See a Social Security Number? Say Something!
Report Privacy Problems to https://public.resource.org/privacy
Or call the IRS Identity Theft Hotline at 1-800-908-4490

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493129010292

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 black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2010

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 07-01-2010 and ending 06-30-2011

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

C Name of organization
OVERLAKE HOSPITAL MEDICAL CENTER

Doing Business As

Number and street (or P O box if mail is not delivered to street address) 1035 116th Ave NE

Room/suite

City or town, state or country, and ZIP + 4
Bellevue, WA 98004

D Employer identification number
91-0652651

E Telephone number
(425) 688-5000

G Gross receipts $ 426,164,107

F Name and address of principal officer
Craig Hendrickson
1035 116th Ave NE
Bellevue, WA 98004

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

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

H(c) Group exemption number ▶

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

J Website: ▶ www overlakehospital org

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

L Year of formation 1953

M State of legal domicile WA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
The purpose is to operate a hospital for the care of persons,to participate in education,research and other activities designed to promote general health of the community The Hospital's mission is to provide medical excellence every day

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	18
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	15
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	2,923
6	Total number of volunteers (estimate if necessary)	**6**	955
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	1,482,610
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	237,354

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	3,215,887	2,201,257
9	Program service revenue (Part VIII, line 2g)	386,054,483	409,517,574
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,204,095	9,626,153
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	6,863,787	4,678,150
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	397,338,252	426,023,134
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	5,216,036	1,390,016
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	184,566,220	196,249,568
16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	174,243,756	192,929,432
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	364,026,012	390,569,016
19	Revenue less expenses Subtract line 18 from line 12	33,312,240	35,454,118

Revenue

Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	480,719,847	544,703,202
21	Total liabilities (Part X, line 26)	251,374,516	248,435,151
22	Net assets or fund balances Subtract line 21 from line 20	229,345,331	296,268,051

Net Assets or Fund Balances

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature of officer — Date: 2012-05-03

Gary McLaughlin CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed	PTIN
Sara Elizabeth J Hyre	Sara Elizabeth J Hyre		☐	

Firm's name ▶ Clark Nuber PS — Firm's EIN ▶

Firm's address ▶ 10900 NE 4th Street Ste 1700
Bellevue, WA 98004 — 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 to any question in this Part III . . . . . ☐

1 Briefly describe the organization's mission

The purpose is to operate a hospital for the care of persons,to participate in education,research and other activities designed to promote general health of the community The Hospital's mission is to provide medical excellence every day

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 exempt purpose achievements for each of the organization's three largest program services by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts 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 $ 323,044,268 including grants of $) (Revenue $ 409,303,247)

Hospital Services - Overlake Hospital Medical Center is a nonprofit, independently operated regional center serving the eastern Puget Sound region with medical centers in Bellevue, Issaquah and Mercer Island Founded in 1953, today Overlake Hospital is a regional leader in health care, providing advance medical services and excelling in the areas of cardiac care, general and specialty surgery, women's services, cancer treatment and services for the seniors There were 21,235 patients admitted for inpatient medical care for a total of 71,683 patient days There were 235,098 outpatient visits including 50,409 for emergency care visits and 112,205 physician visits The Hospital delivered 4,029 babies Overlake Hospital demonstrated a commitment to improving the health of the community by supporting many health-related events, programs, clinical research and made various contributions throughout the year that had a direct benefit to the community The Hospital maintains records to identify and monitor the level of charity care it provides These records include the amount of charges foregone for services Overlake Hospital provided care to 6,316 patients who are uninsured or under insured in the amount of $15,450,000 (estimated cost of $5,561,000) The Hospital provided care to Medicaid patients at rates below the cost of providing services The payments were less than cost by $6,427,000 In keeping with the Hospital's spirit of giving back to the community it served, a total of $5,012,000 of community benefit service activities were also provided Overlake Staff spent 2,518 hours in the community by participating in, organizing and managing health programs and activities Overlake Hospital offers the most comprehensive services to the Eastside community Overlake sponsors community health events and screenings for the general public In October 2010, Overlake held its third annual Eastside Vitality Health Fair, performing free health screenings for more than 1,000 people Screenings included blood pressure checks, blood glucose testing, cholesterol tests, stroke assessments, peripheral artery disease screenings, bone density screenings and skin cancer checks Overlake has been home to the most comprehensive program for cardiovascular and peripheral vascular care on the Eastside for more than 20 years Today, the hospital's heart care team includes a network of specialists whose collective expertise and training has helped Overlake earn its reputation as an award winning cardiac center The Cancer Center at Overlake is noted for its enhanced services and technology, as well as for its exceptional patient experience In 2011, the Cancer Center at Overlake received a prestigious commendation from the American College of Surgeons Commission on Cancer Overlake's Women and Infants' Center provides a full continuum of care designed for women in their childbearing years and beyond Overlake offers exceptional care for Elderly Patients by educating our nurses in effective geriatric care For more than 30 years, Overlake has been the leader in providing quality adult and adolescent psychiatric care to the Puget Sound community Our Specialty School is recognized by the school districts as a leader in helping students who need specialized behavioral services by providing academic, social, emotional and behavioral support Overlake is expanding its network of medical clinics throughout the Eastside Overlake understands how busy people's day to day lives can be, that's why the hospital provides patients with convenient, accessible medical care located close to where they live and work

4b (Code) (Expenses $ 2,193,421 including grants of $) (Revenue $ 214,327)

Education Services - In addition to the excellent care we provide our patients, the Hospital firmly believes education is critical to overall wellness so the organization reaches out to the community to engage and empower its patients in becoming educated healthcare consumers by offering free and low-cost classes for all age groups Overlake sponsors health and safety classes, with topics ranging from childbirth preparation and parenting to senior care Health education is an important part of preventive care The Education Program provided 45,818 contact hours offering classes in a wide range of health related topics including women's health, prenatal care, coping skills, dealing with cancer, positive parenting, safety, asthma, heart disease, diabetes, living wills, incontinence, weight loss, maintaining balance, babysitting for teens, CPR and health lifestyles The Hospital also provided 22,875 contact hours of internal and external nursing education

4c (Code) (Expenses $ 1,390,016 including grants of $ 1,390,016) (Revenue $)

Other Grants and Allocations - Grants to Overlake Hospital Foundation and Overlake Hospital Auxiliaries to cover their expenses

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ $ 326,627,705

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 instruction)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts where 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, 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 term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *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		No
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, XII, and XIII*	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, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *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 assistance to any organization or entity located outside the U S ? *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 assistance to individuals located outside the U S ? *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 hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 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–24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**	Yes	
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *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**	Yes	
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**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	**35**	Yes	
a	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* ☑ **Yes** ☐ **No**			
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 11 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 to any question in this Part V . . . . . ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	276		
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	2,923		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)				
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," 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	No
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?			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	No
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	No
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	0		
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	No
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h	No
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	No
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?			9a	No
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b	No
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	No
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	No
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	No

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

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a 18		
b	Enter the number of voting members included in line 1a, above, who are independent	1b 15		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . .	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	5		No
6	Does the organization have members or stockholders?	6	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a	Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . .	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	Does the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	10b		No
11a	Has the organization provided a 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	Does the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	Yes	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	12c	Yes	
13	Does the organization have a written whistleblower policy?	13	Yes	
14	Does 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	Yes	
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b	Yes	

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 make these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶

Eric Teshima
1120 112th Ave Ste 202
Bellevue, WA 980044687
(425) 688-5149

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

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

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

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees 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, and 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 (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(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			
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(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			
See Additional Data Table										
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								5,314,439		675,838

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶255

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization

(A) Name and business address	(B) Description of services	(C) Compensation
Puget Sound Blood Center 921 Terry Avenue Seattle, WA 981041256	Blood Services	1,680,450
Medical Information Technology Inc P O Box 74569 Chicago, IL 60696	Software Dev & Maint	1,671,559
INX Inc P O Box 4346 Dept 523 Houston, TX 772104346	Computer Services	2,668,379
Hospital Central Services Assoc 1300 E Columbia St Seattle, WA 98122	Linen Services	1,425,208
Gall Landau Young Construction Co P O Box 6728 Bellevue, WA 980080728	Construction	1,969,365

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶80

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns 1a					
	b Membership dues 1b					
	c Fundraising events 1c					
	d Related organizations 1d	2,201,257				
	e Government grants (contributions) 1e					
	f All other contributions, gifts, grants, and similar amounts not included above 1f					
	g Noncash contributions included in lines 1a-1f $	1,886				
	h **Total.** Add lines 1a-1f		2,201,257			
Program Service Revenue		Business Code				
	2a Program Related Invstmnts	900004	2,218,763	2,218,763		
	b Other Program Services	900004	1,997,150	1,997,150		
	c Non Government Payments	900004	261,356,710	261,356,710		
	d Medicare/Medicaid Payment	900004	143,730,624	143,730,624		
	e Education Services	611710	214,327	214,327		
	f All other program service revenue					
	g **Total.** Add lines 2a–2f		409,517,574			
	3 Investment income (including dividends, interest and other similar amounts)		5,542,928			5,542,928
	4 Income from investment of tax-exempt bond proceeds		0			
	5 Royalties		0			
		(i) Real	(ii) Personal			
	6a Gross Rents	303,831				
	b Less rental expenses					
	c Rental income or (loss)	303,831				
	d Net rental income or (loss)		303,831			303,831
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory	2,400,973	1,823,225			
	b Less cost or other basis and sales expenses		140,973			
	c Gain or (loss)	2,400,973	1,682,252			
	d Net gain or (loss)		4,083,225			4,083,225
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 Parking Revenue	812930	445,814			445,814
	b Laboratory	621500	877,625		803,047	74,578
	c Catering/Cafeteria	722210	2,661,996		675,027	1,986,969
	d All other revenue		388,884		4,536	384,348
	e **Total.** Add lines 11a–11d		4,374,319			
	12 **Total revenue.** See Instructions		426,023,134	409,517,574	1,482,610	12,821,693

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) but are not required to complete columns (B), (C), and (D).

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 U S See Part IV, line 21	1,390,016	1,390,016		
2 Grants and other assistance to individuals in the U S See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the U S 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	3,353,059	821,140	2,531,919	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	153,865,739	130,689,535	23,176,204	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	10,293,971	8,774,866	1,519,105	
9 Other employee benefits	17,091,958	13,735,362	3,356,596	
10 Payroll taxes	11,644,841	9,842,558	1,802,283	
a Fees for services (non-employees) Management	0			
b Legal	1,003,343	113,397	889,946	
c Accounting	221,668		221,668	
d Lobbying	100,936		100,936	
e Professional fundraising services *See Part IV, line 17*	0			
f Investment management fees	31,190		31,190	
g Other	35,427,624	25,998,492	9,429,132	
12 Advertising and promotion	1,306,341	1,529	1,304,812	
13 Office expenses	67,820,435	64,066,546	3,753,889	
14 Information technology	5,452,598		5,452,598	
15 Royalties	0			
16 Occupancy	9,126,130	6,691,443	2,434,687	
17 Travel	662,603	291,040	371,563	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	364,631	311,700	52,931	
20 Interest	10,165,831	10,165,831		
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	22,440,809	17,749,056	4,691,753	
23 Insurance	2,938,309	2,188,400	749,909	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a UBI Taxes	10,533	10,533		
b Other Expenses	3,247,498	1,177,308	2,070,190	
c Medicaid Prov Assessment	10,224,358	10,224,358		
d Bad Debt	18,638,901	18,638,901		
e B & O Tax	3,745,694	3,745,694		
f All other expenses	0			
25 **Total functional expenses.** Add lines 1 through 24f	390,569,016	326,627,705	63,941,311	0
26 **Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		12,047,336	1	14,259,230
	2	Savings and temporary cash investments		31,359,813	2	25,402,285
	3	Pledges and grants receivable, net			3	0
	4	Accounts receivable, net		49,250,772	4	51,117,294
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	0
	6	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) Schedule L			6	0
	7	Notes and loans receivable, net		587,241	7	277,253
	8	Inventories for sale or use		4,789,159	8	5,583,830
	9	Prepaid expenses and deferred charges		9,825,971	9	9,416,155
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 351,686,906			
	b	Less accumulated depreciation	10b 163,610,140	184,360,207	10c	188,076,766
	11	Investments—publicly traded securities		179,376,288	11	236,235,728
	12	Investments—other securities See Part IV, line 11		4,098,591	12	4,045,441
	13	Investments—program-related See Part IV, line 11			13	0
	14	Intangible assets		817,567	14	269,640
	15	Other assets See Part IV, line 11		4,206,902	15	10,019,580
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		480,719,847	16	544,703,202
Liabilities	17	Accounts payable and accrued expenses		45,052,701	17	53,377,078
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		193,074,775	20	187,627,242
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		13,247,040	25	7,430,831
	26	**Total liabilities.** Add lines 17 through 25		251,374,516	26	248,435,151
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		229,345,331	27	296,268,051
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, 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		229,345,331	33	296,268,051
	34	Total liabilities and net assets/fund balances		480,719,847	34	544,703,202

