITAL, INC.

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

An Independently Owned Member
McGLADREY ALLIANCE | McGladrey

Independent Auditor's Report

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

We have audited the accompanying financial statements of North Hawaii Community Hospital, Inc (the Hospital) which comprise the balance sheets as of December 31, 2012 and 2011, and the related statements of operations and changes in net assets and cash flows for the years then ended and the related notes to the financial statements

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 audit We did not audit the financial statements of Parker Ranch Foundation Trust, which statements reflect the Interest in Equity of Parker Ranch Foundation Trust of $109,772,007 and $136,494,600 at December 31, 2012 and 2011, and its corresponding loss in value of $25,762,593 and $1,442,481, respectively, for the years then ended Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Parker Ranch Foundation Trust is based solely on the report of the other auditors We conducted our audit in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 consolidated 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

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

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

Basis for Qualified Opinion
As described further in Note 2 to the financial statements, the Hospital was unable to determine the completeness of its balance of Assets Whose Use is Limited and consequently its ending Temporarily Restricted Net Assets at December 31, 2012 and December 31, 2011

Qualified Opinion
In our opinion, based on our audits and the report of the other auditor, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of North Hawaii Community Hospital, Inc as of December 31, 2012 and 2011, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Emphasis of Matter
As discussed in Note 3 to the financial statements, the 2011 financial statements have been restated to correct a misstatement Our opinion is not modified with respect to this matter

Other Matter
In our report dated June 25, 2012, we expressed an opinion that the 2011 financial statements presented fairly, in all material respects, the financial position, changes in net assets, and cash flows of North Hawaii Community Hospital, Inc in accordance with accounting principles generally accepted in the United States of America As described in Note 2, the Hospital was unable to determine the completeness of its Assets Whose Use is Limited at December 31, 2011 to conform with accounting principles generally accepted in the United States of America Accordingly, our present opinion on the on the 2011 financial statements, as presented herein, is different from that expressed in our previous report

Mikunda, Cottrell & Co.

Anchorage, Alaska
June 25, 2013

NORTH HAWAII COMMUNITY HOSPITAL

Balance Sheets

December 31, 2012 and 2011

		2012	Restated 2011
Assets			
Cash and cash equivalents	$	1,069,631	1,695,268
Patient accounts receivable, net		7,493,288	6,283,153
Other receivables		2,593,860	118,065
Pledges receivable, current portion		31,650	2,663,245
Distribution receivable - Parker Ranch Foundation Trust		960,000	960,000
Notes receivable, current portion		-	180,000
Estimated third-party payor settlements		203,974	79,664
Supplies		1,203,955	1,389,949
Prepaid expenses		367,392	464,187
Total current assets		13,923,750	13,833,531
Pledges receivable, net of current portion		243,350	162,025
Interest in equity of Parker Ranch Foundation Trust		109,772,007	136,494,600
Beneficial interests		5,020,277	4,911,169
Assets whose use is limited		1,222,228	3,132,374
Property and equipment, net		27,820,869	26,457,383
Contributed use of land		2,846,625	2,886,625
Other assets		488,641	569,294
Total assets	$	161,337,747	188,447,001
Liabilities and Net Assets			
Current liabilities			
Current portion of long-term debt		1,086,468	1,592,127
Current portion of capital lease obligations		478,383	237,959
Accounts payable and accrued expenses		2,406,416	1,429,181
Accrued personnel costs		2,506,339	2,564,651
Incurred but not reported - self insurance		95,403	158,765
Total current liabilities		6,573,009	5,982,683
Long-term debt, net of current maturities		7,190,619	8,032,105
Capital lease obligations, net of current maturities		1,513,815	723,985
Total liabilities		15,277,443	14,738,773
Net assets			
Unrestricted		25,727,997	23,405,880
Temporarily restricted		6,663,385	10,276,805
Permanently restricted		113,668,922	140,025,543
Total net assets		146,060,304	173,708,228
Total liabilities and net assets	$	161,337,747	188,447,001

NORTH HAWAII COMMUNITY HOSPITAL
Statements of Operations and Changes in Net Assets
Years Ended December 31, 2012 and 2011

