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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 01-01-2011 and ending 12-31-2011

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

C Name of organization
CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION

Doing Business As
CENTRAL WASHINGTON HOSPITAL

Number and street (or P O box if mail is not delivered to street address) | Room/suite
PO BOX 1887

City or town, state or country, and ZIP + 4
WENATCHEE, WA 988071887

D Employer identification number
91-0171250

E Telephone number
(509)662-1515

G Gross receipts $ 212,912,210

F Name and address of principal officer
JOHN B HAMILTON
PO BOX 1887
WENATCHEE,WA 988071887

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 CWHS COM

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

L Year of formation 1978

M State of legal domicile WA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
A PROVIDER OF HEALTH CARE SERVICES

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	13
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	13
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	1,560
6	Total number of volunteers (estimate if necessary)	**6**	175
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	387,623
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	1,200,474	1,902,958
9	Program service revenue (Part VIII, line 2g)	181,613,747	179,550,355
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	2,993,079	2,536,774
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,130,419	1,427,364
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	186,937,719	185,417,451
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	101,208,154	104,255,208
16a	Professional fundraising fees (Part IX, column (A), line 11e)	1,600	106,879
b	Total fundraising expenses (Part IX, column (D), line 25) ▶126,483		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	80,985,943	86,252,044
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	182,195,697	190,614,131
19	Revenue less expenses Subtract line 18 from line 12	4,742,022	-5,196,680

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	312,497,943	296,249,714
21	Total liabilities (Part X, line 26)	147,355,742	138,964,940
22	Net assets or fund balances Subtract line 21 from line 20	165,142,201	157,284,774

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 — 2012-10-17 — Date

JOHN B HAMILTON INTERIM CEO & EVP & COO — Type or print name and title

Paid Preparer's Use Only

Preparer's signature: CHRISTOPHER E RIVARD | Date | Check if self-employed ☐ | Preparer's taxpayer identification number (see instructions) P00022321

Firm's name (or yours if self-employed), address, and ZIP + 4: MOSS ADAMS LLP, PO BOX 22650, YAKIMA, WA 989072650 | EIN ▶ 91-0189318 | Phone no ▶ (509) 248-7750

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

IN ITS TRADITION OF SERVICE, CENTRAL WASHINGTON HOSPITAL RESPONDS TO COMMUNITY NEEDS BY PROVIDING QUALITY HEALTHCARE THROUGH CARING, COMPETENCE AND ACCOUNTABILITY

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

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

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

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations 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 $ 123,256,494 including grants of $) (Revenue $ 178,805,187)

CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION (CWHSA) PROVIDES QUALITY MEDICAL HEALTHCARE REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, AGE OR ABILITY TO PAY ALTHOUGH REIMBURSEMENT FOR SERVICES RENDERED IS CRITICAL TO THE OPERATION AND STABILITY OF CWHSA, IT IS RECOGNIZED THAT NOT ALL INDIVIDUALS POSSESS THE ABILITY TO PURCHASE ESSENTIAL MEDICAL SERVICES AND, FURTHER, THAT OUR MISSION IS TO SERVICE THE COMMUNITY WITH RESPECT TO PROVIDING HEALTHCARE SERVICES AND HEALTHCARE EDUCATION THEREFORE, IN KEEPING WITH THE HOSPITAL'S COMMITMENT TO SERVICE ALL MEMBERS OF ITS COMMUNITY, FREE CARE AND/OR SUBSIDIZED CARE, CARE PROVIDED TO PERSONS COVERED BY GOVERNMENTAL PROGRAMS AT BELOW COST, AND HEALTH ACTIVITIES AND PROGRAMS TO SUPPORT THE COMMUNITY WILL BE CONSIDERED WHERE THE NEED AND/OR INDIVIDUALS' INABILITY TO PAY CO-EXISTS THESE ACTIVITIES INCLUDE WELLNESS PROGRAMS, COMMUNITY EDUCATION PROGRAMS, AND SPECIAL PROGRAMS FOR THE ELDERLY, HANDICAPPED, MEDICALLY UNDERSERVED, AND A VARIETY OF BROAD COMMUNITY SUPPORT ACTIVITIES CWHSA SERVICED 9,160 IN-PATIENTS AND PROVIDED MORE THAN 32,569 DAYS OF CARE DURING 2011 CHARITY CARE IS ALSO PROVIDED THROUGH MANY REDUCED PRICE SERVICES AND FREE PROGRAMS OFFERED THROUGHOUT THE YEAR BASED ON ACTIVITIES AND SERVICES WHICH CWHSA BELIEVES WILL SERVICE A BONA FIDE COMMUNITY HEALTH NEED THESE ACTIVITIES AND SERVICES ARE INCLUDED IN THE FOLLOWING PAGES

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

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

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ $ 123,256,494

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		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 temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, 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	Yes	
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	Yes	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b		No
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	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, Part 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, Part 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*	17	Yes	
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.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	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**		No
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 questions 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**		No
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**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**		No
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	**35a**		No
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**		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**	107		
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**	1,560			
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 or securities account)?			**4a**		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**		
b	Enter the aggregate 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 aggregate amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**		

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

Check if Schedule O contains a response 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	13		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	13		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	Did the organization have members or stockholders?		6		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		7a		No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public 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 ▶

STEVE JACOBS
1201 SOUTH MILLER ST
WENATCHEE, WA 98801
(509) 662-1515

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, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

☐ Check this box if neither the organization nor any related organizations compensated any current or former officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) DAVID W PARKS DMD CHAIR	2 00	X		X				184	0	0
(2) STEPHEN F VOORHIES MD CHIEF OF STAFF	2 00	X		X				764	0	0
(3) MARC C HEMINGER MEMBER	1 00	X						0	0	0
(4) FRANK J KUNTZ MEMBER	1 00	X						92	0	0
(5) BEVERLY A JAGLA MEMBER	1 00	X						672	0	0
(6) SI BAUTISTA MEMBER	1 00	X						764	0	0
(7) PHILLIP R JOHNSON MEMBER	1 00	X						92	0	0
(8) JOHN W GILL MD BOARD SECRETARY	2 00	X		X				92	0	0
(9) LINDA K SCHATZ MD MEMBER	1 00	X						92	0	0
(10) GARY K LAMMERT MD MEMBER	1 00	X						0	0	0
(11) KRISTINE LOOMIS BOARD TREASURER	2 00	X		X				0	0	0
(12) LAURA MOUNTER MEMBER	1 00	X						92	0	0
(13) KENNETH J MARTIN VICE CHAIR	2 00	X		X				764	0	0
(14) JOHN T EVANS JR PRESIDENT/CEO	40 00			X				415,291	0	121,921
(15) STEVEN R JACOBS VICE PRESIDENT/CFO	40 00			X				261,492	0	78,154
(16) JOHN B HAMILTON VICE PRESIDENT/COO	40 00			X				277,534	0	80,660
(17) TRACEY A KASNIC VICE PRESIDENT/PATIENT CARE SE	40 00			X				210,870	0	38,398

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 (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) MARK A BROBERG PHYSICIAN	40 00					X		680,780	0	34,043
(19) R CRAIG BROWNLEE PHYSICIAN	40 00					X		417,163	0	29,167
(20) HANK J VEJVODA PHYSICIAN	40 00					X		634,565	0	36,083
(21) LINDA L STRAND PHYSICIAN	40 00					X		272,942	0	35,579
(22) SAMUEL M ORTIZ PHYSICIAN	40 00					X		284,260	0	33,302
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								3,458,505	0	487,307

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 72

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
WENATCHEE EMERGENCY PHYSICIANS 1201 S MILLER ST WENATCHEE, WA 98801	EMERGENCY PHYSICIAN SERVICES	2,737,337
WENATCHEE VALLEY MEDICAL CT 820 N CHELAN AVE WENATCHEE, WA 98801	PHYSICIAN SERVICES	2,163,988
EBMS 2075 OVERLAND AVE BILLINGS, MT 59102	MEDICAL CLAIMS ADMINISTRATION	760,509
WENATCHEE ANESTHESIA ASSOC 19 S BUCHANAN AVE WENATCHEE, WA 98801	PHYSICIAN SERVICES	687,697
HEALTHCARE PERFORMANCE GROUP 23419 WEST 215TH ST SPRING HILL, KS 66083	CONSULTING	636,907

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 31

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				
	e	Government grants (contributions) 1e 1,690,459				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f 212,499				
	g	Noncash contributions included in lines 1a-1f $ 21,405				
	h	**Total.** Add lines 1a-1f . . . . . ▶	1,902,958			
Program Service Revenue		Business Code				
	2a	OTHER PROFESSIONAL SER	624100	88,623,156	88,623,156	
	b	OTHER NURSING SERVICES	624100	38,553,008	38,553,008	
	c	DAILY PATIENT SERVICES	624100	33,896,185	33,896,185	
	d	PHYSICIAN SERVICES	624100	10,348,717	10,348,717	
	e	HOME HEALTH, HOSPICE,	624100	6,469,894	6,469,894	
	f	All other program service revenue		1,659,395	774	299,499	1,359,122
	g	**Total.** Add lines 2a–2f . . . . . ▶		179,550,355			
	3	Investment income (including dividends, interest and other similar amounts) . . . . . ▶		16,052			16,052
	4	Income from investment of tax-exempt bond proceeds . . ▶					
	5	Royalties . . . . . ▶					
		(i) Real / (ii) Personal					
	6a	Gross rents 1,367,953					
	b	Less rental expenses 979,485					
	c	Rental income or (loss) 388,468					
	d	Net rental income or (loss) . . . . . ▶		388,468			388,468
		(i) Securities / (ii) Other					
	7a	Gross amount from sales of assets other than inventory 29,035,996					
	b	Less cost or other basis and sales expenses 26,515,274					
	c	Gain or (loss) 2,520,722					
	d	Net gain or (loss) . . . . . ▶		2,520,722			2,520,722
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 . . ▶					
	9a	Gross income from gaming activities See Part IV, line 19 . . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . ▶					
	10a	Gross sales of inventory, less returns and allowances . a					
	b	Less cost of goods sold . . b					
	c	Net income or (loss) from sales of inventory . . ▶					
		Miscellaneous Revenue / Business Code					
	11a	MISCELLANEOUS 900099		871,743	871,743		
	b	INCOME FROM K-1 900099		124,567	36,443	88,124	
	c	PURCHASE DISCOUNTS 900099		42,586	5,267		37,319
	d	All other revenue					
	e	**Total.** Add lines 11a–11d . . . . . ▶		1,038,896			
	12	**Total revenue.** See Instructions . . . ▶		185,417,451	178,805,187	387,623	4,321,683

