

Hi Jay,

Here is information for you to utilize for our potential new medical office building project.

Here is a graph showing the Hospital's cash collections from 2010 to 2013 and extrapolated for 2014. As you will see we have increased our cash collections by 39.6% from 2010 to 2014. From there three graphs extend out over the next 10 years. Red line is status quo – no growth. Green line is continued growth at the last four year growth rate (we know this is not attainable due to any number of reasons). The purple line depicts a modest growth of 2%. Given healthcare reform and continued community healthcare needs.

As Hugh mentioned we are subject to the laws of small numbers and this is not to say we would never need to access the line of credit – that is why it is there. On the other hand we do have the ability to increase our rates when necessary to cover increased costs or a decrease in volumes.

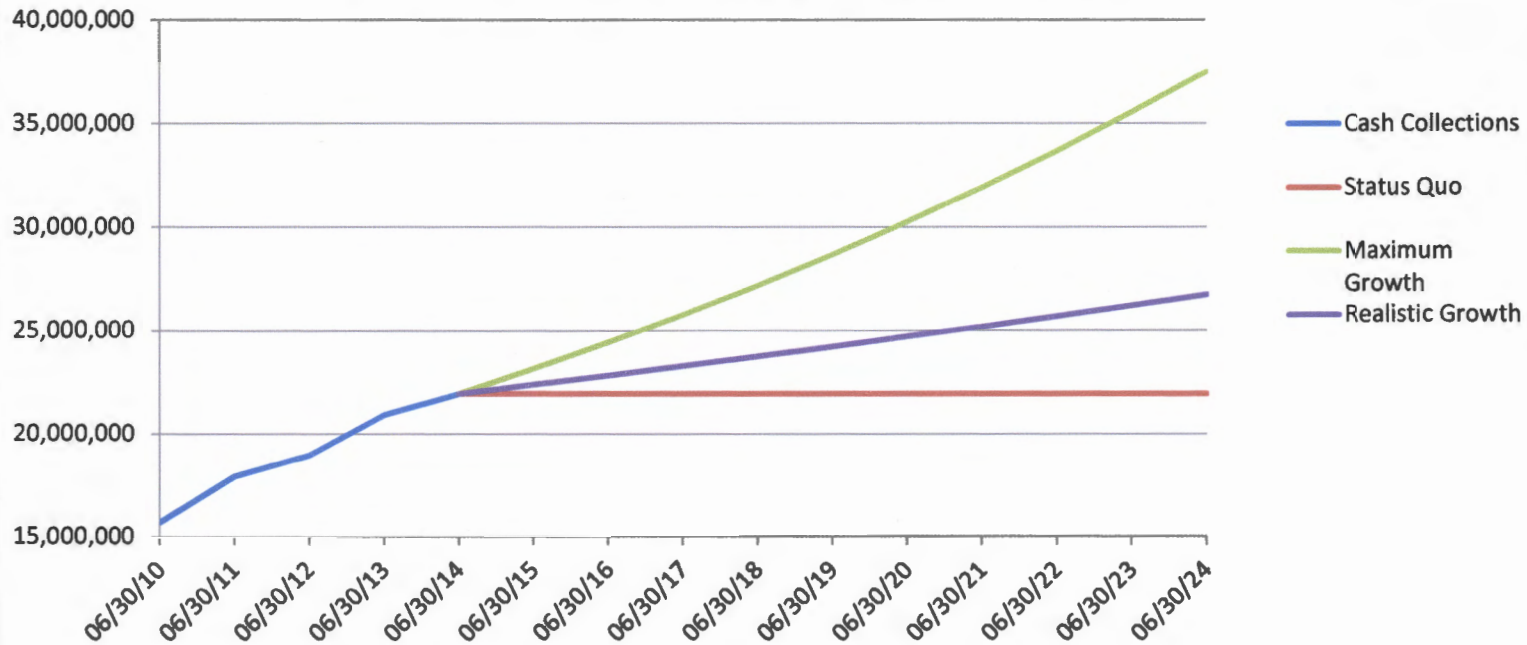
If you need or want any additional information please let me know.

Thanks,

Lee

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Sitka Community Hospital Cash Collections



Blue = actual cash collections 2010-2013 est 2014

Red = no growth after 2014

Green = sustained growth as we have seen over the last 4 years, which we know is not attainable

Purple = realistic growth given changes in healthcare reform and community health