	2012	Restated 2011
Unrestricted operating revenues		
Gross patient charges	$ 124,890,808	107,144,934
Less charges associated with charity care	(522,545)	(288,958)
Patient service revenue	124,368,263	106,855,976
Contractual adjustments	(74,632,201)	(61,871,760)
Provision for bad debts	(2,680,823)	(422,146)
Net patient service revenue	47,055,239	44,562,070
Other revenues	3,599,778	1,643,130
Contributions	852,863	767,339
Satisfaction of restrictions for operating purposes	3,069,352	1,471,373
Total unrestricted operating revenues	54,577,232	48,443,912
Unrestricted operating expenses		
Salaries and wages	23,808,202	23,128,371
Employee benefits	4,866,452	4,440,545
Professional fees	3,612,536	3,197,107
Purchased services	7,138,350	6,339,878
Supplies	7,578,122	6,107,335
Utilities	1,961,860	1,746,690
Lease and rental	440,780	242,640
Depreciation	2,813,188	2,658,770
Interest	632,272	618,382
Insurance	680,188	682,398
Training and travel	199,306	173,299
Other	689,489	764,571
Total unrestricted operating expenses	54,420,745	50,099,986
Net operating income (loss)	156,487	(1,656,074)
Other unrestricted revenues (expenses)		
Investment income	23,131	34,817
Other non-operating revenue	437,107	-
Gain (loss) on disposal of property and equipment	(173,732)	3,623
Satisfaction of restrictions for capital purposes	1,879,124	834,429
Increase (decrease) in unrestricted net assets	2,322,117	(783,205)
Temporarily restricted net assets		
Restricted contributions	155,312	2,540,665
Change in value of beneficial interest - Earl Bakken Charitable Lead Trust	118,136	44,377
Net assets released from restrictions for capital purposes	(1,879,124)	(834,429)
Net assets released from restrictions for operating purposes	(2,007,744)	(381,707)
Decrease in temporarily restricted net assets	(3,613,420)	1,368,906
Permanently restricted net assets		
Change in value of interest in equity of Parker Ranch Foundation Trust	(25,762,593)	(1,442,481)
Changes in value of beneficial interests - perpetual trusts	467,580	481,426
Net assets released from restrictions for operating purposes	(1,061,608)	(1,089,666)
Decrease in permanently restricted net assets	(26,356,621)	(2,050,721)
Change in net assets	(27,647,924)	(1,465,020)
Net assets, beginning of year, restated	173,708,228	175,173,248
Net assets, end of year	$ 146,060,304	173,708,228

NORTH HAWAII COMMUNITY HOSPITAL

Statements of Cash Flows

Years Ended December 31, 2012 and 2011

		2012	Restated 2011
Cash flows from operating activities			
Change in net assets	$	(27,647,924)	(1,465,020)
Adjustments to reconcile change in net assets to net cash provided by operating activities			
Depreciation of property and equipment		2,813,188	2,658,770
Amortization of contributed use of land		40,000	39,999
Provision for bad debts		2,680,823	422,146
Change in value of interest in equity of Parker Ranch Foundation Trust		25,762,593	1,442,481
Change in value of beneficial interests		(585,716)	(525,803)
Distributions from Parker Ranch Foundation Trust		960,000	960,000
Distributions from beneficial interests		476,608	254,666
Loss (gain) on sale of property and equipment		173,732	(3,623)
Changes in operating assets and liabilities			
Patient accounts receivable		(3,890,958)	(1,828,231)
Other receivables		(2,475,795)	269,047
Pledges receivable		541,770	(1,755,288)
Estimated third-party payor settlements		(124,310)	857,042
Supplies		185,994	(246,193)
Prepaid expenses and other assets		177,448	34,425
Assets whose use is limited		(248,724)	(1,244,432)
Accounts payable and accrued expenses		977,235	103,148
Accrued personnel costs		(58,312)	878,677
Incurred but not reported - self insurance		(63,362)	(90,381)
Net cash provided by operating activities		(305,710)	761,430
Cash flows from investing activities			
Payments received on notes receivable		180,000	106,391
Purchases of property and equipment		(2,660,230)	(2,737,394)
Proceeds from sale of property and equipment		20,859	32,701
Net cash used by investing activities		(2,459,371)	(2,598,302)
Cash flows from financing activities			
Repayments of long-term debt		(1,584,389)	(1,482,710)
Repayments of capital lease obligations		(443,537)	(122,594)
Receipt of contributions restricted for property and equipment		4,167,370	2,325,702
Net cash provided by financing activities		2,139,444	720,398
Net decrease in cash and cash equivalents		(625,637)	(1,116,474)
Cash and cash equivalents, beginning of year		1,695,268	2,811,742
Cash and cash equivalents, end of year	$	1,069,631	1,695,268
Supplemental cash flow disclosure - cash payments during the year for interest expense	$	632,272	618,382
Supplemental non-cash disclosure - acquisition of property through debt financing	$	1,711,035	1,124,395

