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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493256006413

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 11-01-2011 and ending 10-31-2012

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

C Name of organization
YAKIMA VALLEY MEMORIAL HOSPITAL

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
2811 TIETON DRIVE

City or town, state or country, and ZIP + 4
YAKIMA, WA 989023799

D Employer identification number
91-0567263

E Telephone number
(509) 575-8000

G Gross receipts $ 359,951,681

F Name and address of principal officer
RICHARD W LINNEWEH JR
2811 TIETON DRIVE
YAKIMA, WA 989023799

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 YAKIMAMEMORIAL ORG

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

L Year of formation 1950

M State of legal domicile WA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
YAKIMA VALLEY MEMORIAL HOSPITAL'S MISSION IS TO IMPROVE THE HEALTH OF THOSE WE SERVE WE HAVE 226 INPATIENT BEDS AND ALSO PROVIDE NUMEROUS DIAGNOSTIC AND THERAPEUTIC SERVICES ON AN OUTPATIENT BASIS

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**	14
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	14
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	2,819
6	Total number of volunteers (estimate if necessary)	**6**	578
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	35,839,477
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-16,774,324

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	5,169,909	7,867,263
	9 Program service revenue (Part VIII, line 2g)	284,491,296	311,839,705
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	928,394	3,237,582
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	33,739,753	34,977,663
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	324,329,352	357,922,213
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	178,123,228	200,316,254
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	149,012,403	164,120,297
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	327,135,631	364,436,551
	19 Revenue less expenses Subtract line 18 from line 12	-2,806,279	-6,514,338

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	252,633,872	254,524,051
	21 Total liabilities (Part X, line 26)	133,348,803	155,696,480
	22 Net assets or fund balances Subtract line 21 from line 20	119,285,069	98,827,571

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

****** | 2013-09-13
Signature of officer | Date

RICHARD W LINNEWEH JR PRESIDENT
Type or print name and title

Paid Preparer's Use Only

Preparer's signature | Date | Check if self-employed ☐ | Preparer's taxpayer identification number (see instructions)

Firm's name (or yours if self-employed), address, and ZIP + 4 | EIN ▶ | Phone no ▶

May the IRS discuss this return with the preparer shown above? (see instructions) ☐ Yes ☐ No

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

YAKIMA VALLEY MEMORIAL HOSPITAL'S MISSION IS TO IMPROVE THE HEALTH OF THOSE WE SERVE WE HAVE 226 INPATIENT BEDS AND ALSO PROVIDE NUMEROUS DIAGNOSTIC AND THERAPEUTIC SERVICES ON AN OUTPATIENT BASIS

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 $ 127,203,086 including grants of $) (Revenue $ 182,397,314)

YAKIMA VALLEY MEMORIAL HOSPITAL SERVED 444,405 OUTPATIENT VISITS FOR VARIOUS SERVICES INCLUDING SURGERY, CANCER CARE, DIAGNOSTIC TESTING, AND THERAPEUTIC SERVICES THOSE OUTPATIENT SERVICES WERE OFFERED IN A MANNER CONSISTENT WITH THE HOSPITAL'S 501(C)(3) STATUS THE INTENT OF THE SERVICES IS TO SERVE THE HEALTH CARE NEEDS OF THE COMMUNITY CHARITY CARE IS PROVIDED PER THE TERMS OF THE HOSPITAL'S CHARITY CARE POLICY THE HOSPITAL ALSO PROVIDES NUMEROUS EDUCATIONAL SERVICES FOR STUDENT PHYSICIANS, NURSES, AND ALLIED HEALTH CARE PROFESSIONALS

4b (Code) (Expenses $ 90,893,679 including grants of $) (Revenue $ 128,993,886)

YAKIMA VALLEY MEMORIAL HOSPITAL ADMITTED 14,272 PATIENTS FOR A TOTAL OF 52,799 PATIENT DAYS THOSE INPATIENT SERVICES WERE OFFERED IN A MANNER CONSISTENT WITH THE HOSPITAL'S 501(C)(3) STATUS THE INTENT OF THE SERVICES IS TO SERVE THE HEALTH CARE NEEDS OF THE COMMUNITY CHARITY CARE IS PROVIDED PER THE TERMS OF THE HOSPITAL'S CHARITY CARE POLICY THE HOSPITAL ALSO PROVIDES NUMEROUS EDUCATIONAL SERVICES FOR STUDENT PHYSICIANS, NURSES, AND ALLIED HEALTH CARE PROFESSIONALS