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21				
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	1,487,928		1,487,928	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	82,002,831	60,613,542	21,389,289	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	4,329,697	3,386,434	943,263	
9	Other employee benefits	8,876,872	5,840,208	3,036,664	
10	Payroll taxes	7,557,880	4,502,858	3,055,022	
11	Fees for services (non-employees)				
a	Management				
b	Legal	599,675		599,675	
c	Accounting	117,060		117,060	
d	Lobbying				
e	Professional fundraising *See Part IV, line 17* . .	106,879			106,879
f	Investment management fees	63,151		63,151	
g	Other	9,318,111	5,259,103	4,059,008	
12	Advertising and promotion	236,948	90,861	133,292	12,795
13	Office expenses	9,765,357	4,584,847	5,173,701	6,809
14	Information technology				
15	Royalties . .				
16	Occupancy	1,891,749	80,926	1,810,823	
17	Travel	610,552	271,241	339,311	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	5,329,958		5,329,958	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	13,171,774	3,782,054	9,389,720	
23	Insurance	2,070,788	299,200	1,771,588	
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	SUPPLIES	34,131,205	32,631,042	1,500,163	
b	LICENSES AND TAXES	4,509,433	1,381	4,508,052	
c	OTHER PURCHASED SERVICE	3,542,758	1,701,707	1,841,051	
d	DUES AND SUBSCRIPTIONS	453,957	157,080	296,877	
e					
f	All other expenses	439,568	54,010	385,558	
25	**Total functional expenses.** Add lines 1 through 24f	190,614,131	123,256,494	67,231,154	126,483
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		2,825,028	1	417,987
	2	Savings and temporary cash investments		14,220,890	2	2,827,490
	3	Pledges and grants receivable, net		6,430,202	3	3,794,812
	4	Accounts receivable, net		30,996,239	4	31,051,200
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		5,741,113	8	5,871,316
	9	Prepaid expenses and deferred charges		3,680,858	9	3,529,988
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 292,765,769			
	b	Less accumulated depreciation	10b 116,303,490	165,154,110	10c	176,462,279
	11	Investments—publicly traded securities		77,835,081	11	66,083,630
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		5,614,422	15	6,211,012
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		312,497,943	16	296,249,714
Liabilities	17	Accounts payable and accrued expenses		30,315,449	17	21,979,163
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		114,825,000	20	113,915,000
	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 (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		2,215,293	25	3,070,777
	26	**Total liabilities.** Add lines 17 through 25		147,355,742	26	138,964,940
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		158,711,999	27	153,489,962
	28	Temporarily restricted net assets		6,430,202	28	3,794,812
	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		165,142,201	33	157,284,774
	34	Total liabilities and net assets/fund balances		312,497,943	34	296,249,714

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	185,417,451
2	Total expenses (must equal Part IX, column (A), line 25)	2	190,614,131
3	Revenue less expenses Subtract line 2 from line 1	3	-5,196,680
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	165,142,201
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-2,660,747
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	157,284,774

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	Yes	
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	Yes	

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION

Employer identification number
91-0171250

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 **section 170(b)(1)(A)(i).**

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

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

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

_____

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

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

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

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

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

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

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

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - 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?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of support?
			Yes	No	Yes	No	Yes	No	
Total									

Part II **Support Schedule for Organizations Described in IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
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 2011 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2010 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2011.** 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—2010.** 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—2011.** 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—2010.** 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 IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

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

Section C. Computation of Public Support Percentage

15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2011** (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from **2010** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2011.** 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—2010.** 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 explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ **Complete if the organization is described below.**

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

OMB No 1545-0047

2011

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, line 35c (Proxy Tax), then

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

Name of the organization	Employer identification number
CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION	91-0171250

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 on behalf of or in opposition to candidates for public office 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-

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

A Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(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		34,144
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV		No	
j	Total lines 1c through 1i			34,144
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

			Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1		
2	Did the organization make only in-house lobbying expenditures of $2,000 or less?	2		
3	Did the organization agree to 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
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	WA STATE HOSPITAL ASSOCIATION DUES - 21 60% OF $122,075 = $26,368 AMERICAN HOSPITAL ASSOCIATION DUES - 24 60% OF $31,609 =$7,776 TOTAL $34,144

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION

Employer identification number
91-0171250

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		8,981,311		8,981,311
b Buildings		94,618,952	17,117,540	77,501,412
c Leasehold improvements		24,934,447	14,696,412	10,238,035
d Equipment		162,189,013	84,489,538	77,699,475
e Other		2,042,046		2,042,046
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				176,462,279

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	
RESERVE FOR MALPRACTICE INSURANCE CLAIMS	2,824,000
DOUGLAS COUNTY WATER ASSESSMENT DEBT	246,777
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	3,070,777

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	185,417,451
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	190,614,131
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	-5,196,680
4	Net unrealized gains (losses) on investments	4	-2,536,179
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-124,568
9	Total adjustments (net) Add lines 4 - 8	9	-2,660,747
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-7,857,427

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	182,481,258
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	-2,536,179		
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	-2,536,179
3	Subtract line **2e** from line **1**			3	185,017,437
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	63,151		
b	Other (Describe in Part XIV)	4b	336,863		
c	Add lines **4a** and **4b**			4c	400,014
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	185,417,451

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

1	Total expenses and losses per audited financial statements			1	190,338,686
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	0
3	Subtract line **2e** from line **1**			3	190,338,686
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	63,151		
b	Other (Describe in Part XIV)	4b	212,294		
c	Add lines **4a** and **4b**			4c	275,445
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	190,614,131

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
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	EFFECTIVE JANUARY 1, 2009, THE ASSOCIATION ADOPTED ACCOUNTING FOR UNCERTAIN TAX POSITIONS THE ACCOUNTING STANDARD PRESCRIBES A RECOGNITION THRESHOLD AND MEASUREMENT PROCESS FOR UNCERTAIN TAX POSITIONS AS OF DECEMBER 31, 2011 AND 2010, THE ASSOCIATION HAD NO UNCERTAIN TAX POSITIONS REQUIRING ACCRUAL
PART XI, LINE 8 - OTHER ADJUSTMENTS		ROUNDING -1 INCOME ON K-1 NOT INCLUDED IN REVENUE ON FINANCIAL STATEMENT -124,567 TOTAL TO SCHEDULE D, PART XI, LINE 8 -124,568
PART XII, LINE 4B - OTHER ADJUSTMENTS		SALARY, BENEFITS AND OTHER OPERATING EXP INCLUDED IN REVENUE ON FORM 990 -35,871 INCOME ON K-1 NOT INCLUDED IN REVENUE ON FINANCIAL STATEMENT 124,567 SALARY, BENEFITS AND OTHER NON-OPER EXP INCLUDED IN REVENUE ON FORM 990 121,682 FUNDRAISING EXPENSE NOT INCLUDED IN REVENUE ON FORM 990 126,483 ROUNDING 2
PART XIII, LINE 4B - OTHER ADJUSTMENTS		SALARY, BENEFITS AND OTHER OPERATING EXP INCLUDED IN REVENUE ON FORM 990 -35,871 SALARY, BENEFITS AND OTHER NON-OPER EXP INCLUDED IN REVENUE ON FORM 990 121,682 FUNDRAISING EXPENSE NOT INCLUDED IN REVENUE ON FORM 990 126,483

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SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a.
Attach to Form 990 or Form 990-EZ. See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION

Employer identification number
91-0171250

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

1 Indicate whether the organization raised funds through any of the following activities Check all that apply

- **a** ☐ Mail solicitations
- **b** ☐ Internet and e-mail solicitations
- **c** ☐ Phone solicitations
- **d** ☐ In-person solicitations
- **e** ☑ Solicitation of non-government grants
- **f** ☑ Solicitation of government grants
- **g** ☐ Special fundraising events

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☐ **Yes** ☑ **No**

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization Form 990-EZ filers are not required to complete this table

(i) Name and address of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions? Yes	**(iii)** No	**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in col **(i)**	**(vi)** Amount paid to (or retained by) organization
CAPITAL QUEST 4662 GRAVELLY HILLS ROAD LOUISVILLE, TN 37777	CAPITAL CAMPAIGN		No	0	42,400	-42,400
RUSS REID CO 2000 L STREET NW SUITE 350 WASHINGTON DC, DC 20036	CAPITAL CAMPAIGN		No	0	64,479	-64,479
Total . . . . . ▶					106,879	-106,879

3 List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing

Part II **Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than $15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than $5,000.

		(a) Event #1 (event type)	(b) Event #2 (event type)	(c) Other Events (total number)	(d) Total Events (Add col (a) through col (c))
Revenue	1 Gross receipts				
	2 Less Charitable contributions				
	3 Gross income (line 1 minus line 2)				
Direct Expenses	4 Cash prizes				
	5 Non-cash prizes				
	6 Rent/facility costs				
	7 Food and beverages				
	8 Entertainment				
	9 Other direct expenses				
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				( )
	11 Net income summary Combine lines 3 and 10 in column (d) ▶				

Part III **Gaming.** Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than $15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (Add col (a) through col (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Non-cash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	
	7 Direct expense summary Add lines 2 through 5 in column (d) ▶				( )
	8 Net gaming income summary Combine lines 1 and 7 in column (d) ▶				

9 Enter the state(s) in which the organization operates gaming activities _____

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," Explain _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," Explain _____

11 Does the organization operate gaming activities with nonmembers? . . . . . ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? . . . . . ☐ Yes ☐ No

13 Indicate the percentage of gaming activity operated in

a	The organization's facility	**13a**	
b	An outside facility	**13b**	

14 Provide the name and address of the person who prepares the organization's gaming/special events books and records

Name ▶ ----------

Address ▶ ----------

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? . . . . . ☐ Yes ☐ No

b If "Yes," enter the amount of gaming revenue received by the organization ▶ $ _____ and the amount of gaming revenue retained by the third party ▶ $ _____

c If "Yes," enter name and address

Name ▶ ----------

Address ▶ ----------

16 Gaming manager information

Name ▶ ----------

Gaming manager compensation ▶ $ ----------

Description of services provided ▶ ----------

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? . . . . . ☐ Yes ☐ No

b Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ $

Part IV Complete this part to provide additional information for responses to question on Schedule G (see instructions.)