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

Description of Organization

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

Summary of Significant Accounting Policies

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

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

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

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

Deferred Financing Costs – Included in other assets are costs to originate long-term debt, which have been deferred and are being amortized over the term of the bond or note using the straight-line method The amortized amounts included in interest expense were $29,904 in both 2012 and 2011

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

Description of Organization and Summary of Significant Accounting Policies, continued

Summary of Significant Accounting Policies, continued

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

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

Bad Debt – Bad debt provisions are made for the amount of revenue that will not be collected from patients to whom services were billed but not paid The Hospital has determined these patients are not financially indigent and do not qualify for the Hospital's charity care program Bad debt provisions are determined by management's assessment with consideration of business and economic conditions, changes and trends in healthcare coverage, and other collection indicators The adequacy of this provision is periodically reviewed and further modified based upon the accounts receivable payor composition and aging, and historical write-off experience by payor category

Charity Care – The Hospital provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy Since the Hospital does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as patient service revenue The charges at established rates foregone for services and supplies provided by the Hospital in 2012 and 2011 for charity care totaled $522,545 and $288,958, respectively

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

Description of Organization and Summary of Significant Accounting Policies, continued

Summary of Significant Accounting Policies, continued

Contributions, continued

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

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

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

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

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

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

Description of Organization and Summary of Significant Accounting Policies, continued

Summary of Significant Accounting Policies, continued

Fair Value, continued

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

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

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

The Hospital is currently measuring its beneficial interests held in perpetuity at fair value on a recurring basis as determined through Level 2 inputs The Hospital's interest in the equity of Parker Ranch Foundation Trust is measured at fair value on a recurring basis as determined through Level 3 inputs by applying the Hospital's beneficial interest percentage against the equity position of Parker Ranch Foundation Trust as audited by their independent auditor annually

Concentration of Credit Risk – The Hospital provides inpatient, outpatient, and emergency care services, primarily to local residents who are insured under third-party payor agreements The mix of patient service revenues during 2012 and 2011 was as follows

	2012	2011
Medicare	31%	30%
HMSA	26%	29%
Medicaid and Quest	20%	20%
Private pay	3%	3%
Other	20%	18%
	100%	100%

Reclassifications – Certain amounts in the 2011 financial statements have been reclassified to conform to the 2012 presentation Such reclassifications affect neither the change in net assets nor net assets

Subsequent Events – The Hospital has evaluated subsequent events through June 25, 2013, the date on which the financial statements were issued

(2) **Qualified Opinion Related to Restricted Contributions**

In 2012 management became aware that in 2008 transfers were made from the Hospital's donor restricted cash account to unrestricted cash accounts in the amount of $1 3 million without the standard documentation Management is currently working with a local CPA firm to determine if any amounts have been used for other than its intended donor restricted purpose Consequently, management has not yet been able to determine the completeness of balances existing and reported at December 31, 2012 and 2011 for Assets Whose Use is Limited and conversely Temporarily Restricted Net Assets A qualified opinion has therefore been issued on both the 2012 and 2011 financial statements for these effects

(3) **Restatement**

Beginning net assets for the year ended December 31, 2011 has been restated from $173,168,993 to $173,708,228 The reason for the restatement is the Hospital did not account for its beneficial interest in the Johnson Memorial Fund as described further in Note 12 The financial statements have been restated to reflect such information

(4) **Pledges Receivable**

Contributions receivable as of December 31, 2012 and 2011, and the expected timing of receipts were as follows

	2012	2011
Less than 1 year	$ 31,650	2,715,695
1 to 5 years	522,350	169,125
	554,000	2,884,820
Less allowance for uncollectible pledges	(279,000)	(59,550)
Pledges receivable, net	275,000	2,825,270
Less current portion	(31,650)	(2,663,245)
Pledges receivable, net of current portion	$ 243,350	162,025