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI . . . . . ☑

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	426,023,134
2	Total expenses (must equal Part IX, column (A), line 25)	2	390,569,016
3	Revenue less expenses Subtract line 2 from line 1	3	35,454,118
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	229,345,331
5	Other changes in net assets or fund balances (explain in Schedule O)	5	31,468,602
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	296,268,051

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII . . . . . ☐

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ 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
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both ☐ Separate basis ☑ Consolidated basis ☐ Both consolidated and separated basis			
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		No

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493129010292

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.**

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
OVERLAKE HOSPITAL MEDICAL CENTER

Employer identification number
91-0652651

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 331/3% 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 331/3% 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 - Other

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 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? Yes	(iv) No	(v) Did you notify the organization in col (i) of your support? Yes	(v) No	(vi) Is the organization in col (i) organized in the U S ? Yes	(vi) No	(vii) Amount of support
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) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(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) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(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 2010 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2009 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2010.** 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—2009.** If the organization did not check the 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—2010.** 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—2009.** 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) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(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) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(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 section501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public Support Percentage for 2010 (line 8 column (f) divided by line 13 column (f))	15
16	Public support percentage from 2009 Schedule A, Part III, line 15	16

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f))	17
18	Investment income percentage from **2009** Schedule A, Part III, line 17	18

19a **33 1/3% support tests—2010.** 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—2009.** 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.** Supplemental Information. Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493129010292

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
OVERLAKE HOSPITAL MEDICAL CENTER	91-0652651

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☑ No

4a Was a correction made? ☐ Yes ☑ No

b If "Yes," describe in Part IV

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities ▶ $ _____

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $ _____

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds If none, enter -0-	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-
(1) American Hospital Association	P O Box 34936 Seattle, WA 98124		9,896	
(2) Millennia Public Affairs Inc	21127 47th Dr SE Bothell, WA 98021	91-1809445	46,488	
(3) Washington State Hospital Assoc	Dept5028 P O Box 34936 Seattle, WA 98124		44,552	

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

A Check ☐ if the filing organization belongs to an affiliated group

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		56,384
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		44,552
j	Total lines 1c through 1i			100,936
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		No	

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
Part II-B, Line 1i	Part II-B, Line 1i - Other Activities Description	Part of the membership dues that are paid to the Washington State Hospital Association and American Hospital Association are used by them for lobbying purposes

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493129010292

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, 11, or 12.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
OVERLAKE HOSPITAL MEDICAL CENTER

Employer identification number
91-0652651

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 may 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 pleasure)
☐ Preservation of an historically importantly land area
☐ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ Preservation of open space

2 Complete lines 2a–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	2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable 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 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, 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, 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 XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116, 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 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 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 XIV

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 XIV 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 XIV

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance					
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the year end balance held as

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶
- c Term endowment ▶

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

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

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

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		2,151,142		2,151,142
b Buildings		184,782,332	66,824,362	117,957,970
c Leasehold improvements		5,459,982	4,459,419	1,000,563
d Equipment		157,703,868	92,326,359	65,377,509
e Other		1,589,582		1,589,582
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				188,076,766

Part VII Investments—Other Securities. 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) should equal Form 990, Part X, col (B) line 12)* ▶		

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

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

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

(a) Description	(b) Book value
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

Part X Other Liabilities. See Form 990, Part X, line 25.

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
Prof Liability Insurance Reserve	2,834,823
Pension Liability	4,516,750
Other Long Term Liabilities	79,258
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	7,430,831

2. Fin 48 (ASC 740) Footnote In Part XIV, 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 (ASC740)

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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 XIV)	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 XIV)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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 XIV)	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 XIV)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
Part XI, Line 8	Part XI, Line 8 Other Changes in Net Assets or Fund Balances	Adjustment in Pension Liability $4692068

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493129010292

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.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
OVERLAKE HOSPITAL MEDICAL CENTER

Employer identification number
91-0652651

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," is it a written policy?	1b	Yes	
2	If the organization has multiple hospitals, 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 hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☑ 200% ☐ Other _____ %	3a	Yes	
b	Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care . . . . . ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☑ 400% ☐ Other _____ %	3b	Yes	
c	If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . .	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Does the organization prepare a community benefit report during the tax year?	6a		No
6b	If "Yes," did the organization make it available to the public?	6b		No
	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 Worksheets 1 and 2)			5,561,490		5,561,490	1 420 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			24,487,916	18,061,371	6,426,545	1 650 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			30,049,406	18,061,371	11,988,035	3 070 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			1,618,951	205,808	1,413,143	0 360 %
f Health professions education (from Worksheet 5)			1,850,179		1,850,179	0 470 %
g Subsidized health services (from Worksheet 6)			5,082,202	3,549,688	1,532,514	0 390 %
h Research (from Worksheet 7)			316,745	85,144	231,601	0 060 %
i Cash and in-kind contributions to community groups (from Worksheet 8)			279,563	63,453	216,110	0 060 %
j **Total** Other Benefits			9,147,640	3,904,093	5,243,547	1 340 %
k **Total.** Add lines 7d and 7j			39,197,046	21,965,464	17,231,582	4 410 %

Part II Community Building Activities during the tax year, and describe in Part VI how its 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 Healthcare Financial Management Association Statement No 15?	1		No
2	Enter the amount of the organization's bad debt expense (at cost) 2 6,710,578			
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy 3			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	64,162,923
6	Enter Medicare allowable costs of care relating to payments on line 5	6	84,844,076
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-20,681,153
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	Does the organization have a written debt collection policy?	9a	Yes	
b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI	9b	Yes	

Part IV Management Companies and Joint Ventures

	(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	Washington Imaging Svcs LLC	Diagnostic Imaging Services	27 000 %		72 000 %
2	Overlake Surgery Center LLC	Ambulatory Surgical Svcs	43 000 %	3 000 %	54 000 %
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, measured by total revenue per facility, from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 1

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
0	Overlake Hospital Medical Ctr 1035 116th Ave NE Bellevue, WA 98004	X	X		X		X	X		

Part V **Facility Information** *(continued)*

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, measured by total revenue per facility, from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? **10**

Name and address	Type of Facility (Describe)

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
	Part VI - Additional Information	Part I, Line 7The costing methodology for charity care and un reimbursed Medicaid was the cost to charge method using the cost to charge ratio The community health improvement cost, health professional education, and cash and in-kind contributions are direct costs and do not include any indirect costs The cost for subsidized health services is derived from a cost accounting system that addresses all patient segments Part III, Line 4The audited financial statements do not include a footnote discussing bad debt or the allowance for doubtful accounts Bad debts are recorded on the Statement of Operations and Changes in Net Assets based on the patient charges written off to bad debt plus/minus changes to the allowance for uncollectable accounts Any patient discount or payments reduce the amount of charges written off to bad debt This is applied consistently to all patient balances The bad debt expense on Schedule H, Part III, line 2 is estimated based on the cost to charge ratio The Hospital believes that a portion of the bad debt expense is related to patients that would be eligible under the Hospital's charity care guidelines had the patient provided the financial information necessary to make the determination The Hospital does not have a reasonable method to estimate this amount and is therefore not reporting an amount on Part III, Line 3 Part III, Line 8The costing methodology for Medicare allowable cost is derived from the 2010 Medicare Cost Report The Hospital believes that all of the Medicare shortfall should be treated as community benefit The IRS community benefit standard includes the provision of care to Medicare patients and the Hospital continues providing care to the Medicare beneficiaries regardless of the shortfall By absorbing the Medicare shortfall, the Hospital thereby relieves the federal government of the burden of paying the full cost for Medicare beneficiaries Part III, Line 9bThe Hospital will place a patient's account on hold when a patient's account is being considered for charity Once a determination has been made that a patient qualifies for charity care, the patient's account is reduced by the charity amount granted and a letter is sent to the patient noting the charity adjustment The patient may appeal the decision if he/she believes there is additional information that should have been considered or the financial situation has changed The patient is responsible for any balance remaining after the charity adjustment, if any, and the collection process will continue in the normal process Part VI, Line 2The Hospital completed a community needs assessment in April 2011 and will use this as the primary basis for assessing the community health needs In addition, the Hospital distributes feedback forms in all our classes and at our major events, such as our annual community health fair These forms ask attendees a range of questions, including what other classes or services people would like us to offer We also include an item in every issue of Healthy Outlook asking people to contact us if they have requests for particular health classes or lectures Finally, we maintain relationships with other area non-profits and work with them when they identify specific community health needs (e g stroke screenings at Hopelink) Part VI, Line 3Information about assistance programs starts at the point of registration Placards describing the financial assistance programs are at all admitting registration desks Financial assistance can take the form of assistance in qualifying for Medicaid, charity, or prompt pay discounts Financial Counselors are available to discuss the financial arrangements for all patients and will discuss the financial assistance The Financial Counselors will also assist patients in completing the Hospital's charity care application if the patients brings in information and needs help completing the application See Schedule O for continuation of Schedule H Part VI Line 3, and Part VI Line 4, 5,and 6

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493129010292

Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
OVERLAKE HOSPITAL MEDICAL CENTER

Employer identification number
91-0652651

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Part II can be duplicated if additional space is needed. . . . ▶ ☐

1 (a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) Overlake Hospital Foundation1035 116th Ave Ne Bellevue, WA 98004	91-1050325	501(c)(3)	1,356,037	0			Support Operations
(2) Overlake Hospital Auxiliaries1035 116th Ave NE Bellevue, WA 98004	23-7297831	501(c)(3)	33,979	0			Support Operations

2 Enter total number of section 501(c)(3) and government organizations . . . ▶ 2

3 Enter total number of other organizations . . . ▶ 0

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) if additional space is needed.

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

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

Identifier	Return Reference	Explanation
Grantmaker's Description of How Grants are Used		Overlake Hospital Medical Center performs the record keeping for Overlake Hospital Foundation and Overlake Hospital Auxiliaries and monitors its operating expenses as part of the monthly financial review process

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493129010292

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, question 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
OVERLAKE HOSPITAL MEDICAL CENTER

Employer identification number
91-0652651

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 orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply			
	☑ 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 from the organization or a related organization?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		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**	Yes	
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 Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		No

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

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

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(A) Name		(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 in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Vu Hoang MD	(i) (ii)	477,566	296,651	235,258	10,750	14,289	1,034,514	
(2) Thien Nguyen MD	(i) (ii)	294,888		3,258	14,700	6,439	319,285	
(3) TD Sam Baxter	(i) (ii)	184,409	35,250	8,324	28,542	39,539	296,064	
(4) Rick Clarfeld MD	(i) (ii)	340,465	25,000	3,526	31,148	14,091	414,230	
(5) Lawrence Madewell MD	(i) (ii)	288,211		964	14,880	14,289	318,344	
(6) Kelan Koenig MD	(i) (ii)	227,611		90,742	17,379	13,886	349,618	
(7) Jody Albright	(i) (ii)	244,903	46,125	22,894	14,700	10,209	338,831	
(8) Gary McLaughlin	(i) (ii)	420,344	104,604	24,606	22,232	109,027	680,813	
(9) David Schultz	(i) (ii)	343,529	79,510	6,412	14,984	64,414	508,849	
(10) Craig Hendrickson	(i) (ii)	626,754	181,422	30,332	36,199	128,720	1,003,427	
(11) Catherine Whitaker-Klick	(i) (ii)	247,772	48,068	24,878	14,700	12,658	348,076	
(12) Alan Ertle	(i) (ii)	172,541		4,122		28,063	204,726	
(13)								
(14)								
(15)								
(16)								

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
Sch J, Part I, Line 7	Part I, Line 7 Non-Fixed payments not listed above	Management incentive for the CEO, COO and Vice Presidents are contingent on Overlake Hospital Association's consolidated net operating income for the fiscal year being at least 80% of the net operating income budget The incentive payment is then based on a combination of meeting organization and individual goals Incentives were paid to Vu Hoang on productivity and meeting certain individual quality goals Incentives were paid to Richard Clarfeld based on meeting certain cost controls
Sch J, Part I, Line 1a	Part I, Line 1a Relevant information in regards to selections on 1a	

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493129010292

Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
OVERLAKE HOSPITAL MEDICAL CENTER