4c (Code) (Expenses $ 16,543,844 including grants of $) (Revenue $ 401,974)

YAKIMA VALLEY MEMORIAL HOSPITAL PROVIDES DIRECT SUPPORTING SERVICES TO BETTER ASSIST IN PROVIDING BOTH INPATIENT AND OUTPATIENT SERVICES, BUT NOT DIRECTLY IDENTIFIABLE WITH EITHER INPATIENT OR OUTPATIENT SERVICES PROVIDED THESE SERVICES WERE OFFERED IN A MANNER CONSISTENT WITH THE HOSPITAL'S 501(C)(3) STATUS THE INTENT OF THE SERVICES IS TO SERVE THE HEALTH CARE NEEDS OF THE COMMUNITY CHARITY CARE IS PROVIDED PER THE TERMS OF THE HOSPITAL'S CHARITY CARE POLICY THE HOSPITAL ALSO PROVIDES NUMEROUS EDUCATIONAL SERVICES FOR STUDENT PHYSICIANS, NURSES, AND ALLIED HEALTH CARE PROFESSIONALS

(Code) (Expenses $ 7,132,551 including grants of $ 0) (Revenue $ 46,531)

COORDINATION OF CHILDREN'S SERVICES, RESIDENCY PROGRAMS, COMMUNITY EDUCATION REGARDING HEALTH ISSUES

4d Other program services (Describe in Schedule O)

(Expenses $ 7,132,551 including grants of $) (Revenue $ 46,531)

4e **Total program service expenses** ▶ $ 241,773,160

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		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, 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		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** 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**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
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**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
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**	261		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	2,819			
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	14		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	14		
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	Yes	
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	Yes	
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 ▶

ACCOUNTING DEPARTMENT
3800 SUMMITVIEW
YAKIMA, WA 98902
(509) 575-8070

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) BILL DOLSEN CHAIRMAN	6 00	X		X				0	0	0
(2) JIM BERG VICE-CHAIRMAN	6 00	X		X				0	0	0
(3) THOMAS STOKES SECRETARY-TREASURER	6 00	X		X				0	0	0
(4) SCOTT WAGNER SECRETARY-TREASURER	6 00	X		X				0	0	0
(5) BUFFY ALEGRIA TRUSTEE	2 00	X						0	0	0
(6) CONNIE FARINA TRUSTEE	2 00	X						0	0	0
(7) BILL FELDMANN TRUSTEE	2 00	X						0	0	0
(8) ROSS KATZ TRUSTEE	2 00	X						0	0	0
(9) LISA SHIELDS LONG TRUSTEE	2 00	X						0	0	0
(10) CRAIG MENDENHALL TRUSTEE	2 00	X						0	0	0
(11) BRIAN PADILLA TRUSTEE	2 00	X						0	0	0
(12) KEITH RIFFE TRUSTEE	2 00	X						0	0	0
(13) DUANE ROSSMAN TRUSTEE	2 00	X						0	0	0
(14) BENJAMIN SORIA TRUSTEE	2 00	X						0	0	0
(15) DARCI SWANSON TRUSTEE	2 00	X						0	0	0
(16) ROGER VIELBIG TRUSTEE	2 00	X						0	0	0
(17) RICHARD W LINNEWEH JR PRESIDENT/CEO	40 00				X			523,731	0	38,634

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) RUSSELL M MYERS VICE PRESIDENT/COO	40 00				X			294,205	0	-90,692
(19) DALE S OLANDER VICE PRESIDENT/CFO	40 00				X			161,637	0	66,274
(20) BRETT QUAVE PHYSICIAN	40 00					X		787,189	0	36,677
(21) GEORGE GADE PHYSICIAN	40 00					X		0	720,715	32,326
(22) AMARNATH RAMAKRISHNAN PHYSICIAN	40 00					X		0	530,268	32,326
(23) GILBERT K ONG PHYSICIAN	40 00					X		0	493,566	32,326
(24) JUSTIN A ROBINSON PHYSICIAN	40 00					X		0	478,068	32,326
(25) JOHN G VORNBROCK FORMER CFO	40 00						X	1,522,000	0	23,854
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								3,288,762	2,222,617	204,051