(5) **Notes Receivable**

In 2007, the Hospital sold its dialysis program to a third party in exchange for cash of $800,000, a $900,000 promissory note payable over five years with an interest rate of 7%, and for a 5% interest in Liberty Dialysis North Hawaii LLC (LDNH), resulting in a gain on sale of $1,718,525 The Hospital has valued its interest in LDNH at $42,105, which represents its percentage interest in the shareholders' equity of LDNH on the date of the agreement At December 31, 2012 and 2011, the balance of the note receivable was $0 and $180,000, respectively

(6) **Property and Equipment**

Property and equipment at December 31, 2012 and 2011 consisted of the following

	2012	2011
Land and improvements	$ 12,347,554	11,726,688
Buildings and improvements	21,866,870	20,981,869
Furniture, fixtures, and equipment	25,452,269	27,045,494
Construction in progress	2,576,028	1,709,572
	62,242,721	61,463,623
Less accumulated depreciation	(34,421,852)	(35,006,240)
Property and equipment, net	$ 27,820,869	26,457,383

Depreciation expense was $2,813,188 and $2,658,770 for December 31, 2012 and 2011, respectively

(7) **Contributed Use of Land**

In 1994, the Hospital entered into a lease agreement with the Trust Estate of Lucy Henriques for land underlying the Hospital's campus The lease provides for an annual rent of $1 for 90 years Leasehold interest was capitalized and a contribution recorded at the lease's appraised value of $3 6 million and is amortized over the term of the lease At December 31, 2012 and 2011, the unamortized value of the leasehold interest was $2,846,625 and $2,886,625, respectively

(8) **Collections**

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

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

Assets whose use is limited consist of cash restricted for use by donors for specific purposes Donor restricted cash at December 31, 2012 and 2011, totaled $1,222,228 and $2,994,369, respectively As described in Note 2, management was unable to determine the completeness of the donor restricted cash balances existing at December 31, 2012 and 2011, respectively In 2011, Assets Whose Use is Limited also include $138,005 for deposits in a self-insurance reserve account Due to a change in the plan administrator, no reserve balance exists at December 31, 2012

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

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

Medicare – Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors Certain outpatient services and defined capital costs related to Medicare beneficiaries are paid based upon a cost reimbursement methodology and on a prospective payment system The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits by the Medicare fiscal intermediary

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

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

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

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

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

Interest in Equity of Parker Ranch Foundation Trust, continued

Beginning in 2011 the Trustees, in accordance with the recommendation of the Distribution Committee and current Trust provisions, approved a distribution policy for the next 10 year period to make an annual distribution of annual net income and discretionary principal of $2,000,000 The Hospital records a distribution receivable from the Trust when the distribution has been declared As a 48% named beneficiary, annual distributions to the Hospital were $960,000 for the years ended December 31, 2012 and 2011 The Hospital records its interest in the equity of the Trust annually at fair value using Level 3 inputs as described in the Summary of Significant Accounting Policies in Note 1 The fair value of the equity interest in Trust was $109,772,007 and $136,494,600 at December 31, 2012 and 2011, respectively The interest in the equity of the Trust is permanently restricted Distributions and decreases in fair value are released from restrictions, while increases in fair value are added to restrictions

(12) **Beneficial Interests**

The Hospital has a recorded a beneficial interest in the 6 following trusts

Earl Bakken Charitable Lead Trust – As sole named beneficiary, the Hospital receives an annuity of $250,000 in equal semi-annual installments from the commencement of the agreement (April 30, 1998) until the later of either 20 years or the death of the survivor of grantor or grantor's wife The Hospital has no reversionary interest in either the principal or income of the Trust at the end of the established term The present value of the beneficial interest annuity was determined through discounted future cash flows based on a discount rate of 6% The present value of the beneficial interest was $1,123,362 and $1,380,226 at December 31, 2012 and 2011, respectively The beneficial interest is temporarily restricted due to the passage of time and is released from restrictions as installments are received and the discount is amortized over the term of the annuity

Lucy Henriques Perpetual Trust – The Hospital is the sole named beneficiary of the Lucy Henriques Trust As named beneficiary the Hospital is to receive annual net income from the Trust principal to help fund hospital operations in perpetuity The Hospital records its beneficial interest in the Trust annually at fair value using Level 2 inputs as described in the Summary of Significant Accounting Policies in Note 1 The fair value of the Trust principal was $2,100,367 and $1,986,702 at December 31, 2012 and 2011, respectively Distributions were $79,500 and $87,000 for the periods ended December 31, 2012 and 2011, respectively The Trust principal is permanently restricted Distributions and decreases in fair value are released from restrictions, while increases in fair value are added to restrictions