Employer identification number
91-0652651

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	WA Health Care Facilities	91-1108929	93978E7P1	04-14-2010	99,229,494	See Part V		X		X		X
B	WA Health Care Facilities Authority	91-1108929	93978EYZ9	06-08-2005	162,497,935	Construction of Facility	X			X		X
C	WA Health Care Facilities Authority	91-1108929	93978EWQ1	06-19-2003	22,708,358	Refund Prior Issue 12/13/89		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	80,380,000	80,380,000	13,890,000	
2	Amount of bonds legally defeased				
3	Total proceeds of issue	99,229,494	169,309,811	22,708,445	
4	Gross proceeds in reserve funds	8,292,652	6,516,651		
5	Capitalized interest from proceeds	852,750	852,750		
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	1,660,010	2,136,381	371,287	
8	Credit enhancement from proceeds	8,175,568	8,175,568	966,000	
9	Working capital expenditures from proceeds	210,770			
10	Capital expenditures from proceeds	20,000,000	145,694,524		
11	Other spent proceeds	75,000,000		21,371,159	
12	Other unspent proceeds				
13	Year of substantial completion	2010	2008	1990	

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X		X				
b	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
c	Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?		X		X				
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 092 %		0 011 %					
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶								
6	Total of lines 4 and 5	0 092 %		0 011 %					
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X					

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		
2	Is the bond issue a variable rate issue?		X	X			X		
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X		X		
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X	X			X		
b	Name of provider	IXIS Funding Corp		IXIS Funding Corp					
c	Term of GIC	3 1000		3 1000					
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X		X					
5	Were any gross proceeds invested beyond an available temporary period?		X		X		X		
6	Did the bond issue qualify for an exception to rebate?	X			X	X			

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
		Part I, Column c, Line A-cusip- 93978E WQ1/WR9Part I, Column c, Line B-cusip-93978E YZ9/YL0/YF3/YG1Part I, Line C, Column f - Construction of facilities & partially refund prior issue (6/8/2005)Part II,Line 3-The total proceeds do not agree to the issue price in Part I,Column (e) due to investment earnings Part II, Line 3-The total proceeds do not equal the summation of lines 4-12 due to transferred or replacement proceeds in line 4

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493129010292

Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38a or 40b.**

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
OVERLAKE HOSPITAL MEDICAL CENTER

Employer identification number
91-0652651

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

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

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	(c) Corrected? No

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

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

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

Part III Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of grant or type of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Puget Sound Physicians	See Part V	793,720	See Part V		No
(2) Washington Federal Savings	See Part V	180,280	Leasing Clinical Space		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
		Part IV Line 1 Column (b)Entity in which Jim Doud, Trustee, is a Director Part IV Line 2 Column (b)Entity in which Tom Miller, MD, Trustee is a Partner Part IV Line 2 Column (d)Urgent Care physician services and emergency room medical director services

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493129010292

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.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
OVERLAKE HOSPITAL MEDICAL CENTER

Employer identification number
91-0652651

Identifier	Return Reference	Explanation
	Schedule H, Part VI, Line 6	The Hospital operates an active screening program in which we offer free health screenings at least four times annually at community events The largest one is the annual Overlake Eastside Vitality Community Health Fair, in which we provide over 700 free screenings, including cholesterol, stroke risk, diabetes, and skin cancer Screening results and free counseling are provided at the events Those who need to see a physician are given a list of providers, including community medical clinics

Identifier	Return Reference	Explanation
	Schedule H, Part VI, Line 5	The Hospital staff participate in the county wide disaster preparedness group and is the back up to Harborview

Identifier	Return Reference	Explanation
	Schedule H, Part VI, Line 4	The Hospital's primary service area is East King County which is bounded by Lake Washington to the west and by the Cascade Mountains to the east and extends north to the King County line, near the City of Bothell, and south to the City of Renton It has a population base of approximately 653,000 residents with an ethnic makeup of 74% white, 15% asian, 6% hispanic, and 5% other 10% of the residents are 65 or older and another 27% in the 45 to 64 age bracket

Identifier	Return Reference	Explanation
	Schedule H Part VI, Line 3	The Hospital engages an outside company to assist patients with applying for Medicaid. General information about the assistance programs are then included as part of each patient statement that is sent to a patient and includes the phone number of the Patient Financial Services department to call for assistance. In addition, as part of the account follow up, Patient Financial Service Representatives will call patients after their second statement and will discuss patient financial assistance as part of the call. Overlake's charity care policy is posted on the Washington State Department of Health website and on the Hospital's website

Identifier	Return Reference	Explanation
	Form 990, Part V Line 7g & 7h	Overlake Hospital Medical Center did not receive any contributions of intellectual property, cars, boats, airplanes, or other vehicles

Identifier	Return Reference	Explanation
	Form 990, Part IV Line 12 - Fin Stmts	The financial statements of Overlake Hospital Medical Center are audited on a consolidated basis This IRS Form 990 for Overlake Hospital Medical Center only contains the activities of the Hospital while the activities of the related organizations are reported on separate IRS Form 990s

Identifier	Return Reference	Explanation
	Form 990, Part I Line 6 - Volunteers	Volunteers provided 281,129 hours of service to Overlake Hospital Medical Center during the year Volunteers provide assistance for patients and guests at point of entry with information, way-finding, and transportation services In the nursing units, volunteers help answer call lights and provide comfort to support and facilitate the physical, emotional, mental and spiritual health and self-healing of the patient Included in the total volunteers are 22 board members that volunteered their time as board members during the year

Identifier	Return Reference	Explanation
	Form 990 Part VII Section A, Line 23 & 25 Column B	Craig Hendrickson devoted 30 hours to related organizations Gary McLaughlin devoted 20 hours to related organizations

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 19	Form 990, Part VI, Line 19 Other Organization Documents Publicly Available	Overlake Hospital makes its disclosure of governing documents, conflict of interest policy, and audited financial statements available through the Hospital's administration office

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 15b	Form 990, Part VI, Line 15b Compensation Review and Approval Process for Officers and Key Employees	Overlake's policy and process for Executive Compensation is fully documented in the "Executive Compensation Administration and Compliance Manual " This manual details the charter of the Compensation Committee of the Board, the compensation philosophy and how salary increases, incentives and benefits and prerequisites are administered Compensation Committee members are independent board members as required by the Charter and By-laws The process includes an independent consultant who works directly for the Compensation Committee and a review of comparable data from external sources All compensation related decisions for the CEO, COO and Vice Presidents are discussed, deliberated and voted on by the Compensation Committee and documented in the minutes of the meeting

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 12c	Form 990, Part VI, Line 12c Explanation of Monitoring and Enforcement of Conflicts	Education regarding conflicts of interest is provided at the annual meeting in January of each year to the full board Conflict of interest statements are signed annually by Board members at the beginning of the calendar year and submitted to Overlake Hospital Medical Center's Chief Compliance Officer for review The Chief Compliance Officer summarizes any conflicts of interest and discusses these results with the Chair of the Audit & Compliance Committee, CEO, and Legal Counsel At Board meetings, members are reminded that they should recuse themselves from voting on issues when there is a conflict of interest

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 11	Form 990, Part VI, Line 11 Form 990 Review Process	The 990 is prepared internally and reviewed by an independent accounting firm The 990 is then reviewed by the President & CEO, CFO, VP Human Resources, VP of Risk Management/Safety, and Overlake Hospital Medical Center Finance Committee The 990 is sent to the Hospital Board members prior to submission to the IRS

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 7a	Form 990, Part VI, Line 7a How Members or Shareholders Elect Governing Body	Overlake Hospital Association has the right to appoint and remove Overlake Hospital Medical Center's Trustees

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 6	Form 990, Part VI, Line 6 Explanation of Classes of Members or Shareholder	Overlake Hospital Association is the sole member of Overlake Hospital Medical Center

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493129010292

SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
OVERLAKE HOSPITAL MEDICAL CENTER

Employer identification number
91-0652651

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

(a) Name, address, and EIN 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
(1) Overlake Medical Clinics LLC 1035 116th Ave NE Bellevue, WA 98004 91-1932954	Medical Clinics	WA	14,668,130	6,142,930	N/A

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 organization	
						Yes	No
(1) Overlake Hospital Association 1035 116th Ave NE Bellevue, WA 98004 91-1274134	Provide Support	WA	501(c)(3)	11-Type II	N/A	Yes	
(2) Overlake Hospital Auxiliaries 1035 116th Ave NE Bellevue, WA 98004 23-7297831	Fund Raising	WA	501(c)(3)	9	Overlake Hospital Medical Center	Yes	
(3) Overlake Hospital Foundation 1035 116th Ave NE Bellevue, WA 98004 91-1050325	Fund Raising	WA	501(c)(3)	7	Overlake Hospital Medical Center	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) Disproprtionate 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

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

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

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

		Yes	No
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 **(iv)** rent from a controlled entity	**1a**		**No**
b	Gift, grant, or capital contribution to other organization(s)	**1b**	**Yes**	
c	Gift, grant, or capital contribution from other organization(s)	**1c**	**Yes**	
d	Loans or loan guarantees to or for other organization(s)	**1d**	**Yes**	
e	Loans or loan guarantees by other organization(s)	**1e**		**No**
f	Sale of assets to other organization(s)	**1f**		**No**
g	Purchase of assets from other organization(s)	**1g**		**No**
h	Exchange of assets	**1h**		**No**
i	Lease of facilities, equipment, or other assets to other organization(s)	**1i**		**No**
j	Lease of facilities, equipment, or other assets from other organization(s)	**1j**	**Yes**	
k	Performance of services or membership or fundraising solicitations for other organization(s)	**1k**		**No**
l	Performance of services or membership or fundraising solicitations by other organization(s)	**1l**		**No**
m	Sharing of facilities, equipment, mailing lists, or other assets	**1m**	**Yes**	
n	Sharing of paid employees	**1n**	**Yes**	
o	Reimbursement paid to other organization for expenses	**1o**		**No**
p	Reimbursement paid by other organization for expenses	**1p**	**Yes**	
q	Other transfer of cash or property to other organization(s)	**1q**		**No**
r	Other transfer of cash or property from other organization(s)	**1r**		**No**

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)	See Additional Data Table			
(2)				
(3)				
(4)				
(5)				
(6)				

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) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) Disproprtionate allocations?		(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation

Additional Data

Return to Form

Software ID: 10000105
Software Version: 2010v3.2
EIN: 91-0652651
Name: OVERLAKE HOSPITAL MEDICAL CENTER

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(1)	Overlake Hospital Association	p	1,553,883	Cash
(2)	Overlake Hospital Association	n	195,457	Other
(3)	Overlake Hospital Association	j	3,557,096	Cash
(4)	Overlake Hospital Association	d	9,058,565	Other
(5)	Overlake Hospital Auxiliaries	n	133,565	Other
(6)	Overlake Hospital Auxiliaries	c	747,757	Cash
(7)	Overlake Hospital Foundation	n	205,239	Other
(8)	Overlake Hospital Foundation	m	96,547	Cash
(9)	Overlake Hospital Foundation	c	1,407,161	Cash
(10)	Overlake Hospital Foundation	b	1,356,037	Cash

OVERLAKE HOSPITAL MEDICAL CENTER

Consolidated Financial Statements

June 30, 2011 and 2010

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 900
801 Second Avenue
Seattle, WA 98104

Independent Auditors' Report

The Board of Trustees
Overlake Hospital Medical Center

We have audited the accompanying consolidated balance sheets of Overlake Hospital Medical Center (the Hospital) (a Washington not-for-profit corporation) as of June 30, 2011 and 2010, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended These consolidated financial statements are the responsibility of the Hospital's management Our responsibility is to express an opinion on these consolidated financial statements based on our audits

We conducted our audits in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting Accordingly, we express no such opinion An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Overlake Hospital Medical Center as of June 30, 2011 and 2010, and the results of operations and cash flows for the years then ended in conformity with U S generally accepted accounting principles