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 ▶ 280

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
EMERGENCY ASSOCIATES OF YAKIMA 2811 TIETON DR YAKIMA, WA 98902	MEDICAL SERVICES	6,790,665
PHYSICIAN ANESTHESIA ASSOCIATION 406 S 30TH AVE YAKIMA, WA 98902	MEDICAL SERVICES	2,090,000
COMMUNITY HEALTH OF CENTRAL WASHINGTON 1806 W LINCOLN AVE YAKIMA, WA 98902	SUPPORT OF RESIDENCY PROGRAM	1,493,330
YAKIMA HEART CENTER 406 S 30TH AVE YAKIMA, WA 98902	MEDICAL SERVICES	1,448,029
MEDICAL CENTER LABORATORY 1120 W SPRUCE YAKIMA, WA 98902	MEDICAL SERVICES	1,174,158

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 ▶ 41

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	1,570,640			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	6,296,623			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		7,867,263			
Program Service Revenue			Business Code				
	2a	NET PATIENT REVENUES	900099	311,214,444	311,214,444		
	b	EDUC CLASSES AND CONV	900099	625,261	625,261		
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		311,839,705			
	3	Investment income (including dividends, interest and other similar amounts)		3,213,163			3,213,163
	4	Income from investment of tax-exempt bond proceeds		50,983			50,983
	5	Royalties					
			(i) Real / (ii) Personal				
	6a	Gross rents	1,857,366				
	b	Less rental expenses	1,920,659				
	c	Rental income or (loss)	-63,293				
	d	Net rental income or (loss)		-63,293		-25,209	-38,084
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	82,245				
	b	Less cost or other basis and sales expenses	108,809				
	c	Gain or (loss)	-26,564				
	d	Net gain or (loss)		-26,564			-26,564
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	MEMORIAL PHYSICIANS	621110	34,633,146		34,633,146	
	b	CAFE	722210	1,675,376			1,675,376
	c	LABORATORY SERVICES	621500	1,155,647		1,155,647	
	d	All other revenue		-2,423,213		75,893	-2,499,106
	e	**Total.** Add lines 11a–11d		35,040,956			
	12	**Total revenue.** See Instructions		357,922,213	311,839,705	35,839,477	2,375,768

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	1,425,886		1,425,886	
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	143,133,169	89,379,104	53,754,065	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	21,849,707	13,643,988	8,205,719	
9	Other employee benefits	23,000,123	14,362,362	8,637,761	
10	Payroll taxes	10,907,369	6,811,076	4,096,293	
11	Fees for services (non-employees)				
a	Management				
b	Legal	1,906,741	265	1,906,476	
c	Accounting	123,888		123,888	
d	Lobbying	105,354		105,354	
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees				
g	Other	52,156,879	39,322,236	12,834,643	
12	Advertising and promotion				
13	Office expenses	68,479,888	59,667,492	8,812,396	
14	Information technology	3,102,963		3,102,963	
15	Royalties . .				
16	Occupancy	6,445,251	1,878,539	4,566,712	
17	Travel	858,246	405,463	452,783	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	2,728,177		2,728,177	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	16,109,083	14,800,393	1,308,690	
23	Insurance	2,822,278	1,406,312	1,415,966	
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	LICENSES AND TAXES	9,119,619		9,119,619	
b	MALPRACTICE OUT OF POCK	95,930	95,930		
c	ANNUITY	66,000		66,000	
d					
e					
f	All other expenses				
25	**Total functional expenses.** Add lines 1 through 24f	364,436,551	241,773,160	122,663,391	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		566,669	1	1,792,596
	2	Savings and temporary cash investments		2,113,773	2	3,156,782
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		47,315,522	4	52,693,345
	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		1,823,559	7	1,424,165
	8	Inventories for sale or use		5,800,802	8	6,102,598
	9	Prepaid expenses and deferred charges		6,759,682	9	6,165,488
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 298,080,290			
	b	Less accumulated depreciation	10b 173,831,942	109,695,633	10c	124,248,348
	11	Investments—publicly traded securities		45,367,827	11	51,967,624
	12	Investments—other securities See Part IV, line 11			12	3,012,154
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		40,412	14	1,770,629
	15	Other assets See Part IV, line 11		33,149,993	15	2,190,322
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		252,633,872	16	254,524,051
Liabilities	17	Accounts payable and accrued expenses		78,421,771	17	75,916,254
	18	Grants payable			18	
	19	Deferred revenue		320,033	19	208,559
	20	Tax-exempt bond liabilities		49,278,712	20	64,017,781
	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		4,964,632	23	5,665,617
	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		363,655	25	9,888,269
	26	**Total liabilities.** Add lines 17 through 25		133,348,803	26	155,696,480
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		111,965,070	27	97,680,771
	28	Temporarily restricted net assets		7,007,314	28	1,146,800
	29	Permanently restricted net assets		312,685	29	0
		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		119,285,069	33	98,827,571
	34	Total liabilities and net assets/fund balances		252,633,872	34	254,524,051