Rodenhurst Perpetual Trust – The Hospital is the sole named beneficiary of the Julia Rodenhurst Trust Trust principal is held by a third party Trustee, Hawaii Community Foundation, which is to distribute net income from the principal annually As sole named beneficiary the Hospital is to receive annual net income from the Trust principal to help fund hospital operations in perpetuity The Hospital records its beneficial interest in the Trust annually at fair value using Level 2 inputs as described in the Summary of Significant

Beneficial Interests, continued

Accounting Policies in Note 1 The fair value of the Trust principal was $696,211 and $650,781 at December 31, 2012 and 2011, respectively Distributions were $14,716 and $34,489 for the periods ended December 31, 2012 and 2011, respectively The Trust principal is permanently restricted Distributions and decreases in fair value are released from restrictions, while increases in fair value are added to restrictions

Carter Perpetual Trust – The Hospital, along with 2 other organizations, is a named beneficiary of the Rebecca Carter Trust Trust principal is held by a third party Trustee, Hawaii Community Foundation, which is to distribute net income from the principal annually The Hospital holds a 2/3 (66 68%) interest in the Trust As a named beneficiary the Hospital is to receive annual net income from the Trust principal to help fund hospital operations in perpetuity The Hospital records its beneficial interest in the Trust annually at fair value using Level 2 inputs as described in the Summary of Significant Accounting Policies in Note 1 The fair value of the Trust principal was $278,509 and $259,863 at December 31, 2012 and 2011, respectively Distributions were $5,418 and $5,999 for the periods ended December 31, 2012 and 2011, respectively The Trust principal is permanently restricted Distributions and decreases in fair value are released from restrictions, while increases in fair value are added to restrictions

Baird Perpetual Trust – The Hospital, along with 2 other organizations, is a named beneficiary of the John and Dorothy Baird Trust Trust principal is held by a third party Trustee, Hawaii Community Foundation, which is to distribute net income from the principal annually The Hospital holds a 1/3 (33 34%) interest in the Trust As a named beneficiary the Hospital is to receive annual net income from the Trust principal to help fund hospital operations in perpetuity The Hospital records its beneficial interest in the Trust annually at fair value using Level 2 inputs as described in the Summary of Significant Accounting Policies in Note 1 The fair value of the Trust principal was $101,127 and $94,362 at December 31, 2012 and 2011, respectively Distributions were $1,974 and $2,179 for the periods ended December 31, 2012 and 2011, respectively The Trust principal is permanently restricted Distributions and decreases in fair value are released from restrictions, while increases in fair value are added to restrictions

Johnson Memorial Fund – The Hospital, along with one other organization, is a named beneficiary of the Jacquelyn and Alcy Johnson Memorial Fund Trust principal is held by a third party Trustee, Hawaii Community Foundation, which is to distribute net income from the principal annually The Hospital holds a 60% interest in the Trust As a named beneficiary the Hospital is to receive annual net income from the Trust principal to help fund hospital operations in perpetuity beginning year 2013 The Hospital records its beneficial interest in the Trust annually at fair value using Level 2 inputs as described in the Summary of Significant Accounting Policies in Note 1 The fair value of the Trust principal was $720,701 and $539,235 at December 31, 2012 and 2011, respectively The Trust principal is permanently restricted Distributions and decreases in fair value are released from restrictions, while increases in fair value are added to restrictions