KPMG LLP

October 19, 2011

OVERLAKE HOSPITAL MEDICAL CENTER

Consolidated Balance Sheets

June 30, 2011 and 2010

Assets		2011	2010
Current assets			
Cash and cash equivalents	$	15,796,433	21,159,147
Hospital accounts receivable, net of allowance for bad debts of $11,395,661 in 2011 and $10,592,736 in 2010		49,668,161	48,073,432
Clinic accounts receivable, net of allowance for bad debts of $353,731 in 2011 and $354,168 in 2010		1,449,133	1,177,340
Current portion of pledges receivable		597,861	288,377
Current portion of assets whose use is limited		10,176,566	8,769,069
Supplies inventory, at cost		5,583,830	4,789,159
Prepaid expenses		4,203,286	4,124,306
Other current assets		10,242,513	4,747,463
Total current assets		97,717,783	93,128,293
Assets whose use is limited			
Restricted by donors		5,089,115	5,018,229
Management designated		3,584,505	2,470,933
Funds held under bond indenture and collateral agreements		24,985,869	23,579,006
Less current portion		(10,176,566)	(8,769,069)
Total assets whose use is limited, net of current portion		23,482,923	22,299,099
Investments		236,251,364	179,435,808
Long-term portion of pledges receivable, net		94,279	114,961
Land, buildings, and equipment, net		188,253,991	184,496,367
Other assets			
Investment in joint ventures		4,045,441	4,098,591
Deferred financing costs, net		5,251,608	5,740,260
Other assets		269,640	817,567
Total other assets		9,566,689	10,656,418
Total assets	$	555,367,029	490,130,946

See accompanying notes to consolidated financial statements

OVERLAKE HOSPITAL MEDICAL CENTER

Consolidated Balance Sheets

June 30, 2011 and 2010

Liabilities and Net Assets		2011	2010
Current liabilities			
Current portion of long-term debt	$	5,415,000	5,180,000
Accounts payable		12,954,056	11,176,808
Accrued liabilities		32,769,275	26,511,133
Accrued interest payable		4,761,567	3,375,624
Payable to third-party agencies		3,091,302	4,214,108
Total current liabilities		58,991,200	50,457,673
Long-term debt, net of current portion		182,212,242	187,894,775
Other long-term liabilities		7,430,831	13,247,040
Total liabilities		248,634,273	251,599,488
Net assets			
Unrestricted net assets		300,252,881	233,248,506
Temporarily restricted net assets		1,854,608	677,835
Permanently restricted net assets		4,625,267	4,605,117
Total net assets		306,732,756	238,531,458
Total liabilities and net assets	$	555,367,029	490,130,946

See accompanying notes to consolidated financial statements

OVERLAKE HOSPITAL MEDICAL CENTER

Consolidated Statements of Operations and Changes in Net Assets

Years ended June 30, 2011 and 2010

	2011	2010
Operating revenues		
Net patient service revenues	$ 405,087,334	382,411,210
Other operating revenues	9,108,390	10,507,059
Contribution revenues	2,054,399	2,227,710
Gain on disposal of assets	1,682,252	70,410
Net operating revenues	417,932,375	395,216,389
Operating expenses		
Salaries	158,068,985	148,933,626
Registry	4,016,669	3,004,176
Employee benefits	39,167,784	36,870,517
Supplies	67,419,686	68,180,857
Purchased services	37,354,151	34,275,066
Interest	9,942,984	9,905,822
Depreciation and amortization	22,700,599	19,255,944
Provision for uncollectible accounts	18,638,901	17,899,672
Rent, leases, and utilities	10,194,610	9,767,731
Marketing, insurance, taxes, and other	23,603,476	12,871,058
Total operating expenses	391,107,845	360,964,469
Excess of revenues over expenses from operations	26,824,530	34,251,920
Nonoperating revenues (expenses), net		
Investment income	7,968,120	9,642,754
Loss on refinancing	—	(2,928,731)
Change in fair value of interest rate swaps	—	1,137,489
Total nonoperating revenues, net	7,968,120	7,851,512
Excess of revenues over expenses	34,792,650	42,103,432
Other changes in unrestricted net assets		
Net assets released for capital acquisitions	225,579	1,162,192
Change in pension liability	4,692,068	(3,245,938)
Change in net unrealized gains (losses) on investments	27,195,744	3,199,963
Appropriation of endowment assets for expenditure	98,334	18,715
Transfer to affiliate	—	(3,566,000)
Increase in unrestricted net assets	67,004,375	39,672,364
Changes in temporarily restricted net assets		
Contributions	1,893,791	1,616,559
Investment income	167,475	127,904
Change in net unrealized gains (losses) on investments	674,911	143,644
Net assets released from restrictions	(1,559,404)	(2,580,077)
Increase (decrease) in temporarily restricted net assets	1,176,773	(691,970)
Change in permanently restricted net assets		
Contributions	20,150	106,329
Increase in permanently restricted net assets	20,150	106,329
Increase in net assets	68,201,298	39,086,723
Net assets, beginning of year	238,531,458	199,444,735
Net assets, end of year	$ 306,732,756	238,531,458

See accompanying notes to consolidated financial statements

OVERLAKE HOSPITAL MEDICAL CENTER

Consolidated Statements of Cash Flows

Years ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities		
Change in net assets	$ 68,201,298	39,086,723
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	22,700,599	19,255,944
Provision for uncollectible accounts	18,638,901	17,899,672
Gain on disposal of assets	(1,682,252)	(70,410)
Loss on refinancing	—	2,928,731
Restricted contributions received for capital and permanently restricted purposes	(512,835)	(1,210,687)
Net realized and unrealized gains on investments	(28,016,851)	(7,730,802)
Change in fair value of interest rate swap	—	(1,137,489)
Equity earnings in joint ventures, net of distributions	(2,982,358)	(2,717,891)
Changes in operating assets and liabilities		
(Increase) decrease in		
Hospital accounts receivable, net	(20,233,630)	(20,362,826)
Clinic accounts receivable, net	(271,793)	93,216
Pledges receivable, net	(288,802)	918,579
Supplies inventory	(794,671)	10,839
Prepaid expenses	(78,980)	(195,843)
Other current assets	(5,495,050)	918,894
Increase (decrease) in		
Accounts payable	1,938,124	(1,316,389)
Accrued liabilities	6,258,142	2,406,729
Accrued interest payable	1,385,943	655,805
Payable to third-party agencies	(1,122,806)	(2,805,748)
Other long-term liabilities	(5,816,209)	3,587,934
Net cash provided by operating activities	51,826,770	50,214,981
Cash flows from investing activities		
Purchase of land, buildings, and equipment	(25,889,299)	(27,177,042)
Proceeds from disposal of assets	1,823,225	336,840
Proceeds from sale of assets whose use is limited	22,832,204	32,605,166
Purchase of assets whose use is limited	(24,272,691)	(28,893,822)
Proceeds from sale of investments	23,369,505	137,776,904
Purchase of investments	(53,319,044)	(190,354,928)
Distributions from joint ventures	3,035,508	3,558,315
Purchase of other assets	(100,000)	(897,109)
Net cash used in investing activities	(52,520,592)	(73,045,676)
Cash flows from financing activities		
Restricted contributions received for capital and permanently restricted purposes	512,835	1,210,687
Proceeds from issuance of bonds	—	174,415,000
Refunding of debt from bond proceeds	—	(150,000,000)
Financing fees	(1,727)	(1,658,283)
Principal payments on long-term debt	(5,180,000)	(5,155,506)
Principal payments on swap terminations	—	(9,232,720)
Principal payments on capital lease obligations	—	(103,320)
Net cash (used in) provided by financing activities	(4,668,892)	9,475,858
Net decrease in cash and cash equivalents	(5,362,714)	(13,354,837)
Cash and cash equivalents, beginning of year	21,159,147	34,513,984
Cash and cash equivalents, end of year	$ 15,796,433	21,159,147
Supplemental disclosures of cash flow information		
Cash paid for interest	$ 8,557,041	9,250,017
Purchase of land, building, and equipment included in accounts payable	1,577,572	1,738,448

See accompanying notes to consolidated financial statements

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

(a) Organization

Overlake Hospital Medical Center (the Hospital) is a 501(c)(3) not-for-profit corporation located in Bellevue, Washington The Hospital is affiliated with other healthcare-related organizations The Hospital's primary service area is from Bothell to Renton and from the Cascade mountains to Lake Washington, including Mercer Island The Hospital provides inpatient, outpatient, and emergency care services

Controlled Affiliates of the Hospital

Overlake Medical Clinics, LLC (the Clinics) was formed to establish, own, and operate primary care clinics and other outpatient healthcare entities The Hospital is the sole member of the Clinics

Overlake Hospital Foundation (the Foundation) is a 501(c)(3) not-for-profit corporation The purpose of the Foundation is to (a) receive grants, bequests, donations, and contributions on behalf of, (b) provide fund-raising and other support to, and (c) make contributions to Overlake Hospital and its related tax-exempt corporations The Hospital is the sole member of the Foundation

Overlake Hospital Auxiliaries (the Auxiliaries) is a 501(c)(3) not-for-profit corporation The purpose of the Auxiliaries is to promote, support, and advance the well-being of the Hospital through a variety of ways, including serving as goodwill ambassadors to the community, conducting fund-raising activities, maintaining membership strength, and providing services to the Hospital for the benefit of its patients and their families The Auxiliaries are controlled by the Hospital

Other Affiliates of the Hospital

The following entities are affiliates of the Hospital, but are not controlled and are therefore not included within these consolidated financial statements

Overlake Hospital Association (the Association) is a 501(c)(3) not-for-profit corporation and is the sole member of the Hospital The Association's purpose is to promote and conduct health-related activities

Overlake Medical Tower, LLC (the Medical Tower) was formed to acquire, own, develop, and operate a medical office building and garage complex on the Hospital's campus The Association is the sole member of the Medical Tower

Overlake Issaquah Medical Services, LLC (OIMS) was formed to hold the real estate interests in Issaquah, and to coordinate and oversee the programs operated at that site OIMS is expected to lease property in the Issaquah area The Association is the sole member of OIMS

(b) Use of Estimates

The preparation of financial statements in conformity with U S generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the

reporting period Actual results could differ from those estimates Significant items subject to such estimates include the provision for contractual allowances and uncollectible accounts, fair value of financial instruments, reserves for employee benefit obligations, and self-insurance reserves for professional liability and workers' compensation

(c) Basis of Presentation

The consolidated financial statements include the accounts of the Hospital and its controlled affiliates All significant intercompany transactions between the Hospital and its controlled affiliates have been eliminated in consolidation

(d) Cash and Cash Equivalents

Included in cash and cash equivalents are cash equivalents of approximately $1,100,000 and $8,678,000 as of June 30, 2011 and 2010, respectively, which are invested in money market savings and highly liquid debt instruments with original maturities of three months or less at the date of purchase

The Hospital maintains cash and cash equivalents on deposit at financial institutions, which at times exceed the limits insured by the Federal Deposit Insurance Corporation This exposes the Hospital to potential risk of loss in the event the financial institution becomes insolvent

(e) Provision for Uncollectible Accounts

The Hospital and the Clinics provide an allowance for potential uncollectible patient accounts receivable whereby such receivables are reduced to their estimated net realizable value The Hospital estimates this allowance based on the aging of accounts receivable, historical collection experience by payor, and other relevant factors There are various factors that can impact the collection trends, such as changes in the economy, which in turn have an impact on unemployment rates and the number of uninsured and underinsured patients, the increased burden of co-insurance, and deductibles to be made by patients with insurance and business practices related to collection efforts These factors continuously change and can have an impact on collection trends and the estimation process

(f) Pledges Receivable

Pledges of financial support are recorded at fair value by the Foundation and Auxiliaries when a donor's unconditional promise to give has sufficient definition with respect to the amount and planned timing of the donation Conditional promises to give and intentions to give are reported at fair value at the earlier of when the contingency is met or the date the gift is received An allowance for uncollectible pledges is recorded based on an estimated percentage of pledges that may not be collectible based on historical experience The Foundation and Auxiliaries anticipate collection of net pledges receivable over the next one to five years Significant pledges over $250,000, not scheduled to be collected within one year, are discounted

(g) Assets Whose Use is Limited

Certain assets of the Hospital, the Foundation, and the Auxiliaries are held in trust under indenture agreements are restricted by donor stipulations, or are management designated Assets that have been management designated are subject to change in the future These assets consist primarily of cash, accrued interest, money market funds, bond mutual funds, and equity mutual funds, and are recorded at fair value

(h) Investments

Investments consist primarily of cash, accrued interest, money market funds, bond mutual funds, and equity mutual funds, and are recorded at fair value

(i) Other-than-Temporary Impairment

The Hospital reviews investments each period and assesses whether an other-than-temporary impairment has occurred Each investment within the portfolio is evaluated individually Major factors that are considered are 1) fair value of the investment is below cost, 2) loss has been sustained over an extended period of time, and 3) whether the Hospital intends to sell or could be required to sell the investment security, or, if not, whether it has the ability to hold an investment for a reasonable period of time sufficient for a forecasted recovery of fair value up to or beyond the cost of the investment Additional factors that might be considered include, but are not limited to 1) credit risk of the investment, 2) decline attributable to adverse conditions specifically related to the investment, its industry, or geography, 3) investment has been downgraded by a rating agency, 4) dividends have been reduced or eliminated or scheduled interest has not been paid, 5) changes in the value of the investment after the close of the period, 6) trading in the investment has been suspended, and 7) discussion with investment advisor