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	357,922,213
2	Total expenses (must equal Part IX, column (A), line 25)	2	364,436,551
3	Revenue less expenses Subtract line 2 from line 1	3	-6,514,338
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	119,285,069
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-13,943,160
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	98,827,571

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	

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493256006413

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
YAKIMA VALLEY MEMORIAL HOSPITAL

Employer identification number
91-0567263

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? Yes	(iv) No	(v) Did you notify the organization in col (i) of your support? Yes	(v) No	(vi) Is the organization in col (i) organized in the U S ? Yes	(vi) No	(vii) Amount of support?
Total									

Part II **Support Schedule for Organizations Described in 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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493256006413

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
YAKIMA VALLEY MEMORIAL HOSPITAL	91-0567263

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		
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		105,354
j	Total lines 1c through 1i			105,354
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	PART II-B LINE 1I THE HOSPITAL PAID LOBBYING EXPENSES AS A PORTION OF VARIOUS ORGANIZATION MEMBERSHIPS A TOTAL OF $45,354 WE ALSO PAID TWO COMPANIES FOR LEGISLATIVE CONSULTING AND LOBBYING A TOTAL AMOUNT OF $60,000

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493256006413

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
YAKIMA VALLEY MEMORIAL HOSPITAL

Employer identification number
91-0567263

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		13,221,237		13,221,237
b Buildings	6,624,411	89,116,019	47,687,379	48,053,051
c Leasehold improvements		8,974,882	3,640,835	5,334,047
d Equipment		171,476,044	118,751,189	52,724,855
e Other		8,667,697	3,752,539	4,915,158
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				124,248,348

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	
ANNUITY LIABILITY	187,994
LEASE PAYABLE	258,337
NOTE PAYABLE	19,044
LINE OF CREDIT	9,262,538
REIMBURSEMENTS	160,356
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	9,888,269

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE HOSPITAL IS A NOT-FOR-PROFIT CORPORATION AND HAS BEEN RECOGNIZED AS TAX EXEMPT PURSUANT TO SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE (IRC) THE HOSPITAL IS EXEMPT FROM FEDERAL INCOME TAX UNDER SECTION 501(C)(3) OF THE IRC EXCEPT TO THE EXTENT OF UNRELATED BUSINESS TAXABLE INCOME AS DEFINED UNDER IRC SECTIONS 511 THROUGH 515 EFFECTIVE NOVEMBER 1, 2009, THE HOSPITAL HAS ADOPTED ACCOUNTING FOR UNCERTAIN TAX POSITIONS THE ACCOUNTING STANDARD PRESCRIBES A RECOGNITION THRESHOLD AND MEASUREMENT PROCESS FOR UNCERTAIN TAX POSITIONS THE HOSPITAL HAD NO UNCERTAIN TAX POSITIONS AS OF OCTOBER 31, 2012 AND 2011 REQUIRING ACCRUAL

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493256006413

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
YAKIMA VALLEY MEMORIAL HOSPITAL