Identifier	ReturnReference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION

Employer identification number
91-0171250

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☐ 200% ☑ Other **175.000000000000 %**	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing *discounted* care? 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 did 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 policy provide 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 charity care expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit reportduring the tax year?	6a		No
6b	If "Yes," did the organization make it available to the public?	6b		
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care 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 Charity care at cost (from Worksheet 1)			6,019,958		6,019,958	3 160 %
b Medicaid (from Worksheet 3, column a)			31,493,228	19,472,934	12,020,294	6 310 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			37,513,186	19,472,934	18,040,252	9 470 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)	2	391	16,587		16,587	0 010 %
f Health professions education (from Worksheet 5)	1	524	1,379,952		1,379,952	0 720 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			59,432		59,432	0 030 %
j **Total** Other Benefits	3	915	1,455,971		1,455,971	0 760 %
k **Total.** Add lines 7d and 7j	3	915	38,969,157	19,472,934	19,496,223	10 230 %

Part II Community Building Activities Complete this table if the organization conducted any community building activities.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 **Total**						

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1		No
2	Enter the amount of the organization's bad debt expense	2	6,745,902		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care 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	77,919,824		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	80,184,348		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-2,264,524		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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)
1	CENTRAL WASHINGTON HOSPITAL PO BOX 1887 WENATCHEE, WA 98807	X	X					X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

CENTRAL WASHINGTON HOSPITAL

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 1

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 175 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☑ Asset level			
	c ☑ Medical indigency			
	d ☑ Insurance status			
	e ☑ Uninsured discount			
	f ☑ Medicaid/Medicare			
	g ☑ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☐ The policy was posted at all times on the hospital facility's web site			
	b ☐ The policy was attached to all billing invoices			
	c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☑ The policy was posted in the hospital facility's admissions offices			
	e ☑ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon request			
	g ☐ Other (describe in Part VI)			

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments or arrests			
	e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments			
	e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☐ Notified patients of the financial assistance policy upon admission			
	b ☐ Notified patients of the financial assistance policy prior to discharge			
	c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**18**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**20**		No
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?	**21**		No
If "Yes," explain in Part VI			

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 from largest to smallest)

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

	Name and address	Type of Facility (Describe)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions 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, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health 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 I, LINE 7 GROSS CHARGES WRITTEN OFF TO BAD DEBT AFTER PAYMENTS, CONTRACTUAL ADJUSTMENTS, AND CHARITY

Identifier	ReturnReference	Explanation
		PART III, LINE 4 ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS IN EVALUATING THE COLLECTIBILITY OF ACCOUNTS RECEIVABLE, THE ASSOCIATION ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYOR SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR BAD DEBTS MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYOR SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY COVERAGE, THE ASSOCIATION ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS AND A PROVISION FOR BAD DEBTS, IF NECESSARY (FOR EXAMPLE, FOR EXPECTED UNCOLLECTIBLE DEDUCTIBLES AND COPAYMENTS ON ACCOUNTS FOR WHICH THE THIRD-PARTY PAYOR HAS NOT YET PAID, OR FOR PAYORS WHO ARE KNOWN TO BE HAVING FINANCIAL DIFFICULTIES THAT MAKE THE REALIZATION OF AMOUNTS DUE UNLIKELY) FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS (WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL), THE ASSOCIATION RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE THE DIFFERENCE BETWEEN THE STANDARD RATES (OR THE DISCOUNTED RATES IF NEGOTIATED) AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS THE ASSOCIATION'S ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR SELF-PAY PATIENTS CHANGED FROM 55% OF SELF-PAY ACCOUNTS RECEIVABLE AT DECEMBER 31, 2010, TO 64% OF SELF-PAY ACCOUNTS RECEIVABLE AT DECEMBER 31, 2011 IN ADDITION, THE ASSOCIATION'S SELF-PAY WRITE-OFFS CHANGED $254,000, FROM $6,351,000 FOR FISCAL YEAR 2010 TO $6,605,000 FOR FISCAL YEAR 2011 THE ASSOCIATION HAS NOT CHANGED ITS CHARITY CARE OR UNINSURED DISCOUNT POLICIES DURING FISCAL YEARS 2011 OR 2010

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE HOSPITAL PROVIDES CARE TO INDIVIDUALS COVERED BY THE MEDICARE AND MEDICAID PROGRAMS IN SPITE OF THE FACT THAT THE COST OF PROVIDING THOSE SERVICES OFTEN EXCEEDS THE REVENUE RECEIVED THIS IS A CONTINUED COMMITMENT TO PROVIDING QUALITY HEALTHCARE SERVICES AND PROMOTING HEALTH IMPROVEMENT TO ALL PERSONS IN ITS SERVICE AREA WITHOUT REGARD TO ABILITY TO PAY THE HOSPITAL QUALIFIES FOR THE MEDICARE DISPROPORTIONATE SHARE HOSPITAL (DSH) PROGRAM BASED ON THE HIGH NUMBER OF INDIGENT PATIENTS WHO RECEIVE CARE

Identifier	ReturnReference	Explanation
		PART III, LINE 9B COLLECTION IS SUSPENDED WHEN THE COMPLETED UNCOMPENSATED CARE APPLICATION AND SUPPORTING FINANCIAL DOCUMENTATION IS RECEIVED COLLECTION REMAINS SUSPENDED UNTIL FINAL DETERMINATION OF QUALIFICATION FOR ASSISTANCE IS COMPLETED

Identifier	ReturnReference	Explanation
CENTRAL WASHINGTON HOSPITAL		PART V, SECTION B, LINE 19D SLIDING SCALE BASED ON FEDERAL POVERTY GUIDELINES

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 CURRENTLY CENTRAL WASHINGTON HOSPITAL DOES NOT HAVE AN ASSESSMENT PROGRAM TO EVALUATE THE HEALTH CARE NEEDS OF THE COMMUNITY CENTRAL WASHINGTON HOSPITAL'S PROGRAM IS BASED ON HISTORICAL ACTIVITIES AND RESPONDING TO SPECIFIC REQUESTS

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 THE HOSPITAL'S CHARITY CARE POLICY IS MADE PUBLICLY AVAILABLE THROUGH THE FOLLOWING ELEMENTS A A NOTICE ADVISING PATIENTS THAT THE HOSPITAL PROVIDES CHARITY CARE WILL BE POSTED IN KEY AREAS OF THE HOSPITAL, INCLUDING ADMISSIONS, THE EMERGENCY DEPARTMENT, AND CASHIER OFFICE B THE HOSPITAL WILL INCLUDE A WRITTEN NOTICE EXPLAINING THE POLICY TO PATIENTS AT THE TIME THAT THE HOSPITAL SUBMITS BILLING TO THE PATIENT OR RESPONSIBLE PARTY (HEREAFTER REFERRED TO AS 'GUARANTOR') C THE WRITTEN INFORMATION WILL BE AVAILABLE IN ANY LANGUAGE SPOKEN BY MORE THAN TEN PERCENT OF THE POPULATION IN THE HOSPITAL'S SERVICE AREA INTERPRETIVE SERVICES WILL BE PROVIDED FOR OTHER NON-ENGLISH SPEAKING OR LIMITED-ENGLISH SPEAKING PATIENTS INTERPRETIVE SERVICES WILL ALSO BE PROVIDED FOR PATIENTS WHO CANNOT UNDERSTAND THE WRITING AND/OR EXPLANATION D THE HOSPITAL WILL TRAIN ADMITTING AND PATIENT ACCOUNTS STAFF TO ANSWER CHARITY CARE QUESTIONS EFFECTIVELY E WRITTEN INFORMATION ABOUT THE HOSPITAL'S CHARITY CARE POLICY WILL BE MADE AVAILABLE TO ANY PERSON WHO REQUESTS THE INFORMATION IN PERSON, VIA PHONE, OR BY LETTER THE HOSPITAL'S CHARITY DISCOUNT TABLE WILL ALSO BE MADE AVAILABLE UPON REQUEST

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 CENTRAL WASHINGTON HOSPITAL IS ACCREDITED BY THE JOINT COMMISSION ON ACCREDITATION OF HEALTHCARE ORGANIZATIONS AND OPERATES A LICENSED 198-BED ACUTE CARE HOSPITAL DELIVERING A FULL RANGE OF HEALTH CARE SERVICES IN WENATCHEE, WASHINGTON AND THE NORTH CENTRAL WASHINGTON AREA THE MAJORITY OF PATIENTS COME FROM CHELAN, DOUGLAS, GRANT AND OKANOGAN COUNTIES 71% OF THE HOSPITAL'S PATIENTS ARE MEDICARE/MEDICAID ELIGIBLE

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 CENTRAL WA HOSPITAL'S GOVERNING BOARD IS COMPRISED OF LOCAL AREA RESIDENTS THE HOSPITAL EXTENDS ITS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY CWH USES ITS INCOME TO UPDATE EQUIPMENT, TECHNOLOGY AND FACILITIES TO IMPROVE PATIENT CARE THE HOSPITAL OFFERS EDUCATION FOR AREA PHYSICIANS AND COMMUNITY MEMBERS ALSO AVAILABLE TO PHYSICIANS AND THE COMMUNITY IS THE HEMINGER HEALTH LIBRARY WE COLLABORATE WITH MANY LOCAL AND STATE COLLEGES, UNIVERSITIES, AND OUR LOCAL HIGH SCHOOL IN SUPPORT OF STUDENT LEARNING OPPORTUNITIES IN 2010 AN ELECTRONIC MEDICAL RECORD WAS IMPLEMENTED THE SYSTEM GIVES OUR PROVIDERS ALL THE MEDICAL INFORMATION NEEDED TO MAKE THE BEST DECISIONS IN THE CARE OF OUR PATIENTS THE HOSPITAL IS A FEDERAL REGIONAL REFERRAL CENTER AND A LEVEL III GENERAL AND PEDIATRIC TRAUMA CENTER CENTRAL WASHINGTON HOSPITAL HAS BEEN NAMED TO THE COMMUNITY VALUE INDEX TOP 100 HOSPITALS LIST, IDENTIFYING CENTRAL AS A LEADER IN LOW-COST, LOW-CHARGE HOSPITAL CARE

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION

Employer identification number
91-0171250

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?	**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**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in 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**		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space needed.