A decline in the market value of any available-for-sale security below cost that is deemed to be other-than-temporary results in an impairment to reduce the carrying amount to market value The impairment is charged to earnings and a new cost basis for the security is established

(j) Land, Buildings, and Equipment

Land, buildings, and equipment acquisitions over $3,000 and a useful life of at least two years are recorded at cost Improvements and replacements of buildings and equipment are capitalized, maintenance and repairs are expensed The cost of land, buildings, and equipment sold or retired and the related accumulated depreciation are removed from the records and any resulting gain or loss is recorded Depreciation is computed using the straight-line method over the estimated useful lives of the related assets or lease term if shorter Equipment under capital lease obligations is amortized on the straight-line method over the period of the lease term or the estimated useful life of the equipment, whichever is shorter Such amortization is included in depreciation and amortization in the consolidated financial statements

The fair value of a long-lived asset may change due to a number of factors such as a significant decrease in the market price of a long-lived asset, a significant adverse change in the manner in which the asset is used, a significant adverse change in legal factors or the business climate that could affect the value of the asset, or a change in expected useful life due to changes regarding

obsolescence, planned replacement, or disposal When management becomes aware of a situation that could cause the fair value of a long-lived asset to be lower than the book value, the asset is reviewed to determine whether an impairment has occurred and records an impairment and revises the estimated useful life as needed

Management estimates the fair value of legal asset retirement obligations that are conditional on a future event if the amount can be reasonably estimated, in accordance with FASB ASC 410-30-50, *Asset Retirements and Environmental Obligations* Estimates are developed through the identification of applicable legal requirements, identification of specific conditions requiring incremental cost at time of asset disposal, estimation of costs to remediate conditions, and estimation of remaining useful lives or date of asset disposal

(k) Deferred Financing Costs

The Hospital defers the costs of obtaining financing and amortizes these costs over the term of the related debt using the effective-interest method

(l) Other Assets

In connection with the 2010 purchase of the Bellevue Heart and Vascular Center (renamed Outpatient Heart Center), there were payments of $739,000 for definite-lived assets and $258,000 for indefinite-lived assets The Hospital amortizes the definite-lived assets over the expected useful lives of two to seven years using the straight-line method The Hospital tests the intangible asset and goodwill for impairment as of June 30 and also monitors for triggering events in accordance with FASB ASC 350 Due to declining volumes, the Hospital made a decision to close the Outpatient Heart Center in September 2011 As a result, the Hospital shortened the lives of the remaining intangible assets and recognized an intangible asset impairment of $72,000 and a goodwill impairment of $258,000

(m) Accounting for Derivative Instruments

The Hospital records all derivatives at fair value The Hospital had entered into interest rate swap transactions, which did not meet the criteria as hedging instruments Accordingly, the changes in fair value are recognized in excess of revenues over expenses

The Hospital's interest rate swaps were terminated in March and April 2010

(n) Net Patient Service Revenues

A significant portion of the patient service charges of the Hospital, for the years ended June 30, 2011 and 2010, are derived from Medicare patients (29% and 30%, respectively), Medicaid patients (3% and 3%, respectively), or patients covered under commercial insurance and other negotiated contracts (64% and 63%, respectively)

The Hospital is paid for services to Medicare inpatients under the Prospective Payment System, which provides for reimbursement based on diagnosis-related groupings (DRGs) Such DRG payments are prospectively established and may be greater or less than the Hospital's actual charges for its services The majority of Medicare outpatient services are reimbursed based on ambulatory

payment classifications (APCs) APC payments are prospectively established and may be greater or less than the Hospital's actual charges for its services Payments for Medicare outpatient laboratory services and certain therapeutic services are based on a fee schedule Payments for inpatient psychiatric services are based on a prospective payment and may be greater or less than the Hospital's actual charges for its services Capital payments are based on a federal rate

The Hospital is paid for services provided to Medicaid inpatients under a DRG-based system Payments for Medicaid outpatient services are reimbursed on a percentage of actual charges or a fee schedule

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 revenue is reported at the 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 During 2011, the Hospital's net patient service revenue decreased by approximately $163,000 as a result of retroactive adjustments under reimbursement agreements with third-party payors During 2010, the Hospital's net patient service revenue increased by approximately $452,000 as a result of retroactive adjustments under reimbursement agreements with third-party payors

For services that are paid under cost-reimbursed contractual arrangements with Medicare, the Hospital is paid at an interim rate during the year The difference between the interim rate and the actual reimbursement based on defined allowable costs results in a receivable from or a payable to third-party agencies

The Medicare program's administrative procedures preclude final determination of amounts receivable from or payable to the Medicare program until after the Hospital's annual cost reports have been audited or otherwise reviewed and settled by Medicare The estimated settlement amounts receivable/payable for unsettled cost reports are included in the accompanying consolidated financial statements

(o) Charity Care

The Hospital provides service to eligible patients at reduced or no cost based upon the individual patient's financial resources The Hospital's policy provides for 100% charity to patients with income up to 200% of the federal poverty guidelines and from 30% to 98% charity to patients with income from 201% to 400% of the federal poverty guidelines Records are kept to identify, approve, and monitor those costs that are incurred under the charity care policy Because the Hospital does not expect payment, estimated charges for charity care are not included in revenue In addition to the approved charity care described above, the Hospital believes that other uncollected accounts would be approved under its charity care policy if information about the patient's financial resources were shared with the Hospital Such amounts are not considered charity care

(p) Private Pay Discounts

The Hospital offers patients with no insurance prompt pay discounts for medically necessary services A 30% prompt pay discount is granted for full payment within 30 days of the first billing statement and a 15% discount is granted for full payment within 60 days of the first billing statement Prompt pay discounts are recorded as an adjustment to patient service charges

(q) Donor-Restricted Gifts

Gifts received from or pledged by donors are reported as either temporarily or permanently restricted contributions if they are received with donor stipulations that limit the use of the donated assets or contain a time restriction When a donor restriction expires, that is, when a stipulated time restriction ends or restricted purpose is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets

(r) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time period or purpose Permanently restricted net assets are assets that have been restricted by donors to be maintained by the Hospital in perpetuity

(s) Excess of Revenues over Expenses

The consolidated statements of operations and changes in net assets include excess of revenues over expenses Changes in net assets that are excluded from excess of revenues over expenses include net assets released for capital acquisitions, change in pension liability, change in net unrealized gains on investments that are other than trading, appropriation of endowment assets for expenditure, transfers to affiliate, contributions to temporarily and permanently restricted net assets, investment income from donor-designated endowments, and net assets released from restrictions

(t) Federal Income Taxes

The Hospital is an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally not subject to federal income taxes However, the Hospital is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption

(u) Recently Adopted Accounting Standards

In August 2010, the FASB issued ASU No 2010-23, *Health Care Entities (Topic 954) Measuring Charity Care for Disclosure* (ASU 2010-23) ASU 2010-23 is intended to reduce the diversity in practice regarding the measurement basis used in the disclosure of charity care ASU 2010-23 requires that cost be used as the measurement basis for charity care disclosure purposes and that cost be identified as the direct and indirect costs of providing the charity care, and requires disclosure of the method used to identify or determine such costs This ASU is effective for the Hospital on July 1, 2011 The Hospital does not believe the impact on its disclosures from the adoption of this pronouncement will be significant

In August 2010, the FASB issued ASU No 2010-24, *Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries* The amendments in the ASU clarify that a healthcare entity may not net insurance recoveries against related claim liabilities In addition, the amount of the claim liability must be determined without consideration of insurance recoveries This ASU is effective for the Hospital on July 1, 2011 The Hospital is currently evaluating the impact on its financial position and results of operations from the adoption of this pronouncement

(2) Net Patient Service Revenues

The following are the components of net patient service revenues for the years ended June 30, 2011 and 2010

	2011	2010
Patient service charges		
Inpatient	$ 576,080,877	512,465,498
Outpatient	407,608,720	377,609,164
Total patient service charges	983,689,597	890,074,662
Adjustments to patient service charges		
Unreimbursed Medicare charges	(200,689,617)	(179,101,724)
Unreimbursed Medicaid charges	(19,474,060)	(17,667,219)
Other unreimbursed charges	(342,991,113)	(299,254,692)
Charity care	(15,447,473)	(11,639,817)
Total adjustments to patient service charges	(578,602,263)	(507,663,452)
Net patient service revenues	$ 405,087,334	382,411,210

The following is the mix of patient charges by payor for the years ended June 30, 2011 and 2010

	2011	2010
	29%	30%
	3	3
	15	15
	16	15
	9	10
	24	24
	4	3
Total	100%	100%

(3) Hospital Safety Net Program

In April 2010, the Hospital Safety Net Assessment Act was passed by the Washington State legislature This legislation uses federal matching funds to increase hospital payments by almost $200 million between

2009 and 2011 in order to mitigate severe budget cuts made to hospitals during the 2009 session of the state legislature The legislation is scheduled to sunset by June 30, 2013

Under this program, Washington State non governmental hospitals would be assessed a fee on all non-Medicare patient days This fee would be collected by the state and the state would then use these funds to obtain new federal Medicaid matching funds All of the funding received by the state would go to hospitals Hospitals would receive increased Medicaid rates to cover the assessments they paid and to restore a portion of the cuts enacted during the 2009 legislative session

The portion of the program related to Medicaid fee for service has been implemented retroactive to July 2009 The portion of the program related to Medicaid managed care was approved by the Centers for Medicare & Medicaid Services in April 2011 retroactive to July 2009, but has only been partially implemented As a result, the Hospital recorded an expense for assessments in the amount of $10,224,000 with a resulting payable due of $4,222,000 and revenue of $3,313,000 with a receivable for increased Medicaid payments of $982,000 as of June 30, 2011 The amounts recorded related to this program are an estimate, and actual results could differ from those estimates

Certain hospitals have entered into a separate agreement with the Washington State Hospital Association for a secondary redistribution to insure that all hospitals that are a part of the agreement recover at least the amount of the tax assessment plus 30% of the estimated Medicaid cuts that would have occurred had the Hospital Safety Net Assessment been implemented The Hospital recorded additional reimbursement and a corresponding receivable of $6,684,000 related to this agreement as of June 30, 2011 The Hospital received an interim payment of $3,438,000 subsequent to year-end

The 2011 Washington State legislature passed changes that will affect provisions in the Hospital Safety Net Assessment Act for the periods July 2011 through July 2013 The Hospital is assessing the impact

(4) Charity Care and Community Benefit

The Hospital provides care without charge or at reduced rates to patients who qualify for charity care according to the Hospital's policy For the years ended June 30, 2011 and 2010, the cost of providing charity was estimated at approximately $5,561,000 and $4,507,000, respectively

The Hospital provides care to Medicaid patients at rates below the cost of providing services For the years ended June 30, 2011 and 2010, payments were less than estimated cost by approximately $6,427,000 and $4,546,000, respectively

The Hospital is also involved in an array of activities that benefit the broader community Community education classes are offered in a wide range of health-related topics including preparing for childbirth, positive parenting, infant and child safety, adult first aid, CPR, women's health, smoking cessation, weight loss, diabetes, balance, dementia, living wills, long-term care insurance, cholesterol, caregiver support, dealing with cancer, and depression In addition to classes, the Hospital has a cancer resource center that coordinates support groups, counseling, and provides access to the latest information on cancer at no cost The Hospital provides cholesterol, diabetes, and bone density screenings at various community events Education is part of the Hospital's mission and is evidenced by the Hospital's participation in several residency programs or by providing a clinical setting for college-based programs including nursing, pharmacy technicians, medical imaging technicians, physical, occupational, and respiratory therapists,

dietetic interns, emergency medical technicians, physician assistants, midwifes, and nurse practitioners The Hospital also has an integrated senior care program to assist seniors with general health, diet, exercise, therapeutic, and referral needs The Hospital operates senior care clinics at a loss for the benefit of the community As a community member, the Hospital participates and helps sponsor many community events in the area it serves The Hospital provides support to physician offices to implement electronic medical records upon request The estimated net unreimbursed expenditures on community benefit programs were $5,012,000 and $4,836,000 in 2011 and 2010, respectively

The Hospital works in partnership with a number of community agencies and provides volunteer support for programs and events that benefit the community It is the Hospital's belief that giving back to the community is an integral part of its mission

(5) Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements The mix of receivables from patients and third-party payors at June 30 was as follows

	2011	2010
	22%	24%
	3	6
	12	12
	19	13
	7	8
	23	22
	14	15
Total	100%	100%

(Continued)