Employer identification number
91-0567263

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 _____ %	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	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit reportduring the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	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)			8,577,982		8,577,982	2 350 %
b Medicaid (from Worksheet 3, column a)			70,322,830	50,597,836	19,724,994	5 410 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			78,900,812	50,597,836	28,302,976	7 760 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			3,766,862	376,046	3,390,816	0 930 %
f Health professions education (from Worksheet 5)			1,439,822		1,439,822	0 400 %
g Subsidized health services (from Worksheet 6)			4,169,439		4,169,439	1 140 %
h Research (from Worksheet 7)			487,661	74,526	413,135	0 110 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			396,841		396,841	0 110 %
j **Total** Other Benefits			10,260,625	450,572	9,810,053	2 690 %
k **Total.** Add lines 7d and 7j			89,161,437	51,048,408	38,113,029	10 450 %

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			3,073		3,073	0 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development						
9	Other			1,349,993		1,349,993	0 370 %
10	**Total**			1,353,066		1,353,066	0 370 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense	2	4,714,842		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	0		
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	100,536,578
6	Enter Medicare allowable costs of care relating to payments on line 5	6	133,964,081
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-33,427,503
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			No

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	YAKIMA VALLEY MEMORIAL HOSPITAL ASSOC 2811 TIETON DRIVE YAKIMA,WA 98902	X	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)

YAKIMA VALLEY MEMORIAL 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 300 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	Yes	
	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? **19**

	Name and address	Type of Facility (Describe)
1	See Additional Data Table	
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 THE HOSPITAL USED RATIO OF PATIENT CARE COST TO CHARGES METHODOLOGY TO CALCULATE THE AMOUNT REPORTED IN THE TABLE DERIVED FROM WORKSHEETS 1 AND 2

Identifier	ReturnReference	Explanation
	LINE 1 PART I, LINE 7G	THE AMOUNTS LISTED ON THIS LINE ARE FOR OPERATING LOSSES OF VARIOUS PHYSICIAN CLINICS THAT OPERATE AT A LOSS

Identifier	ReturnReference	Explanation
		PART II #3 COMMUNITY SUPPORT - STAFF MEMBERS ATTEND MEETINGS AND PARTICIPATE ON THE COMMITTEE FOR THE COMMUNITY/REGION/COUNTY TO PLAN AND PRACTICE REGIONAL EMERGENCY RESPONSE FOR DISASTERS #9 OTHER COMMUNITY BUILDING ACTIVITIES - FINANCIAL SUPPORT OF ONCOLOGY CANCER CARE, CHILDRENS SERVICES, AND OTHER UNMET COMMUNITY HEALTH NEEDS

Identifier	ReturnReference	Explanation
		PART III, LINE 4 THE HOSPITAL USED RATIO OF PATIENT CARE COST TO CHARGES METHODOLOGY TO CALCULATE THE AMOUNT ON LINE 2 OUR FINANCIAL STATEMENTS DO NOT INCLUDE A FOOTNOTE REGARDING BAD DEBT AND REPORT BAD DEBT AS AN OFFSET TO PATIENT REVENUES

Identifier	ReturnReference	Explanation
		PART III, LINE 8 TO THE EXTENT THAT COSTS (USING THE MEDICARE COST REPORT) EXCEED CHARGES, THIS SHORTFALL SHOULD BE REGARDED AS COMMUNITY BENEFIT BECAUSE WE TREAT AND MAINTAIN THE HEALTH OF OUR LARGE LOCAL MEDICARE POPULATION DESPITE THE NECESSARY SUBSIDIZATION OF THESE HEALTH BENEFITS

Identifier	ReturnReference	Explanation
		PART III, LINE 9B THE HOSPITAL'S COLLECTION POLICY DOESN'T ADDRESS COLLECTION PRACTICES TO BE FOLLOWED FOR PATIENTS WHO ARE KNOWN TO QUALIFY FOR CHARITY OR FINANCIAL ASSISTANCE

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 UTILIZED DATA FROM COUNTY PUBLIC HEALTH ASSESSMENT

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 WE HAVE A CHARITY CARE POLICY WHICH HAS RECEIVED STATE APPROVAL THERE ARE NUMEROUS MECHANISMS DOCUMENTED UNDER THE POLICY FOR INFORMING AND EDUCATING PATIENTS AND GUARANTORS