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

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual

(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) JOHN T EVANS JR	(i)	415,291	0	0	103,654	18,267	537,212	0
	(ii)	0	0	0	0	0	0	0
(2) STEVEN R JACOBS	(i)	261,492	0	0	71,026	7,128	339,646	0
	(ii)	0	0	0	0	0	0	0
(3) JOHN B HAMILTON	(i)	277,534	0	0	72,117	8,543	358,194	0
	(ii)	0	0	0	0	0	0	0
(4) TRACEY A KASNIC	(i)	177,040	33,830	0	15,596	22,802	249,268	0
	(ii)	0	0	0	0	0	0	0
(5) MARK A BROBERG	(i)	680,780	0	0	15,925	18,118	714,823	0
	(ii)	0	0	0	0	0	0	0
(6) R CRAIG BROWNLEE	(i)	417,163	0	0	15,925	13,242	446,330	0
	(ii)	0	0	0	0	0	0	0
(7) HANK J VEJVODA	(i)	634,565	0	0	15,925	20,158	670,648	0
	(ii)	0	0	0	0	0	0	0
(8) LINDA L STRAND	(i)	272,942	0	0	15,925	19,654	308,521	0
	(ii)	0	0	0	0	0	0	0
(9) SAMUEL M ORTIZ	(i)	284,260	0	0	15,925	17,377	317,562	0
	(ii)	0	0	0	0	0	0	0

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
	PART I, LINE 4B	PART I, LINE 4B FORM 990, SCHEDULE J, PART I, LINE 4B JOHN T EVANS, JR $85,279 JOHN B HAMILTON $54,967 STEVEN R JACOBS $50,201 THE VALUE IS BASED ON A PERCENTAGE OF THEIR INDIVIDUAL ANNUAL SALARY

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION

Employer identification number
91-0171250

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	WASHINGTON HEALTH CARE FACILITIES AUTHORITY	91-1108929	93978E4M1	08-12-2009	114,560,771	CONSTRUCTION OF HEALTHCARE FACILITY		X		X		X
B	WASHINGTON HEALTH CARE FACILITIES AUTHORITY	91-1108929	93978EQL9	04-10-2001	19,755,081	CONSTRUCTION OF HEALTHCARE FACILITY	X			X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds defeased	16,535,000			
3	Total proceeds of issue	116,535,000	19,995,000		
4	Gross proceeds in reserve funds	13,772,133			
5	Capitalized interest from proceeds	7,667,467			
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	2,145,873			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	80,834,547	18,157,886		
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2011	2005		

		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				
15	Were the bonds issued as part of an advance refunding issue?	X			X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	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	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %		0 %					
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 %		0 %					
6	Total of lines 4 and 5	0 %		0 %					
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					
2	Is the bond issue a variable rate issue?		X		X				
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		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					
b	Name of provider								
c	Term of GIC			20 000000000000					
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				
6	Did the bond issue qualify for an exception to rebate?		X		X				

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations . . . . . ☐ Yes ☑ No

Part VI Supplemental Information

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

Identifier	Return Reference	Explanation
FORM 990, SCHEDULE K, PART IV, LINE 4B AND 4C, COLUMN A		NAME OF PROVIDER OF GIC, LINE 4B 1 TRINITY FUNDING COMPANY 2 RBC CAPITAL MARKETS LINE 4C 1 14 MONTHS 2 3 YEARS AND 5 YEARS
FORM 990, SCHEDULE K, PART IV, LINE 4B, COLUMN B		NAME OF PROVIDER OF GIC, LINE 4B MBIA(SWITCHED TO BANK OF NEW YORK IN 2008)
FORM 990, SCHEDULE K, PART III, LINE 7, COLUMN A AND B		THE ORGANIZATION IS IN PROCESS OF ADOPTING POLICY RELATED TO ENSURING POST-ISSUANCE COMPLIANCE

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION

Employer identification number
91-0171250

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	A COPY OF FORM 990 IS PROVIDED TO THE ORGANIZATION'S GOVERNING BODY BEFORE IT IS FILED THE 990 IS REVIEWED BY THE DIRECTOR OF ACCOUNTING, AND THE CFO A SUMMARY OF THE 990 IS PROVIDED TO THE FINANCE COMMITEE
	FORM 990, PART VI, SECTION B, LINE 12C	ALL BOARD MEMBERS, EMPLOYED PHYSICIANS, AND MEMBERS OF THE ADMINISTRATIVE TEAM ARE REQUIRED TO REVIEW THE CURRENT CONFLICT OF INTEREST POLICY AND COMPLETE AN ANNUAL QUESTIONNAIRE. THE NOMINATING COMMITTEE OF THE BOARD REVIEWS QUESTIONNAIRES SUBMITTED BY BOARD MEMBERS FOR POTENTIAL CONFLICTS OF INTEREST POTENTIAL QUESTIONS OF CONFLICT FOR BOARD MEMBERS ARE RESOLVED BY THE NOMINATING COMMITTEE OF THE BOARD THE HOSPITAL'S EXECUTIVE TEAM REVIEWS QUESTIONNAIRES SUBMITTED BY EMPLOYED PHYSICIANS AND THE ADMINISTRATIVE TEAM FOR POTENTIAL CONFLICTS OF INTEREST POTENTIAL QUESTIONS OF CONFLICT FOR MEMBERS OF THE ADMINISTRATIVE TEAM ARE RESOLVED BY THE EXECUTIVE TEAM IN COLLABORATION WITH THE CORPORATE COMPLIANCE OFFICER BOARD MINUTES REFLECT WHEN THE REVIEW IS COMPLETE
	FORM 990, PART VI, SECTION B, LINE 15	THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS REVIEWS INDEPENDENT SALARY SURVEY INFORMATION AND RECOMMENDS A SALARY INCREASE FOR THE CEO TO THE FULL BOARD THE OTHER OFFICERS RECEIVE THE ANNUAL PERCENT INCREASE WHICH OTHER NON-CONTRACTUAL EMPLOYEES RECEIVE UNLESS THE CEO AWARDS A DIFFERENT PERCENTAGE. THE AMOUNT IS BASED ON CURRENT CPI, MARKET, AND SALARY SURVEY INFORMATION
	FORM 990, PART VI, SECTION C, LINE 19	CENTRAL WASHINGTON HOSPITAL'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -2,536,179 ROUNDING -1 INCOME ON K-1 NOT INCLUDED IN REVENUE ON FINANCIAL STATEMENT -124,567 TOTAL TO FORM 990, PART XI, LINE 5 -2,660,747
	FORM 990, PART XII, LINE 2C	NO CHANGE FROM PRIOR YEAR

Report of Independent Auditors
in Accordance with OMB Circular A-133
and Financial Statements
with Supplementary Information for

Central Washington Health Services Association dba Central Washington Hospital

December 31, 2011 and 2010

MOSS-ADAMS LLP

CONTENTS

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Central Washington Health Services Association
dba Central Washington Hospital

We have audited the accompanying balance sheets of Central Washington Health Services Association (the Association) as of December 31, 2011 and 2010, and the related statements of operations, changes in net assets, and cash flows for the years then ended These financial statements are the responsibility of the Association's management Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States Those standards require that we plan and perform the audits 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 Association's internal control over financial reporting. Accordingly, we express no such opinion An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements An audit also includes 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 financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

In accordance with Government Auditing Standards, we have also issued our report dated April 27, 2012, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Association's financial statements. The information on pages 23 through 30 is presented for purposes of additional analysis and is not a required part of the financial statements The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U S Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements The information on pages 23 through 30 and the accompanying schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying information on pages 23 through 30 and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole The per adjusted patient day and per adjusted admission information in the summary of operations within the information on pages 23 through 30 have not been subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we express no opinion on them

Moss Adams LLP

Everett, Washington
April 27, 2012

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CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION
dba CENTRAL WASHINGTON HOSPITAL
BALANCE SHEETS

ASSETS

	December 31, 2011	December 31, 2010
CURRENT ASSETS		
Cash and cash equivalents	$ 2,112,055	$ 15,547,918
Receivables		
Patient accounts, net of allowance for doubtful accounts of $7,298,000 in 2011 and $7,746,000 in 2010	28,383,950	30,047,807
Estimated third-party payor settlements	1,623,643	878,135
Other	1,043,607	70,297
Medical supplies	5,871,316	5,741,113
Prepaid expenses	3,529,988	3,680,858
Assets limited as to use that are required for current liabilities	4,344,722	6,843,085
Total current assets	46,909,281	62,809,213
ASSETS LIMITED AS TO USE		
By Board for malpractice costs	2,824,000	1,954,000
By Board for workers' compensation deposit	1,644,000	1,862,000
By Board for capital improvements and other purposes, net of amounts required for current liabilities	49,046,593	59,316,260
Held by trustee under Series 2009 Revenue Bond financing indenture agreement, net of amounts required for current liabilities	9,357,737	9,357,737
	62,872,330	72,489,997
TEMPORARILY RESTRICTED RECEIVABLE	3,794,812	6,430,202
PROPERTY AND EQUIPMENT, net	176,462,279	165,154,111
OTHER ASSETS		
Deferred financing costs	3,967,896	3,936,986
Other	2,243,116	1,677,434
	6,211,012	5,614,420
Total assets	$ 296,249,714	$ 312,497,943

LIABILITIES AND NET ASSETS

	December 31, 2011	December 31, 2010
CURRENT LIABILITIES		
Accounts payable	$ 4,524,943	$ 13,344,749
Accrued liabilities		
Payroll and related liabilities	8,205,307	7,224,910
Paid leave	4,247,714	4,266,821
Interest	3,837,553	3,859,303
Other	239,130	735,149
Current portion of long-term debt	921,000	885,000
Total current liabilities	21,975,647	30,315,932
ESTIMATED MEDICAL MALPRACTICE COSTS	2,824,000	1,954,000
LONG-TERM DEBT, net of current portion	114,165,293	115,085,809
Total liabilities	138,964,940	147,355,741
NET ASSETS		
Unrestricted	153,489,962	158,712,000
Temporarily restricted	3,794,812	6,430,202
Total net assets	157,284,774	165,142,202
Total liabilities and net assets	$ 296,249,714	$ 312,497,943

CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION
dba CENTRAL WASHINGTON HOSPITAL
STATEMENTS OF OPERATIONS

	Years Ended December 31,	
	2011	2010
UNRESTRICTED REVENUE AND OTHER SUPPORT		
Net patient service revenue (net of contractual allowances and discounts)	$ 184,936,360	$ 180,209,608
Provision for bad debts	(6,745,902)	(6,464,286)
Net patient service revenue less provision for bad debts	178,190,458	173,745,322
Other revenue	3,827,960	2,747,540
Total revenue and other support	182,018,418	176,492,862
EXPENSES		
Professional care of patients	119,241,767	119,508,846
General services	13,249,086	12,381,812
Financial and administrative services	34,403,707	31,535,525
Other employee benefits	3,269,564	1,977,516
Medical malpractice costs	1,709,889	509,070
Depreciation and amortization	13,134,715	9,136,151
Interest	5,329,958	476,825
Total expenses	190,338,686	175,525,745
INCOME (LOSS) FROM OPERATIONS	(8,320,268)	967,117
OTHER INCOME (EXPENSE)		
Investment income	2,473,623	2,960,761
Other	860,786	(206,801)
	3,334,409	2,753,960
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(4,985,859)	3,721,077
UNREALIZED GAIN (LOSS) ON INVESTMENTS	(2,536,179)	3,232,633
NET ASSETS RELEASED FROM RESTRICTIONS USED FOR PURCHASE OF PROPERTY AND EQUIPMENT	2,300,000	200,000
CHANGE IN UNRESTRICTED NET ASSETS	$ (5,222,038)	$ 7,153,710

See accompanying notes.

CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION
dba CENTRAL WASHINGTON HOSPITAL
STATEMENTS OF CHANGES IN NET ASSETS

	Years Ended December 31,	
	2011	2010
UNRESTRICTED NET ASSETS		
Excess of revenue over expenses	$ (4,985,859)	$ 3,721,077
Net unrealized gain (loss) on investments	(2,536,179)	3,232,633
Net assets released from restrictions used for purchase of property and equipment	2,300,000	200,000
Change in unrestricted net assets	(5,222,038)	7,153,710
TEMPORARILY RESTRICTED NET ASSETS		
Contributions from Foundation	27,074	1,159,522
Other temporarily restricted net assets changes	(362,464)	(34,620)
Net assets released from restrictions	(2,300,000)	(200,000)
Change in temporarily restricted net assets	(2,635,390)	924,902
INCREASE (DECREASE) IN NET ASSETS	(7,857,428)	8,078,612
NET ASSETS, beginning of year	165,142,202	157,063,590
NET ASSETS, end of year	$ 157,284,774	$ 165,142,202

See accompanying notes.

CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION
dba CENTRAL WASHINGTON HOSPITAL
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in unrestricted net assets	$ (5,222,038)	$ 7,153,710
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	13,558,563	9,572,078
Amortization	151,526	137,337
Loss on disposal of equipment	27,586	-
Provision for bad debts	6,745,902	6,464,286
Provision for estimated medical malpractice costs	870,000	(361,845)
Unrealized (gain) loss on investments	2,536,179	(3,232,633)
Increase (decrease) in cash due to changes in assets and liabilities		
Patient accounts receivable	(5,082,045)	(14,680,854)
Estimated third-party payor settlements	(745,508)	(1,142,161)
Other receivables	(973,310)	173,207
Medical supplies	(130,203)	192,355
Prepaid expenses	150,870	88,979
Other assets	(565,682)	150,637
Accounts payable	(390,796)	(895,706)
Accrued liabilities	443,521	1,520,805
Net cash from operating activities	11,374,565	5,140,195
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(33,323,327)	(79,742,423)
Proceeds from the sale of assets limited as to use	11,534,475	91,978,351
Purchase of assets limited as to use	(1,954,624)	(3,017,353)
Net cash from investing activities	(23,743,476)	9,218,575
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(884,516)	(5,905,857)
Proceeds from issuance of long-term debt	-	290,325
Other financing activities	(182,436)	-
Net cash from financing activities	(1,066,952)	(5,615,532)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(13,435,863)	8,743,238
CASH AND CASH EQUIVALENTS, beginning of year	15,547,918	6,804,680
CASH AND CASH EQUIVALENTS, end of year	$ 2,112,055	$ 15,547,918

See accompanying notes.

SUPPLEMENTAL SCHEDULE OF INVESTING AND FINANCING ACTIVITIES

The Association purchased approximately $709,000 and $17,000 of property and equipment, which was included in accounts payable at December 31, 2011 and 2010, respectively.

Construction in progress of approximately $155,000 and $9,276,000 is included in accounts payable at December 31, 2011 and 2010, respectively.

The Association paid interest of $5,329,958 and $476,825 during the years ended December 31, 2011 and 2010, respectively.

Note 1 - Organization

Central Washington Health Services Association, dba Central Washington Hospital (the Association), is accredited by the Joint Commission on Accreditation of Healthcare Organizations and operates a licensed 198-bed acute care hospital delivering a full range of health care services in Wenatchee, Washington, and the North Central Washington area. The Association is a not-for-profit institution governed by a Board of Directors, providing general inpatient services including medical, surgical, home infusion services, intensive care and coronary care, neonatal intensive care, pediatrics, obstetrics, gynecology, and oncology. The Association is a Federal Regional Referral center, and is designated by the State as a Level III General Trauma center and Level III Pediatric Trauma center, supported by a comprehensive range of surgical procedures in orthopedic, neurosurgery, vascular surgery, interventional cardiac catheterization, and open-heart surgery.

The Association is a not-for-profit integrated health care delivery system with a skilled nursing facility, outpatient dialysis center, primary care clinic, women's health care services, orthopedic clinic, home health services, hospice services, and participation in a physician-hospital-community health organization.

The Association broke ground in 2009 on a five-story patient tower that became occupied in May 2011. The new patient tower replaced the majority of the Association's existing patient care areas. The project included expansion of the central utility plant, renovation of areas within the existing facility, and additional parking.

Note 2 - Summary of Significant Accounting Policies

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

Cash and cash equivalents - Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less.

Change in accounting principles - The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) No. 2011-07, *Disclosures About Revenue, the Allowance for Doubtful Accounts, and the Presentation of the Bad Debt Provision by Health Care Entities*. The Association has early adopted the provisions of ASU 2011-07 as of and for the year ended December 31, 2011. These changes in accounting principles did not change any component of the balance sheets or statements of operations and changes in net assets with exception to reclassifying the provision of bad debts for the years ended December 31, 2011 and 2010, from expenses to revenue, which amounted to $6,745,902 and $6,464,286, respectively.

Note 2 - Summary of Significant Accounting Policies (continued)

Patient accounts receivable - Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectibility of accounts receivable, the Association analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Association analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Association records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The Association's allowance for doubtful accounts for self-pay patients changed from 55% of self-pay accounts receivable at December 31, 2010, to 64% of self-pay accounts receivable at December 31, 2011. In addition, the Association's self-pay write-offs changed $254,000, from $6,351,000 for fiscal year 2010 to $6,605,000 for fiscal year 2011. The Association has not changed its charity care or uninsured discount policies during fiscal years 2011 or 2010.

Medical supplies - Medical supplies, composed primarily of medical and surgical inventories, are stated at the lower of replacement or market.

Assets limited as to use - Assets limited as to use primarily include assets held by trustees under indenture agreements and designated assets set aside by the board of trustees for future capital improvements, over which the board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities of the Association have been reclassified in the balance sheets at December 31, 2011 and 2010.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheets. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess of revenues over expenses unless the investments are trading securities.

Property and equipment - Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Note 2 - Summary of Significant Accounting Policies (continued)

Gifts of long-lived assets such as property and equipment are reported as unrestricted donations, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily or permanently restricted donations. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Deferred financing costs - Costs of bond financing related to bond issuance are amortized using the effective interest method over the 30-year life of the bonds.

Estimated malpractice costs - The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Federal income tax - The Association is a not-for-profit corporation and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code.

The Association is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code except to the extent of unrelated business taxable income as defined under IRC Sections 511 through 515. Effective January 1, 2009, the Association adopted accounting for uncertain tax positions. The accounting standard prescribes a recognition threshold and measurement process for uncertain tax positions. As of December 31, 2011 and 2010, the Association had no uncertain tax positions requiring accrual.

Net patient service revenue - The Association has agreements with third-party payors that provide for payments to the Association 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 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.

Charity care - The Association provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Association does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Contributions received - Contributions received, including property or investments, are recorded as unrestricted, temporarily restricted, or permanently restricted support and net assets depending on the existence and/or nature of any donor restrictions.

Note 2 - Summary of Significant Accounting Policies (continued)

Net assets - Net assets of the Association and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations but can be designated by the Board of Directors.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of operations as net assets released from donor restrictions. Temporarily restricted net assets include assets restricted for a construction project. The associated receivable due from Central Washington Hospital Foundation was $3,794,812 and $6,430,202 for the years ended December 31, 2011 and 2010, respectively, and is expected to be received within five years.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Association. Donors of these assets may permit the Association to use all or part of the income earned on any related investments for general or specific purposes. The Association has no permanently restricted assets.

Donor-restricted gifts - Unconditional promises to give cash and other assets to the Association are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of operations and changes in net assets as assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

Excess of revenue over expenses - The statements of operations include excess of revenue over expenses. Changes in unrestricted net assets that are excluded from excess of revenue over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purpose of acquiring such assets), management services, and other similar items.

Donated services - A substantial number of volunteers donate significant amounts of their time for the Association's program activities. These donated hours are a necessary part of the Association's activities because its services could not be sustained without such support and because these activities enhance the financial assets of the Association. No dollar amounts have been reflected in the accompanying statements for these services because the services do not require specialized skills.

Note 2 - Summary of Significant Accounting Policies (continued)

Reclassifications - Certain amounts reported in the December 31, 2010, financial statements have been reclassified to conform to the December 31, 2011, financial statement presentation.

Subsequent events - Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued. The Association recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Association's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before financial statements are issued.

The Association has evaluated subsequent events through April 27, 2012, which is the date the financial statements are issued, and concluded that there were no events or transactions that need to be disclosed.

Note 3 - Net Patient Service Revenue

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

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Beginning April 1, 2001, the Association qualified for disproportionate share payments from Medicare. The disproportionate share payment rate is added on to the prospective rate paid on Medicare inpatients. The Association is eligible for a higher disproportionate share payment rate estimated at 13.42% in 2010 and 14.01% in 2011. The Association met the criteria for this additional payment as a result of the high number of low-income patients served exceeding the eligibility threshold of qualified patient days as a percentage of total patient days. The majority of outpatient services are reimbursed on a prospective payment system or fee schedule. The Association's Medicare cost reports have been audited by the Medicare fiscal intermediary through 2006. The Association's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization. Net revenue billed under the Medicare program totaled approximately $77,920,000 in 2011 and $74,723,000 in 2010.

Medicaid - Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Association is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Association and audits thereof by the Medicaid fiscal intermediary. Net revenue billed under the Medicaid program totaled approximately $21,380,000 and $21,716,000 for 2011 and 2010, respectively.

The Association has also entered into payment agreements with certain commercial insurance carriers and preferred provider organizations. The basis for payment to the Association under these agreements varies from established charges.