(6) Assets Whose Use is Limited and Investments

Assets whose use is limited and investments, which are stated at fair value based primarily on quoted market prices, consist of the following as of June 30, 2011 and 2010

		2011	2010
Assets whose use is limited			
Cash and accrued interest receivable	$	5,748	10,639
Money market funds		25,060,222	23,628,965
Bond mutual funds		3,362,740	3,230,434
Equity mutual funds		5,230,779	4,198,130
Less current portion		(10,176,566)	(8,769,069)
Assets whose use is limited, net	$	23,482,923	22,299,099
Investments			
Accrued interest receivable	$	2	110
Money market funds		15,634	59,410
Bond mutual funds		110,605,080	89,801,070
Equity mutual funds		125,630,648	89,575,218
Total investments	$	236,251,364	179,435,808

Components of investment income (which is included in other nonoperating revenues (expenses), net) for the years ended June 30, 2011 and 2010 are as follows

		2011	2010
Interest and dividends	$	7,860,940	5,255,558
Net realized gains on investments		107,180	4,387,196
Total investment income	$	7,968,120	9,642,754

The following tables summarize the composition of the Hospital's assets whose use is limited and investments with unrealized losses as of June 30, 2011 and 2010

	2011					
	Unrealized losses existing					
	Less than 12 months		12 Months or longer		Total	
Description of securities	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
Bond mutual funds	$ 19,115,664	(284,590)	—	—	19,115,664	(284,590)
Equity mutual funds	972,254	(6,666)	—	—	972,254	(6,666)
	$ 20,087,918	(291,256)	—	—	20,087,918	(291,256)

(Continued)

	2010					
	Unrealized losses existing					
	Less than 12 months		12 Months or longer		Total	
Description of securities	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
Bond mutual funds	$ 3,667,563	(8,413)	—	—	3,667,563	(8,413)
Equity mutual funds	44,551,224	(4,811,580)	—	—	44,551,224	(4,811,580)
	$ 48,218,787	(4,819,993)	—	—	48,218,787	(4,819,993)

No other-than-temporary impairment charge was recorded in the accompanying consolidated financial statements during the years ended June 30, 2011 and 2010

The majority of the Hospital investments and assets whose use is limited are in bond and equity mutual funds Unrealized losses on these investments and assets whose use is limited are due to the economic environment

(7) Disclosure about Fair Value of Financial Instruments

ASC 820-10-50 established a framework for measuring fair value that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements) The three levels of the fair value hierarchy under ASC 820-10-50 are described below

- Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets At June 30, 2011, Level 1 securities include primarily overnight repurchase agreements, money market funds, and mutual funds At June 30, 2010, Level 1 securities include primarily overnight repurchase agreements, money market funds, and mutual funds
- Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market
- Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market These unobservable assumptions reflect the Hospital's estimates of assumptions that market participants would use in pricing the asset or liability Valuation techniques include use of discounted cash flow models and similar techniques There were no Level 3 securities at June 30, 2011 and 2010

Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date The Hospital maximizes the use of observable inputs and minimizes the use of unobservable inputs when developing fair value measurements Fair value measurements for assets and liabilities where there is limited or no observable market data and, therefore, are based primarily upon estimates calculated by the Hospital, are based on the economic and competitive environment, the characteristics of the asset or liability and other factors Therefore, the results cannot be determined with precision and may not be realized upon an actual settlement of the asset or liability There may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, that could significantly affect the results of the current or future values

Following is a description of valuation methods and assumptions used for assets recorded at fair value and for estimating fair value for financial instruments not recorded at fair value but required to be disclosed

(a) Cash

The carrying amounts, at cost, equal fair value

(b) Long-Term Debt

Long-term debt is carried at amortized cost, however, accounting standards require the Hospital to disclose the fair value The fair value of the Hospital's long-term debt is estimated based on the future cash flows at the discounted current rates available to the Hospital for debt of similar type and maturity, which are Level 2 inputs Any call provisions that apply are taken into account when valuing the debt The carrying value of the long-term debt was $187,627,000 and $193,075,000 as of June 30, 2011 and 2010, respectively The fair value of the long-term debt was $180,310,000 and $187,665,000 as of June 30, 2011 and 2010, respectively

(c) Marketable Securities and Interest Rate Swaps

The tables below present the balances of assets and liabilities measured at fair value on a recurring basis as of June 30, 2011 and 2010

	2011			
	Investments at estimated at fair value			
	Quoted prices in active markets for identical assets (Level 1)	Valuation techniques based on observable market data (Level 2)	Valuation techniques incorporating information other than observable market data (Level 3)	Total
Assets				
Overnight repurchase agreements	$ 1,099,983	—	—	1,099,983
Total cash equivalents	$ 1,099,983	—	—	1,099,983
Cash and accrued interest	$ 5,748	—	—	5,748
Money market funds	25,060,222	—	—	25,060,222
Bond mutual funds	3,362,740	—	—	3,362,740
Equity mutual funds	5,230,779	—	—	5,230,779
Total assets whose use is limited	$ 33,659,489	—	—	33,659,489
Cash and accrued interest	$ 2	—	—	2
Money market funds	15,634	—	—	15,634
Bond mutual funds	110,605,080	—	—	110,605,080
Equity mutual funds	125,630,648	—	—	125,630,648
Total investments	$ 236,251,364	—	—	236,251,364

(Continued)

	2010			
	Investments at estimated at fair value			
	Quoted prices in active markets for identical assets (Level 1)	Valuation techniques based on observable market data (Level 2)	Valuation techniques incorporating information other than observable market data (Level 3)	Total
Assets				
Overnight repurchase agreements	$ 8,678,285	—	—	8,678,285
Total cash equivalents	$ 8,678,285	—	—	8,678,285
Cash and accrued interest	$ 10,639	—	—	10,639
Money market funds	23,628,965	—	—	23,628,965
Bond mutual funds	3,230,434	—	—	3,230,434
Equity mutual funds	4,198,130	—	—	4,198,130
Total assets whose use is limited	$ 31,068,168	—	—	31,068,168
Cash and accrued interest	$ 110	—	—	110
Money market funds	59,410	—	—	59,410
Bond mutual funds	89,801,070	—	—	89,801,070
Equity mutual funds	89,575,218	—	—	89,575,218
Total investments	$ 179,435,808	—	—	179,435,808

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis are summarized as follows

	Interest rate swaps
Beginning balance at June 30, 2009	$ (10,370,209)
Total gains or losses (realized/unrealized) included in changes in net assets	1,137,489
Principal payments on interest rate swap terminations	9,232,720
Ending balance at June 30, 2010	$ —
Ending balance at June 30, 2011	$ —

(Continued)

(8) Land, Buildings, and Equipment

The Hospital's land, buildings, and equipment accounts, and related accumulated depreciation accounts, as of June 30, 2011 and 2010 are set forth below

	2011	2010
Assets		
Land	$ 2,151,142	2,171,946
Land improvements	5,459,982	5,459,982
Buildings and improvements	184,937,135	183,925,306
Equipment		
Fixed	37,766,963	34,599,579
Movable	120,237,740	106,448,749
Construction in progress	1,589,582	1,005,579
Total land, buildings, and equipment	352,142,544	333,611,141
Accumulated depreciation		
Land improvements	4,459,419	4,367,621
Buildings and improvements	66,932,940	62,180,336
Equipment		
Fixed	23,615,134	20,327,081
Movable	68,881,060	62,239,736
Total accumulated depreciation	163,888,553	149,114,774
Total land, buildings, and equipment, net	$ 188,253,991	184,496,367

The Hospital recorded $21,830,000 and $18,963,000 of depreciation expense in 2011 and 2010, respectively The following is a summary of asset lives used for calculating depreciation

	Asset lives
Land improvements	5 – 40 years
Buildings	3 – 40 years
Fixed equipment	3 – 30 years
Movable equipment	3 – 20 years

Interest on borrowed funds during construction is a component of the cost of assets The amount capitalized represents interest on funds expended for construction Capitalization of interest ceases when the asset is placed in service No interest was capitalized in 2011 and 2010

(9) Investments in Joint Ventures

The Hospital participates in various joint ventures The Hospital accounts for each of these activities on either the cost basis or the equity method of accounting, depending upon the level of ownership and operational influence

The Hospital has a 43% ownership interest in Overlake Surgery Center, LLC (OSC), a provider of surgical services, which is accounted for using the equity method The Hospital had a 49% ownership interest in OSC at June 30, 2010 One of the major owners in OSC decided to open a new ambulatory surgery center and consequently sold its ownership interest back to OSC during 2010 This caused the ownership interest of the remaining owners to temporarily increase The Hospital's ownership interest decreased during 2011 as new owners were added The balance of this investment at June 30, 2011 and 2010 was $1,392,000 and $1,353,000, respectively The Hospital's share of earnings from this joint venture was $184,000 and $19,000 in 2011 and 2010, respectively, which is included in other operating revenues in the accompanying consolidated statements of operations

The Hospital has a 27% ownership interest in Washington Imaging Services, LLC, a provider of outpatient medical imaging services, which is accounted for using the equity method The balance of this investment at June 30, 2011 and 2010 was $1,109,000 and $1,203,000, respectively The Hospital's share of earnings from this joint venture was $227,000 and $521,000 in 2011 and 2010, respectively, which is included in other operating revenues in the accompanying consolidated statements of operations and changes in net assets

The Hospital has an 8% ownership interest in First Choice Health Network, Inc , which provides preferred provider organization services and is accounted for at cost The balance of this investment at June 30, 2011 and 2010 was $1,500,000 and $1,500,000, respectively Distributions from this joint venture were $450,000 and $375,000 in 2011 and 2010, respectively, which is included in other operating revenues in the accompanying consolidated statements of operations and changes in net assets

The Hospital has an 8% ownership interest in PacLab, LLC, a provider of laboratory services, which is accounted for at cost The balance of this investment at June 30, 2011 and 2010 was $45,000 and $43,000, respectively Distributions from this joint venture were $2,119,000 and $1,759,000 in 2011 and 2010, respectively, which is included in other operating revenues in the accompanying consolidated statements of operations and changes in net assets

The following represents unaudited summary financial information of the joint ventures as of and for the year ended June 30, 2011

	Overlake Surgery Center	Washington Imaging Services	First Choice Health Network	PacLab
Current assets	$ 2,620,280	2,465,682	18,094,479	1,270,403
Noncurrent assets	2,857,511	5,713,212	8,264,368	4,179,789
Total assets	$ 5,477,791	8,178,894	26,358,847	5,450,192
Current liabilities	$ 797,381	2,656,816	6,346,710	143,243
Long-term liabilities	1,321,611	1,372,807	—	—
Equity	3,358,799	4,149,271	20,012,137	5,306,949
Total liabilities and equity	$ 5,477,791	8,178,894	26,358,847	5,450,192
Revenues	$ 8,945,123	13,552,828	39,615,177	47,663
Expenses	(8,376,544)	(12,799,152)	(33,522,321)	(1,951,617)
Net income (loss)	$ 568,579	753,676	6,092,856	(1,903,954)

(Continued)

(10) Financing

(a) Long-Term Debt

Long-term debt, as of June 30, 2011 and 2010, is as follows

	2011	2010
Revenue bonds, Series 2003, 2.00% to 5.00%, due in annual principal installments beginning July 1, 2005 ranging from $550,000 to $2,535,000, until 2019, net of premium of $203,874 and $269,836 for 2011 and 2010, respectively, callable on or after July 2013	$ 7,743,874	10,244,836
Revenue bonds, Series 2005, 3.30% to 5.00%, due in annual principal installments beginning July 1, 2009 ranging from $1,535,000 to $4,375,000, until 2038, net of premium of $1,021,529 and $1,233,270 for 2011 and 2010, respectively, callable on or after July 2015	80,641,529	83,598,270
Revenue bonds, Series 2010, 3.00% to 5.70%, due in annual principal installments beginning July 1, 2013 ranging from $1,305,000 to $5,700,000, until 2038, net of discount of $173,161 and $183,331 for 2011 and 2010, respectively, callable on or after July 2020	99,241,839	99,231,669
Total long-term debt	187,627,242	193,074,775
Less current portion	(5,415,000)	(5,180,000)
Long-term debt, net of current portion	$ 182,212,242	187,894,775

The principal amounts due by year are as follows

	Amount
Fiscal year	
2012	$ 5,415,000
2013	3,575,000
2014	5,055,000
2015	5,230,000
2016	5,425,000
Thereafter	161,875,000
	186,575,000
Add unamortized bond premiums (discounts)	1,052,242
	$ 187,627,242

(Continued)