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 THE COMMUNITY SERVED IS PRIMARILY RESIDENTS OF YAKIMA COUNTY, WASHINGTON (POPULATION 243,231), WITH A SMALL PERCENTAGE (LESS THAN 15%) FROM OUTLYING AREAS OUR COMMUNITY IS COMPRISED OF 21 8% OF PERSONS BELOW POVERTY LEVEL, 45% OF PERSONS OF HISPANIC OR LATINO ORIGIN AND 47 7% OF PERSONS OF WHITE NON-HISPANIC OR LATINO ORIGIN

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 YAKIMA VALLEY MEMORIAL HOSPITAL IS COMMITTED TO LEADING, FACILITATING, PARTNERING AND PROMOTING THE HEALTH OF CENTRAL WASHINGTON THE PROMOTION OF COMMUNITY HEALTH IS ACCOMPLISHED THROUGH COLLABORATIONS, RESEARCH BASED EDUCATION AND INTERVENTIONS FOCUSED ON AREAS OF GREATEST NEED, CHILDREN (INCLUDING CHILDREN WITH SPECIAL HEALTH CARE NEEDS), ADULTS WITH CHRONIC HEALTH ISSUES, AND THOSE LIVING IN POVERTY

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 YAKIMA MEMORIAL HOSPITAL IS NOT PART OF AN AFFILIATED HEALTHCARE SYSTEM

Additional Data

Software ID:
Software Version:
EIN: 91-0567263
Name: YAKIMA VALLEY MEMORIAL HOSPITAL

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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? **19** Name and address	Type of Facility (Describe)
YAKIMA GASTROENTEROLOGY ASSOCIATES 3909 CREEKSIDE LOOP YAKIMA, WA 98902	OUTPATIENT PHYSICIAN CLINIC
YAKIMA GASTROENTEROLOGY ASSOCIATES 3909 CREEKSIDE LOOP YAKIMA, WA 98902	OUTPATIENT PHYSICIAN CLINIC
YAKIMA GASTROENTEROLOGY ASSOCIATES 3909 CREEKSIDE LOOP YAKIMA, WA 98902	OUTPATIENT PHYSICIAN CLINIC
YAKIMA GASTROENTEROLOGY ASSOCIATES 3909 CREEKSIDE LOOP YAKIMA, WA 98902	OUTPATIENT PHYSICIAN CLINIC
YAKIMA GASTROENTEROLOGY ASSOCIATES 3909 CREEKSIDE LOOP YAKIMA, WA 98902	OUTPATIENT PHYSICIAN CLINIC
YAKIMA GASTROENTEROLOGY ASSOCIATES 3909 CREEKSIDE LOOP YAKIMA, WA 98902	OUTPATIENT PHYSICIAN CLINIC
YAKIMA GASTROENTEROLOGY ASSOCIATES 3909 CREEKSIDE LOOP YAKIMA, WA 98902	OUTPATIENT PHYSICIAN CLINIC
YAKIMA GASTROENTEROLOGY ASSOCIATES 3909 CREEKSIDE LOOP YAKIMA, WA 98902	OUTPATIENT PHYSICIAN CLINIC
YAKIMA GASTROENTEROLOGY ASSOCIATES 3909 CREEKSIDE LOOP YAKIMA, WA 98902	OUTPATIENT PHYSICIAN CLINIC
YAKIMA GASTROENTEROLOGY ASSOCIATES 3909 CREEKSIDE LOOP YAKIMA, WA 98902	OUTPATIENT PHYSICIAN CLINIC
YAKIMA GASTROENTEROLOGY ASSOCIATES 3909 CREEKSIDE LOOP YAKIMA, WA 98902	OUTPATIENT PHYSICIAN CLINIC
YAKIMA GASTROENTEROLOGY ASSOCIATES 3909 CREEKSIDE LOOP YAKIMA, WA 98902	OUTPATIENT PHYSICIAN CLINIC
YAKIMA GASTROENTEROLOGY ASSOCIATES 3909 CREEKSIDE LOOP YAKIMA, WA 98902	OUTPATIENT PHYSICIAN CLINIC
YAKIMA GASTROENTEROLOGY ASSOCIATES 3909 CREEKSIDE LOOP YAKIMA, WA 98902	OUTPATIENT PHYSICIAN CLINIC
YAKIMA GASTROENTEROLOGY ASSOCIATES 3909 CREEKSIDE LOOP YAKIMA, WA 98902	OUTPATIENT PHYSICIAN CLINIC
YAKIMA GASTROENTEROLOGY ASSOCIATES 3909 CREEKSIDE LOOP YAKIMA, WA 98902	OUTPATIENT PHYSICIAN CLINIC
YAKIMA GASTROENTEROLOGY ASSOCIATES 3909 CREEKSIDE LOOP YAKIMA, WA 98902	OUTPATIENT PHYSICIAN CLINIC
YAKIMA GASTROENTEROLOGY ASSOCIATES 3909 CREEKSIDE LOOP YAKIMA, WA 98902	OUTPATIENT PHYSICIAN CLINIC
YAKIMA GASTROENTEROLOGY ASSOCIATES 3909 CREEKSIDE LOOP YAKIMA, WA 98902	OUTPATIENT PHYSICIAN CLINIC