Note 3 - Net Patient Service Revenue (continued)

The Association recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients who do not qualify for charity care, the Association recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Association's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Association records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources is as follows.

	Third-Party Payors	Self-Pay	Total All Payors
Patient service revenue (net of contractual allowances and discounts)	$ 179,798,126	$ 11,064,513	$ 190,862,639

Note 4 - Charity Care

The Association maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy and the estimated cost of those services and supplies. The following information measures the level of charity care provided.

	2011	2010
Charges forgone, based on established rates	$ 5,926,279	$ 6,792,873

Management estimates charity care costs by calculating a ratio of cost to gross charges, and then multiplying that ratio by the gross uncompensated charges associated with providing care to charity patients. Charity care costs were $2,957,213 and $3,348,886 for the years ended December 31, 2011 and 2010, respectively.

Note 5 - Assets Limited as to Use

The composition of assets limited as to use at December 31, 2011 and 2010, is set forth in the following table. Investments are stated at fair value.

	2011	2010
By Board designated for malpractice costs		
Pooled funds and mutual funds	$ 2,824,000	$ 1,954,000
By Board for workers' compensation deposit		
Cash and cash equivalents and treasury notes	$ 1,644,000	$ 1,862,000
By Board for capital improvements and other purposes, net of amounts required for current liabilities		
Cash and cash equivalents	$ 1,466,123	$ 5,039,937
Pooled funds and mutual funds	47,580,469	54,276,323
	$ 49,046,592	$ 59,316,260
Under indenture agreement held by trustee		
Cash and cash equivalents	$ 4,344,723	$ 4,421,355
Guaranteed investment contracts	9,357,737	11,779,467
	13,702,460	16,200,822
Less current portion of indenture agreement held by trustee required for current liabilities	4,344,722	6,843,085
	$ 9,357,738	$ 9,357,737

Investment income and gains for assets limited as to use, cash equivalents, and other investments are composed of the following for the years ending December 31, 2011 and 2010:

	2011	2010
Investment income		
Interest and dividend income	$ 16,052	$ 119,310
Investment fees	(63,151)	(86,993)
Realized net gain on sales of securities	2,520,722	2,928,444
	$ 2,473,623	$ 2,960,761

Note 6 - Property and Equipment

A summary of property and equipment at December 31, 2011 and 2010, follows:

	2011	2010
Land and land improvements	$ 13,242,440	$ 12,614,210
Buildings and building improvements	115,292,269	47,659,785
Fixed equipment	73,452,407	26,925,803
Major movable and minor equipment	88,736,607	80,600,785
	290,723,723	167,800,583
Less accumulated depreciation	116,303,490	103,794,004
	174,420,233	64,006,579
Construction in progress	2,042,046	101,147,532
	$ 176,462,279	$ 165,154,111

Note 7 - Long-Term Debt

A summary of long-term debt at December 31, 2011 and 2010, follows:

	2011	2010
Series 2009 - Washington Health Care Facilities Authority Revenue Bonds, due through July 1, 2039, in principal payments ranging from $910,000 to $8,745,000 annually and interest ranging from 5% to 7%.	$ 114,825,000	$ 115,695,000
Utility Local Improvement District No. 2 - loan payable due in 20 annual installments of principal with interest. The interest rate is fixed at 2.9%.	261,293	275,809
	115,086,293	115,970,809
Less current portion	921,000	885,000
	$ 114,165,293	$ 115,085,809

In July 2009, the Association advance refunded the Series 2001 Revenue Bonds with the proceeds of the Series 2009 Revenue Bonds by depositing in escrow accounts amounts that, with interest, were sufficient to meet principal, interest, and premium payments on the advance refunded debt. As a result of the refinancing, the Series 2001 Revenue Bonds have been legally satisfied. Therefore, neither the advance refunded debt nor the related trust funds are reflected in the accompanying balance sheets.

Note 7 - Long-Term Debt (continued)

The Washington Health Care Facilities Authority (the Authority) issued special-obligation, Series 2009 Revenue Bonds and loaned the proceeds to the Association. The Series 2009 Revenue Bonds are payable solely from payments made by the Association and are collateralized by an interest in the Association's gross receivables, gross receipts, equipment, a deed of trust in certain property, and funds held by the trustee under the bond indenture agreement (Note 5).

The Bond Loan and Security Agreement and the Trust Indenture contain restrictive covenants that require, among other matters, that the Association maintain minimum debt service coverage, excess margin, and cushion ratios. The Association is in compliance with these financial covenants at December 31, 2011.

Principal maturities of long-term debt are as follows:

2012	$ 921,000
2013	1,737,000
2014	1,822,000
2015	1,912,000
2016	2,028,000
Thereafter	106,666,293
	$ 115,086,293

A summary of interest cost and investment income on borrowed funds held by the trustee under the 2009 revenue bond indentures during the years ended December 31, 2011 and 2010, follows:

	2011	2010
Interest costs		
Capitalized	$ 2,381,764	$ 6,963,522
Charged to operations	5,329,958	476,825
	$ 7,711,722	$ 7,440,347
Investment income		
Capitalized	$ -	$ 181,770

Note 8 - Estimated Medical Malpractice Costs

In general, the Association is self-insured for hospital medical malpractice insurance claims up to $2,000,000 per incident with $4,000,000 in aggregate. Insured physicians have a $50,000 deductible per incident with shared limits coverage of $2,000,000 per incident and $4,000,000 in aggregate. In addition, the Association maintains excess malpractice insurance coverage on a claims-made basis up to $25,000,000 per incident and in aggregate on both hospital and insured physician claims.

The Association recognizes expenses associated with unasserted medical malpractice claims in the period in which the incidents are expected to have occurred rather than when a claim is asserted. Expenses associated with these incidents are estimated and based on actuarial assumptions of current settlement costs. In calculating the 2011 estimated malpractice liability, the Association's actuaries used an undiscounted, 90% confidence level for determining the present value of future claims.

Note 9 - Retirement Plan

The Association has a defined contribution retirement plan for qualified employees. The Association contributes an amount equal to a specified percentage of the employees' effective compensation as defined by the plan. Employees are qualified to participate in the plan after two years of continuous service. Plan benefits are fully vested to the employee upon entry into the plan. Retirement plan costs charged to operations were approximately $4,580,000 and $4,413,000 in 2011 and 2010, respectively. It is the Association's policy to fund retirement plan costs accrued.

Note 10 - Self-Insured Plans

Liabilities related to self-insured plans in the amount of $2,402,789 and $2,648,773 at December 31, 2011 and 2010, respectively, were included in the accrued liabilities on the balance sheets.

Health - The Association has a self-funded employee health care plan. Payments were irrevocably deposited into a trust depository account for the benefit of Association employees until December 19, 2007, when the trust was terminated. The trust was tax-exempt under Section 501(c)(9) of the Internal Revenue Code. The plan is now funded from the Association's unrestricted cash and cash equivalents. The Association has stop-loss coverage through an insurance company that provides coverage for employee claims in excess of $260,000 for individual claims. Payments by the Association for health insurance expense were approximately $7,607,000 and $6,698,000 in 2011 and 2010, respectively.

Workers' compensation - The Association has a self-insured workers' compensation plan for its employees. The Association pays its share of actual injury claims, maintenance of reserves, administrative expenses, and reimbursement premiums. Costs of the Association for workers' compensation expense were approximately $1,180,000 and $1,481,000 in 2011 and 2010, respectively.

Note 10 - Self-Insured Plans (continued)

Unemployment - The Association has a self-insured unemployment plan for its employees. The Association pays its share of actual unemployment claims and administrative expenses. Payments by the Association for unemployment expense were approximately $186,000 and $266,100 in 2011 and 2010, respectively.

Note 11 - Concentrations of Credit Risk

The Association 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 December 31, 2011 and 2010, was as follows:

	2011	2010
Medicare	38%	38%
Medicaid	22%	18%
Other payors	14%	17%
Premera	12%	10%
Commercial	14%	17%
	100%	100%

Note 12 - Commitments and Contingencies

Construction commitments - The cost to complete construction on various projects in progress at December 31, 2011 and 2010, respectively, was $1,300 and $29,586,358. The 2010 amount included $29,000,000 for the hospital expansion project, $65,480 for the implementation of the electronic medical record system, and $520,878 for other miscellaneous projects.

Operating leases - The Association leases various equipment and facilities under operating leases. These operating leases are not long-term commitments. Total rental expense in 2011 and 2010 for all operating leases was $1,680,285 and $1,231,052, respectively.

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

Note 12 - Commitments and Contingencies (continued)

The health care industry is subject to numerous laws and regulations from federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Association 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.

Note 13 - Related-Party Transactions

Central Washington Hospital Foundation (the Foundation) is a separate not-for-profit corporation whose articles of incorporation identify the Association as the Foundation's primary beneficiary.

The Foundation is authorized by the Association to solicit contributions on its behalf. In the absence of donor restrictions, the Foundation has discretionary control over the amounts, timing, and use of its distributions.

Summarized financial information as of and for the years ended December 31, 2011 and 2010, relating to the Foundation is as follows:

	2011	2010
Assets, primarily cash and investments	$ 10,820,000	$ 13,127,000
Payable to Central Washington Hospital	$ 3,795,000	$ 6,430,000
Other liabilities	916,000	968,000
	4,711,000	7,398,000
Net assets	6,109,000	5,729,000
	$ 10,820,000	$ 13,127,000
Increase in net assets	$ 380,000	$ 933,000

Note 14 - Fair Value of Assets

The Association adopted fair value accounting, which establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value accounting also establishes a hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Available-for-sale securities - Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, the fair values are estimated by using pricing models, quoted prices of securities with identical characteristics, or discounted cash flows. In certain cases where Level 1 or Level 2 inputs are not available, securities would be classified within Level 3 of the hierarchy.