The Series 2005 revenue bonds comprise three subseries Series 2005A is $25,000,000, 3 30% to 5 00%, due in annual principal installments from July 1, 2009 to July 1, 2016, ranging from $2,635,000 to $3,685,000 Series 2005B is $60,000,000, 4 65% to 5 00%, due in annual principal installments from July 1, 2017 to July 1, 2038, ranging from $1,535,000 to $4,375,000 Series 2005C is $75,000,000, variable auction rate interest ranging from 3 99% to 14 75% during the period July 1, 2008 to November 5, 2008, variable rate demand interest ranging from 0 65% to 3 25% during the period November 6, 2008 to June 30, 2009, and variable rate demand interest ranging from 0 15% to 2 95% during the period July 1, 2009 to April 13, 2010, due in annual principal installments from July 1, 2017 to July 1, 2038, ranging from $2,150,000 to $5,050,000 On November 5, 2008, the Series 2005C bonds were converted from auction rate bonds to variable rate demand bonds secured by a letter of credit from a financial institution The conversion qualified as a bond extinguishment and $839,000 of unamortized deferred financing cost related to the subseries was fully amortized The Series 2005C bonds were remarketed weekly On October 1, 2009, the Series 2005C bonds were converted to interest in the daily rate mode and were remarketed daily If any of the remarketing were to fail, the Series 2005C bonds would be purchased under a letter of credit The letter of credit states that any of the Series 2005C bonds purchased will be repaid through 60 monthly principal and interest payments starting the first of the month following 180 days after the purchase On April 14, 2010, the Series 2005C bonds were refinanced and the letter of credit was terminated

In April 2010, the Hospital issued $99,415,000 of revenue bonds The Series 2010 bonds refinanced $75,000,000 of the Series 2005C bonds, reimbursed the Hospital for $20,000,000 of prior capital spending, funded an additional $2,359,000 into the Debt Reserve Fund, and paid for closing costs The Hospital recorded a loss on refinancing of approximately $2,929,000 related to the unamortized bond insurance premium from the Series 2005C bonds

In March 2009, the Hospital and the Association entered into an interest rate swap transaction related to $37,500,000 of the Series 2005C bonds The swap transaction was a pay-fixed, receive floating interest rate swap contract that converted a variable rate obligation to a fixed rate at 4 106% The swap was effective through July 2038 The swap was terminated in April 2010 In April 2009, the Hospital and the Association entered into an interest rate swap transaction related to $37,500,000 of the Series 2005C bonds The swap transaction was a pay-fixed, receive floating interest rate swap contract that converted a variable rate obligation to a fixed rate at 4 087% The swap was effective through July 2012 The swap was terminated in March 2010 These swap transactions were not designated as hedges as they did not meet the criteria for hedge accounting treatment The change in fair value of the interest rate swap of approximately $1,137,000 for 2010 was included in nonoperating (expenses) revenues, net in the accompanying 2010 consolidated financial statements The Hospital paid $9,233,000 to terminate these swap transactions

As security for the payment of the Series 2003, Series 2005, and Series 2010 revenue bonds (the bonds), the Hospital has granted the Trustee a security interest in the Hospital's gross revenues and liens against the Hospital's equipment and the monies in the trust funds as described below The bonds are also secured by a deed of trust on the Hospital's land and buildings The Hospital obtained municipal bond insurance for the Series 2003 bonds from National Public Finance Guarantee Corporation (formerly, MBIA Insurance Corporation) and for the Series 2005 bonds from Assured Guaranty Corp and ACA Financial Guaranty Corporation, which insures the payment of principal and interest A trust fund has been established for the regular deposit of interest and principal payments of the bonds In addition, the Hospital is required to maintain a debt reserve fund of approximately $14,809,000 as of June 30, 2011 and 2010 Both funds are reflected within assets whose use is limited on the accompanying consolidated financial statements

Under the terms of the loan agreements, the Hospital has agreed to maintain certain financial ratios and comply with certain other covenants Management believes it is in compliance with these financial covenants and ratios as of June 30, 2011

(b) Line of Credit and Other Debt Obligations

The Hospital had an unsecured line of credit in the amount of $5,000,000 through December 15, 2010 at which time the Hospital decided not to renew the line of credit There was no balance outstanding as of June 30, 2010 and no borrowings during fiscal 2011 and 2010

As part of the line of credit, the Hospital had access to letters of credit up to $2,500,000 The Hospital maintained access to the letters of credit of $2,500,000 after the line of credit was not renewed There was a $1,780,000 and $1,337,000 letter of credit available as of June 30, 2011 and 2010, respectively Interest rates are based on 170 basis points times the outstanding amount through December 15, 2011 and 100 basis point times the outstanding amount through March 31, 2012 The letter of credit expires on March 31, 2012

Overlake Medical Tower, LLC, an affiliate, borrowed $14,000,000 in October 2002 related to the construction of a medical office building The note payable has a variable rate of interest and a variable to fixed interest rate swap approximating 6 27% as of June 30, 2011 Monthly payments including interest of approximately $99,000 are due through October 2012, at which time the outstanding balance is due The note payable is guaranteed by the Hospital and the balance outstanding as of June 30, 2011 is $9,059,000

(11) Retirement Program

The Hospital's retirement program consists of a Cash Account Plan (the Plan), a Voluntary Employee Tax Deferred Plan 403(b), and a Contribution Plan 401(a)

(a) The Plan

The Plan is a defined benefit, noncontributory plan with a defined contribution feature The Plan covers all qualified employees hired prior to September 1, 2008, including employees of the Hospital's controlled affiliates, complies with the Employee Retirement Income Security Act of 1974, and is accounted for in accordance with ASC 715-20-50 The measurement date of the Plan is June 30

Employees hired prior to September 1, 2008 automatically became participants in the Plan on the first day of employment Employees become vested in the Plan according to a step schedule with full vesting at three years

(b) Changes to the Plan and Overlake Hospital Medical Center Contribution Plan 401(a)

Effective January 1, 2009, the Board of Trustees approved the following changes impacting the Plan and the Overlake Hospital Medical Center Matching Contributions Program (the Matching Program), renamed the Overlake Hospital Medical Center Contribution Plan 401(a) (the Contribution Plan)

Employees hired on or after September 1, 2008 or under the age of 41 as of December 31, 2008 will participate in the new retirement program (Service Plus Program) Under the terms of the Service Plus Program, participants

- Receive a base contribution to the Contribution Plan of 2% of the participant's eligible compensation,
- Receive a matching contribution to the Contribution Plan of 100% of the participant's contributions to the Overlake Hospital Medical Center Voluntary Employee Tax Deferred Program up to a maximum of 4% or 6% for employees with less than five years of service or more than five years of service, respectively, subject to certain limitations imposed under the IRC, and
- Are no longer eligible for participation in the Plan, with any existing benefits frozen except for interest as of December 31, 2008

Employees hired prior to September 1, 2008 and reaching the age of 41 or older as of December 31, 2008 were given the choice to continue to accrue benefits under the Plan and the existing provisions of the Matching Program, or participate in the Service Plus Program

(c) Contributions to the Plan

Employees that chose to continue accruing benefits under the Plan are eligible for a contribution at the end of each calendar year in which 1,000 hours of work has been credited The contribution is based on an employee's gross salary and age

A summary of the change in benefit obligation and change in plan assets for the years ended June 30, 2011 and 2010 is as follows

		2011	2010
Benefit obligation at beginning of year	$	44,004,839	37,296,162
Service cost		3,350,208	2,836,786
Interest cost		2,121,146	2,375,591
Actuarial loss		490,039	5,530,770
Benefits paid		(4,272,907)	(3,501,597)
Expenses paid		(324,744)	(532,873)
Benefit obligation at end of year		45,368,581	44,004,839
Fair value of plan assets at beginning of year		33,759,352	30,468,003
Actual return on plan assets		6,730,130	3,905,819
Employer contribution		4,960,000	3,420,000
Benefits paid		(4,272,907)	(3,501,597)
Expenses paid		(324,744)	(532,873)
Fair value of plan assets at end of year		40,851,831	33,759,352
Funded status		(4,516,750)	(10,245,487)
Employer contribution		—	—
Net amount recognized in the balance sheet	$	(4,516,750)	(10,245,487)
Amounts recognized in unrestricted net assets consist of			
Prior service cost	$	(49,477)	(62,418)
Accumulated loss		(7,270,066)	(11,949,193)
	$	(7,319,543)	(12,011,611)

The net amount recognized in the consolidated balance sheet is reflected within other long-term liabilities in the accompanying consolidated financial statements The estimated prior service cost and net loss that will be amortized into net periodic benefit cost over the next fiscal year is $13,000 and $315,000, respectively

(Continued)

A summary of the components of net periodic benefit cost for the years ended June 30, 2011 and 2010 is as follows

		2011	2010
Service cost	$	3,350,208	2,836,786
Interest cost		2,121,146	2,375,591
Expected return on plan assets		(2,450,093)	(2,381,911)
Amortization of prior service cost		12,941	182,254
Amortization of loss		889,129	578,670
Net periodic benefit cost	$	3,923,331	3,591,390

Weighted average assumptions used to determine benefit obligations at June 30, 2011 and 2010 were as follows

	2011	2010
Discount rate	5 05%	5 08%
Rate of compensation increase	5 75	5 75
Measurement date	June 30, 2011	June 30, 2010

Weighted average assumptions used to determine net benefit cost for the years ended June 30, 2011 and 2010 were as follows

	2011	2010
Discount rate	5 08%	6 74%
Rate of compensation increase	5 75	5 75
Long-term rate of return on assets	7 38	8 00

To develop the expected long-term rate of return on assets assumption, the Hospital considered the historical returns and the future expectations for returns for each asset class, as well as the target asset allocation of the pension portfolio This resulted in the selection of the 7 38% and 8 00% long-term rate of return on assets assumption for the years ended June 30, 2011 and 2010, respectively, which reflects a lower return expectation than the plan has experienced historically, in recognition that future returns may not be as strong as past returns

(Continued)

The objectives of the Plan's investment policy is to fully fund the actuarial accrued liability of the Plan, secondarily to maximize return within reasonable and prudent levels of risk in order to minimize contributions, and to maintain sufficient liquidity to meet benefit payment obligations on a timely basis The Plan's investment policy states that the plan assets has a target allocation of 40% debt securities and 60% equity securities with a range of plus or minus 5% The equity portion of the portfolio is further diversified across U S and non-U S equities as well as growth, value, small and large capitalizations The asset allocation of the Plan will be maintained as close to the target allocation as reasonably possible Investment risk and returns are reviewed on an ongoing basis through quarterly investment portfolio reviews The Plan's asset allocations as of the measurement date by asset category are as follows

	2011	2010
Asset category		
Equity securities	61%	56%
Debt securities	38	44
Cash equivalents	1	—
Total	100%	100%

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2011

	Investments at estimated fair value			
	Investments at fair as value determined by quoted prices in active markets (Level 1)	Valuation techniques based on observable market data (Level 2)	Valuation techniques incorporating information other than observable market data (Level 3)	Total
Mutual funds				
Fixed income funds	$ 15,349,683	—	—	15,349,683
Domestic equity funds	17,080,600	—	—	17,080,600
International equity funds	8,027,660	—	—	8,027,660
Money market funds	393,876	—	—	393,876
Total mutual funds	$ 40,851,819	—	—	40,851,819
Investment income receivables	$ 12	—	—	12

(Continued)

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2010

	Investments at estimated fair value			
	Investments at fair value determined by quoted prices in active markets (Level 1)	**Valuation techniques based on observable market data (Level 2)**	**Valuation techniques incorporating information other than observable market data (Level 3)**	**Total**
Mutual funds				
Fixed income funds	$ 14,824,609	—	—	14,824,609
Domestic equity funds	12,711,822	—	—	12,711,822
International equity funds	6,204,928	—	—	6,204,928
Money market funds	17,956	—	—	17,956
Total mutual funds	$ 33,759,315	—	—	33,759,315
Investment income receivables	$ 37	—	—	37

The accumulated benefit obligation as of June 30, 2011 and 2010 is $45,369,000 and $44,005,000, respectively The expected employer contribution for the year ending June 30, 2012 is $4,905,000

Benefit payments expected to be paid over the next 10 years ending June 30 are as follows

2012	$ 4,800,000
2013	3,700,000
2014	3,500,000
2015	3,600,000
2016	3,900,000
2017 – 2021	25,400,000
	$ 44,900,000

The Voluntary Employee Tax Deferred Program is a 403(b) plan The program is entirely employee funded All employees may participate in the program and have a choice of investments with varying levels of risk and return New employees are automatically enrolled in the program