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493256006413

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
YAKIMA VALLEY MEMORIAL HOSPITAL

Employer identification number
91-0567263

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**		
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**		
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) RICHARD W LINNEWEH JR	(i)	523,731	0	0	19,600	19,034	562,365	0
	(ii)	0	0	0	0	0	0	0
(2) RUSSELL M MYERS	(i)	294,205	0	0	-108,823	18,131	203,513	0
	(ii)	0	0	0	0	0	0	0
(3) DALE S OLANDER	(i)	161,637	0	0	44,589	21,685	227,911	0
	(ii)	0	0	0	0	0	0	0
(4) BRETT QUAVE	(i)	459,851	327,338	0	13,900	22,777	823,866	0
	(ii)	0	0	0	0	0	0	0
(5) GEORGE GADE	(i)	0	0	0	0	0	0	0
	(ii)	720,000	0	715	32,326	0	753,041	0
(6) AMARNATH RAMAKRISHNAN	(i)	0	0	0	0	0	0	0
	(ii)	413,215	49,498	67,555	32,326	0	562,594	0
(7) GILBERT K ONG	(i)	0	0	0	0	0	0	0
	(ii)	413,215	42,170	38,181	32,326	0	525,892	0
(8) JUSTIN A ROBINSON	(i)	0	0	0	0	0	0	0
	(ii)	367,832	106,523	3,713	32,326	0	510,394	0
(9) JOHN G VORNBROCK	(i)	253,877	0	1,268,123	19,600	4,254	1,545,854	1,268,123
	(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	IN JULY 2002, THE HOSPITAL'S BOARD OF TRUSTEES ADOPTED A SALARY CONTINUATION PLAN (THE "PLAN"), IN THE FORM OF A NON-QUALIFIED RETIREMENT BENEFIT FOR SENIOR EXECUTIVES (CURRENTLY SEVEN PERSONS) THE RETIREMENT BENEFIT PROVIDED BY THE PLAN IS SUPPLEMENTARY TO THE HOSPITAL'S EMPLOYEE PENSION PLAN, TAX-DEFERRED ANNUITY RETIREMENT PLAN, 401(K) PLAN AND SOCIAL SECURITY RETIREMENT EARNINGS BENEFITS ARE CALCULATED AS THE DIFFERENCE BETWEEN THE PROJECTED AGE-65 VALUE OF THE AFOREMENTIONED BENEFITS AND 75% OF THE LUMP SUM AT AGE 65 NO BENEFITS UNDER THE PLAN ARE GENERALLY AVAILABLE FOR A SENIOR EXECUTIVE WHO RETIRES PRIOR TO HIS/HER 65TH BIRTHDAY FUNDING FOR THE PLAN BEGAN IN 2002, AND THE HOSPITAL FIRST BEGAN ACCRUING A LIABILITY FOR THE PLAN DURING THE FISCAL YEAR ENDING OCTOBER 31, 2005 THE HOSPITAL'S LIABILITY ACCRUAL IS BASED ON THE ASSUMPTION THAT ALL SEVEN EXECUTIVES WILL BE WORKING UNTIL AGE 65 MR JOHN G VORNBROCK IS THE RETIRED SENIOR VICE PRESIDENT/CFO OF YAKIMA VALLEY MEMORIAL HOSPITAL AS OF 10/31/12, MR VORNBROCK IS 65 YEARS OLD AND WAS IN THAT CAPACITY AND OTHER ADMINISTRATIVE CAPACITIES AT THE HOSPITAL SINCE 1978 MR VORNBROCK WAS PAID HIS ONE-TIME PAYMENT FROM THE PLAN OF $1,268,123 DURING THE 2011 CALENDAR YEAR THE ACCRUED BENEFITS FOR RUSSELL M MYERS, COO, DECREASED IN THE 2011 CALENDAR YEAR IN THE AMOUNT OF $128,423 THE ACCRUED BENEFITS FOR DALE S OLANDER, CFO, INCREASED IN THE 2011 CALENDAR YEAR IN THE AMOUNT OF $31,717