(13) **Long-term Debt**

Long-term debt at December 31, 2012 and 2011 consisted of the following

	2012	2011
Note payable to a bank, interest accruing at 5 25%, payable in fixed monthly principal payments of $65,542, plus interest with final payment due December 15, 2015 Secured by any and all assets of the Hospital Balloon payment due on maturity of $3,908,522 *	$ 6,202,492	7,078,496
Note payable to Parker Ranch, interest accruing at the average U S Treasury bills with a 5 year maturity plus 4 25% with a floor of 5 5%, adjusted quarterly (currently at 5 5%), payable in fixed monthly principal payments of $17,000 plus interest, secured by the Hospital's right to receive distributions of principal and income as a beneficiary, with a maturity of December 1, 2015 Balloon payment of $1,037,000 due at maturity	1,615,000	1,819,000
Note payable to a financing company, interest accruing at 7 15%,drawn down in four advances (during the advance period, only monthly accrued interest payments due on amount drawn down),due in 60 monthly principal and interest payments of $10,477,to commence after 30 days of the last advance (earlier of May 12,2012 or date of last advance) with a maturity of May 12, 2017 secured by equipment	459,595	289,966
Unsecured note payable to a company with interest accruing at 6 07%, payable in monthly principal and interest payments of $26,356, with a balloon payment of $236,774 due at maturity at the end of 2012	-	236,774
Note payable to a bank, interest accrues at 5 25%, payable in fixed monthly principal payments of $16,667, plus interest with final payment due December 15, 2012 Secured by any and all assets of the company	-	199,996
	8,277,087	9,624,232
Less current portion	(1,086,468)	(1,592,127)
Net long-term debt	$ 7,190,619	8,032,105

* The debt agreement contains various affirmative, negative and financial covenants At December 31, 2012, the Hospital was not in compliance with covenants related to restriction on capital expenditures, debt service coverage ratio, and days' cash on hand However, a waiver was obtained from the lender

Long-term Debt (continued)

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

December 31,	
2013	$ 1,086,468
2014	1,093,559
2015	5,947,154
2016	118,847
2017	31,059
	$ 8,277,087

(14) **Capital Leases**

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

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

Capital lease obligations consist of the following at December 31, 2012 and 2011

	2012	2011
Leases payable to a financing company for equipment, with monthly payments totaling $15,532, including interest at 4 56% per annum, secured by equipment with a maturity of December 2, 2016	$ 666,803	834,429
Leases payable to a financing company for equipment, with monthly payments totaling $27,981, including interest of 5 25% per annum, secured by equipment, with maturities ranging from January 21 to May 29, 2017	1,281,232	-

Capital Leases, continued

	2012	2011
Leases payable to a financing company for equipment, with monthly payments totaling $8,105, including interest ranging from 6 9% to 7 5% per annum, secured by equipment, with maturities of May 24 and October 1, 2013	$ 44,163	127,515
Total capital lease obligations	1,992,198	961,944
Less current portion	(478,383)	(237,959)
Net long-term capital lease obligations	$ 1,513,815	723,985

At December 31, 2012 and 2011, the cost of the leased equipment was approximately $2,784,657 and $1,310,866 with accumulated depreciation of $814,920 and $340,376, respectively

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

2013	$ 573,045
2014	521,949
2015	521,949
2016	506,626
2017	89,889
Less amount representing interest	(221,260)
	1,992,198
Less current portion	(478,383)
	$ 1,513,815

(15) **Temporarily Restricted Net Assets**

Net assets are released from donor restrictions primarily by incurring expenditures that satisfy the restricted purposes or due to the passage of time Net assets released from restriction during 2012 and 2011 and net assets available as of December 31, 2012 and 2011, were as follows

	2012		2011	
	Restrictions Released	Available Balance	Restrictions Released	Available Balance
Restricted due to passage of time	$ 345,225	3,982,337	300,177	4,428,875
Purpose restricted – operations	1,662,519	112,206	81,530	260,449
Purpose restricted – capital	1,879,124	2,568,842	834,429	5,587,481
Total	$ 3,886,868	6,663,385	1,216,136	10,276,805

Temporarily Restricted Net Assets, continued

As described further in Note 2, management was unable to determine the completeness of the donor restricted cash balances existing at December 31, 2012 and 2011, respectively

(16) **Functional Expenses**

The Hospital provides general health care services to residents and visitors of North Hawaii Expenses related to providing these services during 2012 and 2011 were as follows

	2012	2011
Health care services	$ 38,017,719	35,668,218
General and administrative	15,672,893	13,701,113
Development	730,133	730,655
Total	$ 54,420,745	50,099,986

(17) **Employee Benefits**

The Hospital may make discretionary contributions to its 401(k) retirement savings plan, which covers all employees who were employed at year-end and have completed 1,000 hours of service Contributions expense for the years ended December 31, 2012 and 2011, was $154,393 and $99,578, respectively

(18) **Commitments and Contingencies**

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

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

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

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