The Contribution Plan was established by the Hospital in January 1996 Employees, including employees of the Hospital's controlled affiliates, must be credited a minimum of 1,000 hours in a calendar year to be eligible for a contribution for the year For employees that were given the choice and did not elect to participate in the Service Plus Program, the Hospital matches 50% of an employee's contribution to their 403(b) retirement account up to a maximum of 3% of the

employee's compensation For employees in the Service Plus Program, the Hospital contributes a base contribution to the Contribution Plan of 2% of the participant's eligible compensation and the Hospital matches 100% of the participant's contributions to the Overlake Hospital Medical Center Voluntary Employee Tax Deferred Program up to a maximum of 4% for employees with less than five years of service or a maximum of 6% for employees with more than five years of service, respectively The Hospital contributed approximately $6,154,000 and $5,391,000 for the years ended June 30, 2011 and 2010, respectively, and is reflected in employee benefits in the consolidated statements of operations and changes in net assets

(12) Commitments

The Hospital and its controlled affiliates lease certain equipment and office space that are accounted for as operating leases Total rental expenses for all operating leases for the years ended June 30, 2011 and 2010 were approximately $6,863,000 and $6,370,000, respectively, of which approximately $3,557,000 and $3,340,000, respectively, relate to operating lease payments made to the Association, the Medical Tower, and OIMS The following is a schedule of future noncancelable operating lease payments as of June 30, 2011

	Amount
Fiscal year	
2012	$ 5,260,284
2013	4,488,884
2014	2,960,230
2015	2,950,319
2016	1,533,380
Thereafter	5,511,276
Operating lease obligations	$ 22,704,373

The Hospital has outstanding construction contracts of $1,997,000 as of June 30, 2011

(13) Professional Liability Insurance, Workers' Compensation, and Health Benefits

The Hospital maintains claims-made professional liability insurance coverage through a commercial carrier The policy for the years ended June 30, 2011 and 2010 has a $100,000 deductible per occurrence

Based upon an actuarial valuation, the Hospital and the Clinics have recorded an estimated liability (undiscounted) for its deductible portion of claims incurred but not reported as well as the deductible portion of claims reported and not paid At June 30, 2011 and 2010, the professional liability was estimated at approximately $2,835,000 and $2,922,000, respectively, and is included in other long-term liabilities in the consolidated balance sheets

In 2005, the Hospital started a retrospective premium risk sharing agreement with an insurer related to the professional liability policy As of June 30, 2011 and 2010, management estimates a receivable of approximately $752,000 and $918,000, respectively, related to this risk sharing agreement

The Hospital is self-insured for workers' compensation The accrued liabilities for the self-insured components of this plan include the unpaid portion of claims that have been reported and estimates for claims that have been incurred but not reported The Hospital also carries an excess coverage policy for its workers' compensation program The Hospital has recorded an undiscounted liability for workers' compensation claims based on an actuarial estimate of approximately $2,489,000 and $2,426,000 at June 30, 2011 and 2010, respectively, and is included in accrued liabilities in the consolidated balance sheets

The Hospital is self-insured for medical, dental, vision, and prescription drugs The accrued liabilities for the self-insured components of this plan include the unpaid portion of claims that have been reported and estimates for claims that have been incurred but not reported The Hospital also carries an excess coverage policy for its medical, dental, vision, and prescription program The Hospital has recorded an undiscounted liability for medical, dental, vision, and prescription drugs claims based on an actuarial estimate of approximately $1,363,000 and $1,502,000 at June 30, 2011 and 2010, respectively, and is included in accrued liabilities in the consolidated balance sheets

(14) Litigation and Compliance with Laws and Regulations

The Hospital is involved in litigation and regulatory investigations arising in its normal course of business After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Hospital's future financial position or results from operations

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse Governmental activity includes investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers Violations of these laws and regulations could result in expulsion from government healthcare programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed Management believes that the Hospital is in compliance with the fraud and abuse regulations as well as other applicable government laws and regulations Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time

(15) Functional Expenses

The Hospital provides healthcare services to residents within its geographic service area Expenses related to providing these services for the years ended June 30, 2011 and 2010 are as follows

	2011	2010
Healthcare services	$ 326,328,002	300,413,553
General and administrative	63,471,083	59,043,258
Fund-raising	1,308,760	1,507,658
Total operating expenses	$ 391,107,845	360,964,469

(Continued)

(16) Transactions with Other Affiliates

The Hospital conducts various transactions with its other affiliates, which it does not control These include leasing office space from its affiliates The lease expense for office space leased from its affiliates was approximately $3,557,000 and $3,340,000 for the years end June 30, 2011 and 2010, respectively Other transactions with its affiliates include making payment of certain expenses on behalf of its affiliates and then being reimbursed The Hospital recorded an equity transfer to the Association of $3,566,000 in 2010 to cover the Association's payoff of a building loan in 2009 The Hospital has included a receivable of $1,408,000 and $2,412,000 from the Association at June 30, 2011 and 2010, respectively, and a receivable from the Medical Tower of $45,000 and $66,000 at June 30, 2011 and 2010, respectively

(17) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of June 30, 2011 and 2010

		2011	2010
Health care services	$	1,071,745	297,337
Purchase of building improvements and equipment		636,530	332,349
Health education		84,963	20,127
Indigent care		61,370	28,022
Total temporarily restricted net assets	$	1,854,608	677,835

Permanently restricted net assets as of June 30, 2011 and 2010 are assets that have been restricted by donors to be held in perpetuity, the income from which is expendable to support healthcare services

(18) Endowments

In August 2008, the FASB issued new guidance, ASC 958-205-50, *Not-for-Profit Entities Presentation of Financial Statements, Endowments of Not-for-Profit Organizations Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* The pronouncement provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) UPMIFA is a model act approved by the Uniform Law Commission (ULC, formerly known as the National Conference of Commissioners on Uniform State Laws) that serves as a guideline for states to use in enacting legislation This pronouncement also improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA The Foundation adopted the disclosure provisions of this pronouncement in 2009 In 2009, the State of Washington enacted a version of UPMIFA, therefore new guidelines regarding investment gains and losses as well as expenditures of donor restricted endowment funds in the absence of explicit donor stipulations were adopted in 2009

(Continued)

The Foundation's endowments consist of 17 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by management to function as endowments Quasi endowment net assets associated with endowment funds, including funds designated by management, are classified and reported based on the existence or absence of donor-imposed restrictions

Interpretation of Relevant Law

The Foundation has interpreted the Washington Uniform Prudent Management of Institutional Funds Act (WUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary The Foundation has adopted WUPMIFA as of June 30, 2009 As a result of the interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by WUPMIFA In accordance with WUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds

- The duration and preservation of the fund
- The purposes of the Hospital and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Hospital
- The investment policies of the Foundation

Endowment net assets consist of the following at June 30, 2011

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ —	1,071,338	4,625,267	5,696,605
Management designated endowment funds	2,523,167	—	—	2,523,167
Total endowment net assets	$ 2,523,167	1,071,338	4,625,267	8,219,772

(Continued)

Endowment net assets consist of the following at June 30, 2010

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ (37,210)	325,188	4,605,117	4,893,095
Management designated endowment funds	2,182,954	—	—	2,182,954
Total endowment net assets	$ 2,145,744	325,188	4,605,117	7,076,049

Changes in endowment net assets for the year ended June 30, 2011 and 2010 are as follows

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, June 30, 2009	$ 1,789,411	66,135	4,498,788	6,354,334
Investment return				
Investment income	58,354	127,904	—	186,258
Net appreciation	284,035	149,864	—	433,899
Total investment return	342,389	277,768	—	620,157
Contributions	42,985	—	106,329	149,314
Appropriation of endowment assets for expenditure	(29,041)	(18,715)	—	(47,756)
Endowment net assets, July 1, 2010	2,145,744	325,188	4,605,117	7,076,049
Investment return				
Investment income	57,600	128,522	—	186,122
Net appreciation	373,229	714,466	—	1,087,695
Total investment return	430,829	842,988	—	1,273,817
Contributions	30,000	—	20,150	50,150
Appropriation of endowment assets for expenditure	(83,406)	(96,838)	—	(180,244)
Endowment net assets, June 30, 2011	$ 2,523,167	1,071,338	4,625,267	8,219,772

(Continued)

(a) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or WUPMIFA requires the Foundation to retain as a fund of perpetual duration In accordance with generally accepted accounting principles, deficiencies of this nature that are reported in unrestricted net assets were $37,000 as of June 30, 2010 These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by management There were no deficiencies as of June 30, 2011

Included in unrestricted investment return for the years ended June 30, 2011 and 2010, respectively, are approximately $37,000 and $145,000 of investment gains representing the restoration of losses absorbed by unrestricted net assets for prior year endowment funds below corpus

(b) Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity as well as management-designated funds Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of 40% of the Barclays Capital Aggregate Bond Index, 32% of the S&P 500 Index, 9% of the Russell 2000 Index, and 19% of the MSCI All Country World Ex-US Index while assuming a moderate level of investment risk The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually Actual returns in any given year may vary from this amount

(c) Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) The Foundation targets a diversified asset allocation of 60% equity mutual funds and 40% bond mutual funds to achieve its long-term return objectives within prudent risk constraints

(d) Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy appropriating for distribution each year the lesser of 5% of its endowment fund value as of December 31 of the preceding fiscal year in which the distribution is planned or the difference between market value and corpus as of December 31 of the preceding fiscal year in which the distribution is planned In establishing this policy, the Foundation considered the long-term expected return on its endowment Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to maintain its purchasing power by growing at a rate equal to planned payouts Additional real growth will be provided through new gifts and any excess investment return

(Continued)

(19) Subsequent Events

The Hospital has performed an evaluation of subsequent events through October 19, 2011, which is the date these consolidated financial statements were issued

Purchase of Washington Imaging Services, LLC

On July 8, 2011, the Hospital purchased the remaining ownership interest from the other owners of Washington Imaging Services, LLC for approximately $7,760,000 The purchase included working capital, fixed assets net of long-term debt, intangible assets, and goodwill The Hospital intends to integrate the services from Washington Imaging Services, LLC into the Hospital's outpatient services within six months and dissolve the company The intangible assets will be amortized over one to six years

Additional Data

Software ID: 10000105
Software Version: 2010v3.2
EIN: 91-0652651
Name: OVERLAKE HOSPITAL MEDICAL CENTER

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(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			
Vu Hoang MD Cardiac Surgeon	45 00					X		1,009,475	0	25,039
Tom Miller MD Trustee	1 00	X						15,000	0	0
Tom Cleveland Trustee	4 00	X						0	0	0
Thien Nguyen MD Bariatric Surgeon	45 00					X		298,146	0	21,139
TD Sam Baxter Vice President	55 00				X			227,983	0	68,081
Skip Rowley Trustee	1 00	X						0	0	0
Russell Stockdale Trustee	1 00	X						0	0	0
Robert Campbell Trustee	3 00	X						0	0	0
Rick Clarfeld MD Breast Surgeon	45 00					X		368,991	0	45,239
Patty Edwards Trustee	25	X						0	0	0
Patricia Wangsness Trustee	50	X						0	0	0
Patricia Bedient Treasurer	3 00	X		X				0	0	0
Lawrence Madewell MD Urgent C Physician	45 00					X		289,175	0	29,169
Larry Hebner Past Chair	3 00	X		X				0	0	0
Ken Johnsen Trustee	2 00	X						0	0	0
Kemper Freeman Jr Trustee	1 00	X						0	0	0
Kelan Koenig MD Psychiatrist	45 00					X		318,353	0	31,265
Kathleen Gibson MD Trustee	1 00	X						88,000	0	0
John Walter Smith MD Trustee	2 00	X						20,000	0	0
John K Murphy Secretary	2 00	X		X				0	0	0
Jody Albright VP & CIO	55 00				X			313,922	0	24,909
Jim Doud Trustee	2 00	X						0	0	0
Jerome Mathews Trustee	1 00	X						0	0	0
Janine Florence Trustee	1 00	X						0	0	0
Gregory Engel MD Trustee	1 00	X						50,500	0	0

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(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			
Gregory Collins Trustee	1 00	X						0	0	0
Gary McLaughlin VP & CFO	35 00			X				549,554	0	131,259
Douglas Martin Trustee	2 00	X						0	0	0
David Schultz VP & COO	55 00			X				429,451	0	79,398
Craig Hendrickson President & CEO	40 00			X				838,508	0	164,919
Cecily Hall Chair Elect	1 00	X		X				0	0	0
Catherine Whitaker-Klick Vice President	55 00				X			320,718	0	27,358
Bertrand Valdman Chairman	8 00	X		X				0	0	0
Alan Ertle Vice President	55 00				X			176,663	0	28,063