		Fair Value Measurements Using		
December 31, 2011	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 6,064,936	$ 6,064,936	$ -	$ -
Mutual funds				
Large Blend	4,592,104	4,592,104	-	-
Large Value	6,844,825	6,844,825	-	-
Mid Cap Growth	3,197,511	3,197,511	-	-
Foreign Large Value	1,935,520	1,935,520	-	-
Foreign Large Blend	3,775,693	3,775,693	-	-
Fixed income				
Bond funds	29,482,590	29,482,589	-	-
Treasury notes	1,966,135	-	1,966,135	-
Guaranteed investment contracts	9,357,738	-	9,357,738	-
	$ 67,217,052	$ 55,893,178	$ 11,323,873	$ -

Note 14 - Fair Value of Assets (continued)

December 31, 2010	Fair Value	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 10,098,752	$ 10,098,752	$ -	$ -
Mutual funds				-
Large Blend	5,479,558	5,479,558	-	-
Large Value	8,062,392	8,062,392	-	-
Mid Cap Growth	4,217,570	4,217,570	-	-
Foreign Large Value	4,167,113	4,167,113	-	-
Foreign Large Blend	4,493,264	4,493,264	-	-
Fixed income				-
Bond funds	29,629,513	29,629,512	-	
Treasury notes	1,338,030	-	1,338,030	-
Guaranteed investment contracts	11,846,890	-	11,846,890	-
	$ 79,333,082	$ 66,148,161	$ 13,184,920	$ -

During the year ended December 31, 2010, the Association sold its Level 3 investment in the Intech Risk-Managed Large Cap Growth Fund, LLC (the Fund). The following table includes a rollforward for assets classified within Level 3:

	2011	2010
Beginning balance, January 1	$ -	$ 6,480,102
Sales	-	(6,803,951)
Total gains	-	323,849
Ending balance, December 31	$ -	$ -

Total gains are included in the statements of operations in investment income and unrealized gain on investments.

Note 15 - Fair Value of Financial Instruments

The following methods and assumptions were used by the Association in estimating the fair value of its financial instruments.

Cash and cash equivalents - The Association maintains its cash and cash equivalent accounts, which at times may exceed federally insured limits, at financial institutions. The carrying amount reported in the balance sheets for cash and cash equivalents approximates its fair value.

Assets limited as to use - These assets consist primarily of cash and short-term investments and interest receivable. The carrying amount reported in the balance sheets is fair value.

Note 15 - Fair Value of Financial Instruments (continued)

Accounts payable and accrued expenses - The carrying amount reported in the balance sheets for accounts payable and accrued expenses approximates its fair value.

Estimated third-party payor settlements - The carrying amount reported in the balance sheets for estimated third-party payor settlements approximates its fair value.

Long-term debt - Fair values of the Association's revenue bonds are based on current traded value. The fair value of the Association's remaining long-term debt is estimated using discounted cash flow analyses, based on the Association's current incremental borrowing rates for similar types of borrowing arrangements.

The carrying amounts and fair values of the Association's financial instruments, excluding instruments that have carrying amounts that approximate fair value, are as follows:

	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	$ 115,086,293	$ 121,503,050	$ 115,970,809	$ 120,478,798

SUPPLEMENTARY INFORMATION

CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION
dba CENTRAL WASHINGTON HOSPITAL
SUMMARY OF OPERATIONS

	Year Ended	
	Amount	Per Adjusted Patient Day (Unaudited)
GROSS PATIENT SERVICE REVENUE[1]	$ 369,257,794	$ 7,161
DEDUCTIONS FROM GROSS PATIENT SERVICE REVENUE[1]	(191,067,336)	(3,705)
NET PATIENT SERVICE REVENUE	178,190,458	3,456
OTHER REVENUE	3,827,960	74
Total revenue	182,018,418	3,530
EXPENSES		
Salaries	83,272,519	1,615
Employee benefits	21,031,320	408
Professional fees	10,226,431	198
Supplies	34,728,029	673
Purchased services	12,139,485	235
Depreciation and amortization	13,134,715	255
Medical malpractice costs	1,709,889	33
Interest	5,329,958	103
Other	8,766,340	170
Total expenses	190,338,686	3,690
INCOME (LOSS) FROM OPERATIONS	(8,320,268)	(160)
OTHER INCOME (EXPENSE)	3,334,409	65
EXCESS OF REVENUE OVER EXPENSES	(4,985,859)	(95)
UNREALIZED GAIN (LOSS) ON INVESTMENTS USED FOR PURCHASE OF PROPERTY AND EQUIPMENT	(2,536,179)	(49)
NET ASSETS RELEASED FROM RESTRICTIONS	2,300,000	45
CHANGE IN UNRESTRICTED NET ASSETS	$ (5,222,038)	$ (99)
TOTAL ADJUSTED PATIENT DAYS EXCLUDING NEWBORNS		51,565
TOTAL ADJUSTED ADMISSIONS EXCLUDING NEWBORNS		

[1]For purposes of supplemental information only, gross patient service revenue and deductions from patient service revenue include charity care of $5,926,279 and $6,792,873, and bad debt of $6,745,902 and $6,464,286 in 2011 and 2010, respectively.

NOTE: The per adjusted patient day and per adjusted admission amounts are based on total inpatient days and admissions, excluding newborns, plus an equivalent number of days or admissions to allow for outpatient activity based upon the amount of outpatient revenue.

CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION
dba CENTRAL WASHINGTON HOSPITAL
SUMMARY OF OPERATIONS

December 31, 2011		Year Ended December 31, 2010			
Per Adjusted Admission (Unaudited)	Percent (Rounded)	Amount	Per Adjusted Patient Day (Unaudited)	Per Adjusted Admission (Unaudited)	Percent (Rounded)
$ 25,508	100 0	$ 344,305,945	$ 6,361	$ 23,325	100 0
(13,199)	(51 7)	(170,560,623)	(3,151)	(11,555)	(49 5)
12,309	48 3	173,745,322	3,210	11,770	50 5
264	1 0	2,747,540	51	186	0 8
12,573	49 3	176,492,862	3,261	11,956	51 3
5,752	22 6	81,041,425	1,497	5,490	23 5
1,453	5.7	20,166,854	373	1,366	5.9
706	2 8	10,225,593	189	693	3 0
2,399	9.4	36,242,486	670	2,455	10.5
839	3 3	10,917,012	202	740	3 2
907	3 6	9,136,151	169	619	2 7
118	0 5	509,070	9	34	0 1
368	1 4	476,825	9	32	0 1
606	2 4	6,810,329	126	461	2 0
13,148	51 5	175,525,745	3,244	11,890	51 0
(575)	(2 3)	967,117	17	66	0 3
230	0 9	2,753,960	51	187	0 8
(345)	(1 4)	3,721,077	68	253	1 1
(175)	(0 7)	3,232,633	60	219	0 9
159	0 6	200,000	4	14	0 1
$ (361)	(1 4)	$ 7,153,710	$ 132	$ 486	2 1
			54,129		
14,476				14,761	

CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION
dba CENTRAL WASHINGTON HOSPITAL
GROSS PATIENT SERVICE REVENUE

	Years Ended December 31, 2011	2010
DAILY PATIENT SERVICES		
Nursing service	$ 51,517,239	$ 45,304,113
Obstetrics	4,748,638	3,804,903
Nursery	2,705,504	2,427,734
Neonatal intensive care	2,267,116	1,995,436
Critical care	14,670,659	12,183,754
	75,909,156	65,715,940
TRANSITIONAL CARE SERVICES[1]	61,047	-
PHYSICIAN SERVICES	18,387,827	18,171,101
OTHER NURSING SERVICES		
Surgery	28,681,495	27,954,705
Post-anesthesia care unit	2,859,820	2,832,412
Ambulatory care	773,733	1,698,781
Labor and delivery	9,776,664	8,926,230
Dialysis	5,559,589	5,735,365
Emergency service	28,910,965	29,641,287
Anesthesiology	2,390,807	2,344,552
	78,953,073	79,133,332
OTHER PROFESSIONAL SERVICES[2]		
Central services	67,162,097	54,614,797
Laboratory and blood administration	25,928,690	26,068,607
Electrocardiology	1,116,603	1,125,447
C T scan	10,831,046	11,285,802
Diagnostic imaging	22,984,756	22,164,533
Diagnostic and interventional cardiology	7,625,382	6,726,875
Diagnostic imaging electrophysiology	3,100,733	3,842,908
Pharmacy	33,295,104	33,972,911
Home infusion services	2,678,117	2,485,090
Respiratory therapy	7,177,292	6,671,279
Physical and speech therapy	5,040,162	4,672,708
Occupational therapy	1,219,349	1,121,958
Home health services	6,581,242	5,568,840
Other	1,206,118	963,817
	195,946,691	181,285,572
GROSS PATIENT SERVICE REVENUE[3]	$ 369,257,794	$ 344,305,945

[1]Transitional care services closed in August 2009 due to the hospital expansion project. It was reopened in December of 2011.

[2]Other professional services include services provided for the transitional care unit in the amounts of $81,292 and $0 in 2011 and 2010, respectively.

[3]For purposes of supplementary information only, gross patient service revenue includes charity care of $5,926,279 and $6,792,873, and bad debt of $6,745,902 and $6,464,286 in 2011 and 2010, respectively.

CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION
dba CENTRAL WASHINGTON HOSPITAL
DEDUCTIONS FROM GROSS PATIENT SERVICE REVENUE AND OTHER REVENUE

	Years Ended December 31,	
	2011	2010
DEDUCTIONS FROM GROSS PATIENT SERVICE REVENUE		
Contractual adjustments and other	$ 178,395,155	$ 157,303,464
Provision for bad debts	6,745,902	6,464,286
Charity care	5,926,279	6,792,873
	$ 191,067,336	$ 170,560,623
OTHER REVENUE		
Cafeteria	$ 1,096,977	$ 1,099,880
Employee pharmacy sales	261,634	290,485
Purchase discounts and rebates	37,319	41,523
Other	477,848	376,168
Meaningful Use	1,018,130	-
Interest income	260,356	253,154
Grants and donations	449,951	447,012
Sale of DME	175,962	163,745
State trauma funds	49,783	75,573
	$ 3,827,960	$ 2,747,540

CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION
dba CENTRAL WASHINGTON HOSPITAL
PROFESSIONAL CARE OF PATIENT EXPENSES
YEAR ENDED DECEMBER 31, 2011

	Salaries and Benefits	Other	Total
DAILY PATIENT SERVICES			
Nursing service	$ 17,395,007	$ 643,647	$ 18,038,654
Obstetrics	1,850,512	98,243	1,948,755
Nursery	-	-	-
Neonatal intensive care	881,827	44,657	926,484
Critical care	4,289,062	480,509	4,769,571
	24,416,408	1,267,056	25,683,464
TRANSITIONAL CARE SERVICES	196,946	12,946	209,892
PHYSICIAN SERVICES[1]	10,406,006	1,949,924	12,355,930
OTHER NURSING SERVICES			
Surgery	4,554,323	2,426,786	6,981,109
Post-anesthesia care unit	1,326,523	26,940	1,353,463
Ambulatory care	1,495,176	67,123	1,562,299
Labor and delivery	2,515,315	218,565	2,733,880
Dialysis	1,566,034	702,135	2,268,169
Emergency services	3,718,590	2,950,126	6,668,716
Anesthesiology	428,490	923,269	1,351,759
	15,604,451	7,314,944	22,919,395
OTHER PROFESSIONAL SERVICES			
Central services	804,663	17,805,781	18,610,444
Laboratory and blood administration	3,022,359	4,334,384	7,356,743
Electrocardiology	74,788	13,325	88,113
C T scan	742,035	297,201	1,039,236
Diagnostic imaging	4,194,756	1,574,452	5,769,208
Diagnostic and interventional cardiology	593,800	640,005	1,233,805
Diagnostic imaging electrophysiology	359,735	212,228	571,963
Pharmacy	3,682,624	6,438,784	10,121,408
Home infusion services	655,441	1,446,091	2,101,532
Respiratory therapy	1,956,667	198,331	2,154,998
Physical and speech therapy	2,562,162	163,401	2,725,563
Occupational therapy	474,710	87,639	562,349
Home health services	4,139,129	1,028,516	5,167,645
Other	492,234	77,845	570,079
	23,755,103	34,317,983	58,073,086
TOTAL PROFESSIONAL CARE OF PATIENT EXPENSES	$ 74,378,914	$ 44,862,853	$ 119,241,767

[1]Physician services exclude medical malpractice costs of $268,544 and $312,151, and depreciation expense of $350,180 and $366,497 in 2011 and 2010, respectively.

CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION
dba CENTRAL WASHINGTON HOSPITAL
PROFESSIONAL CARE OF PATIENT EXPENSES
YEAR ENDED DECEMBER 31, 2010

	Salaries and Benefits	Other	Total
DAILY PATIENT SERVICES			
Nursing service	$ 17,001,674	$ 685,886	$ 17,687,560
Obstetrics	1,577,739	60,109	1,637,848
Nursery	7,096	-	7,096
Neonatal intensive care	828,371	29,971	858,342
Critical care	4,081,460	352,107	4,433,567
	23,496,340	1,128,073	24,624,413
TRANSITIONAL CARE SERVICES	-	-	-
PHYSICIAN SERVICES[1]	10,418,378	1,912,295	12,330,673
OTHER NURSING SERVICES			
Surgery	4,819,483	2,846,490	7,665,973
Post-anesthesia care unit	1,342,096	32,787	1,374,883
Ambulatory care	2,170,329	90,261	2,260,590
Labor and delivery	2,234,882	301,866	2,536,748
Dialysis	1,619,170	785,336	2,404,506
Emergency services	3,901,806	3,265,269	7,167,075
Anesthesiology	433,867	948,496	1,382,363
	16,521,633	8,270,505	24,792,138
OTHER PROFESSIONAL SERVICES			
Central services	790,563	17,624,223	18,414,786
Laboratory and blood administration	2,932,828	4,207,687	7,140,515
Electrocardiology	68,572	4,642	73,214
C T scan	814,280	285,874	1,100,154
Diagnostic imaging	4,131,437	1,491,984	5,623,421
Diagnostic and interventional cardiology	703,893	548,370	1,252,263
Diagnostic imaging electrophysiology	328,820	147,898	476,718
Pharmacy	3,732,903	7,582,627	11,315,530
Home infusion services	735,199	1,357,104	2,092,303
Respiratory therapy	1,885,978	242,376	2,128,354
Physical and speech therapy	2,425,624	188,255	2,613,879
Occupational therapy	464,673	15,227	479,900
Home health services	3,648,172	765,113	4,413,285
Other	491,143	146,157	637,300
	23,154,085	34,607,537	57,761,622
TOTAL PROFESSIONAL CARE OF PATIENT EXPENSES	$ 73,590,436	$ 45,918,410	$ 119,508,846

CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION
dba CENTRAL WASHINGTON HOSPITAL
OTHER OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2011

	Salaries and Benefits	Other	Total
GENERAL SERVICES			
Dietary services	$ 2,012,649	$ 835,856	$ 2,848,505
Laundry	436,320	134,202	570,522
Supply chain management and print shop	1,159,347	996,639	2,155,986
Engineering services	1,225,371	1,866,409	3,091,780
Environmental service	1,968,182	239,380	2,207,562
Care management team	2,345,011	29,720	2,374,731
	$ 9,146,880	$ 4,102,206	$ 13,249,086
FINANCIAL AND ADMINISTRATIVE SERVICES			
Financial services[1]	$ 9,476,459	$ 6,719,573	$ 16,196,032
Administrative services[2]	8,032,022	5,309,480	13,341,502
Insurance, taxes, and licenses	-	4,866,173	4,866,173
	$ 17,508,481	$ 16,895,226	$ 34,403,707
OTHER EMPLOYEE BENEFITS[3]	$ 3,269,564	$ -	$ 3,269,564
MEDICAL MALPRACTICE COSTS	$ -	$ 1,709,889	$ 1,709,889
DEPRECIATION AND AMORTIZATION	$ -	$ 13,134,715	$ 13,134,715
INTEREST EXPENSE	$ -	$ 5,329,958	$ 5,329,958
TOTAL EXPENSES	$ 104,303,839	$ 86,034,847	$ 190,338,686

[1]Financial services include the following departments: accounting, admitting, communications, information systems, health information management, transcription, patient accounts, and decision support.

[2]Administrative services include the following departments: administration, community relations, corporate compliance, development office, occupational health, quality care management, human resources, education, medical staff, nursing administration and education, and switchboard.

[3]Other employee benefits include benefits not charged directly to departments, such as unemployment taxes and state industrial insurance, and an early retirement program offered in 2011.

CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION
dba CENTRAL WASHINGTON HOSPITAL
OTHER OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2010

	Salaries and Benefits	Other	Total
GENERAL SERVICES			
Dietary services	$ 2,025,149	$ 821,911	$ 2,847,060
Laundry	433,588	128,311	561,899
Supply chain management and print shop	1,104,335	871,591	1,975,926
Engineering services	1,152,193	2,054,411	3,206,604
Environmental service	1,812,333	202,854	2,015,187
Care management team	1,661,292	113,844	1,775,136
	$ 8,188,890	$ 4,192,922	$ 12,381,812
FINANCIAL AND ADMINISTRATIVE SERVICES			
Financial services[1]	$ 9,466,517	$ 6,363,585	$ 15,830,102
Administrative services[2]	7,984,920	4,513,392	12,498,312
Insurance, taxes, and licenses	-	3,207,111	3,207,111
	$ 17,451,437	$ 14,084,088	$ 31,535,525
OTHER EMPLOYEE BENEFITS[3]	$ 1,977,516	$ -	$ 1,977,516
MEDICAL MALPRACTICE COSTS	$ -	$ 509,070	$ 509,070
DEPRECIATION AND AMORTIZATION	$ -	$ 9,136,151	$ 9,136,151
INTEREST EXPENSE	$ -	$ 476,825	$ 476,825
TOTAL EXPENSES	$ 101,208,279	$ 74,317,466	$ 175,525,745

MOSS-ADAMS LLP
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REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
Central Washington Health Services Association
dba Central Washington Hospital

We have audited the financial statements of Central Washington Health Services Association, dba Central Washington Hospital (the Association), as of and for the year ended December 31, 2011, and have issued our report thereon dated April 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Association is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Association's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, Board of Directors, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams LLP

Everett, Washington
April 27, 2012

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REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Board of Directors
Central Washington Health Services Association
dba Central Washington Hospital

Compliance

We have audited the Central Washington Health Services Association's, dba Central Washington Hospital (the Association), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Association's major federal programs for the year ended December 31, 2011. The Association's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Association's management. Our responsibility is to express an opinion on the Association's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Association's compliance with those requirements.

In our opinion, the Association complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2011-01.

Internal Control Over Compliance

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Association's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as 2011-01. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Association's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Association's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, Board of Directors, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams LLP

Everett, Washington
April 27, 2012

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: *unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes ___X___ no
- Significant deficiency(ies) identified: _____ yes ___X___ none reported

Noncompliance material to financial statements noted? _____ yes ___X___ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes ___X___ no
- Significant deficiency(ies) identified: ___X___ yes _____ none reported

Type of auditors' report issued on compliance for major programs: *unqualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? ___X___ yes _____ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.887	Department of Health and Human Services Health Resources and Services Administration Health Care and Other Facilities

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee? _____ yes ___X___ no

II. FINANCIAL STATEMENT FINDINGS

None

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2011-01 - Reporting

Federal Program: Health Care and Other Facilities #93.887

Federal Agency: Department of Health and Human Services, passed-through Health Resources and Services Administration

Award Year: 2011

Criteria: OMB Circular A-110 Section 52 requires recipients to submit a final financial report at the completion of the grant agreement.

Condition/Context: We noted during our testing of Central Washington Health Services Association dba Central Washington Hospital's (the Association) major program that the final financial report was not filed before the required submission date.

Questioned Costs: None to be reported.

Effect: The late submission of the report did not allow the related agencies access to the Association's program information on a timely basis.

Cause: The Association was not aware of the reporting requirement until after the related deadline had passed.

Recommendation: Moss Adams recommends that the Association develop and implement policies to ensure the required reporting is performed in compliance with the grant agreement. In addition, we further recommend that the Association establish a monitoring or oversight mechanism to ensure compliance with these procedures.

Management Response: Central Washington Hospital has updated internal policy, Grant Funds OF-71, to ensure that the OMB compliance matrix and the CFDA are referenced upon grant approval. These two sources will help the Hospital with the grant requirements and provide a guideline for reporting. The updated policy also provides a framework so that any draw downs of Federal funds are reviewed and approved by the CFO or Director of Accounting and any required reports are reviewed before submittal by someone other than the preparer.

SUPPLEMENTARY INFORMATION RELATED TO OMB CIRCULAR A-133

CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION
dba CENTRAL WASHINGTON HOSPITAL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2011

Program Name	Federal CFDA Number	Grant Identification Number	Term of Grant	Total Award Amount	Current Year Expenditures
Department of Health and Human Services Pass-Through Program From Health Resources and Services Administration					
Health Care and Other Facilities	93.887	C76HF19310	08/1/10 - 07/31/11	$ 594,000	$ 594,000
Total Department of Health and Human Services					594,000
Total expenditures of federal awards					$ 594,000

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Central Washington Health Services Association, dba Central Washington Hospital (the Association), under programs of the federal government for the year ended December 31, 2011. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the Association, it is not intended to and does not present the balance sheet, statement of operations, statement of changes in net assets or statement of cash flows of the Association.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.