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493256006413

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
YAKIMA VALLEY MEMORIAL HOSPITAL

Employer identification number
91-0567263

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	NONEAVAIL	02-16-2012	24,845,525	SEE PART VI		X		X		X
B	WASHINGTON HEALTH CARE FACILITIES AUTHORITY	91-1108929	93870HGN0	08-17-2012	38,005,000	REFUND PRIOR BONDS (3/14/96 & 11/13/02)		X		X		X
C	WASHINGTON HEALTH CARE FACILITIES AUTHORITY	91-1108929	NONEAVAIL	11-18-2008	2,100,000	BUILDING MORTGAGE		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	702,696			
2	Amount of bonds defeased				
3	Total proceeds of issue	24,846,545	38,010,065	2,100,000	
4	Gross proceeds in reserve funds		1,301,461		
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow		16,693,868		
7	Issuance costs from proceeds	119,976	667,087		
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	11,378,521		2,100,000	
11	Other spent proceeds	2,718,539	20,628,507		
12	Other unspent proceeds	10,629,510	20,603		
13	Year of substantial completion		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			X		
15	Were the bonds issued as part of an advance refunding issue?		X	X			X		
16	Has the final allocation of proceeds been made?		X		X	X			
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X			X		

Part III Private Business Use

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		X		X		
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X		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		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		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 %		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 %		0 %			
6	Total of lines 4 and 5	0 %		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			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								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
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
PART I, LINE A, COLUMN F		REFUND PRIOR BONDS (8/20/09) AND CONSTRUCT, REMODEL, RENOVATE, EQUIP HEALTH CARE FACILITIES OWNED BY THE HOSPITAL
PART II, LINE 3, COLUMN A		THE TOTAL PROCEEDS DO NOT AGREE TO THE ISSUE PRICE IN PART I, COLUMN (E) DUE TO THE INVESTMENT EARNINGS
PART II, LINE 3, COLUMN B		THE TOTAL PROCEEDS DO NOT EQUAL THE SUMMATION OF LINES 4-12 DUE TO TRANSFERRED OR REPLACEMENT PROCEEDS IN LINE 4

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493256006413

Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
YAKIMA VALLEY MEMORIAL HOSPITAL

Employer identification number
91-0567263

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

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

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

Part II Loans to and/or From Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

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

Part III Grants or Assistance Benefitting Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) EMERGENCY ASSOCIATES OF YAKIMA PLLC	BRIAN PADILLA, TRUSTEE, IS A PHYSICIAN SHAREHOLDER OF THE INTERESTED PERSON	6,615,641	EMERGENCY ROOM PHYSICIAN COMPENSATION		No
(2) KATE ROSSMAN	FAMILY MEMBER OF DUANE ROSSMAN, TRUSTEE	67,346	EMPLOYEE OF HOSPITAL		No
(3) YAKIMA HEART CENTER INC PS	ROGER VIELBIG, TRUSTEE IS A PHYSICIAN SHAREHOLDER IN THE INTERESTED PERSON	2,177,356	SERVICE CONTRACTS RELATED TO CARDIOLOGY		No
(4) MICHAEL LINNEWEH	FAMILY MEMBER OF RICHARD LINNEWEH, KEY EMPLOYEE	30,256	EMPLOYEE OF HOSPITAL		No
(5) PHYSICIAN ANESTHESIA ASSOCIATION	ROSS KATZ, SHAREHOLDER OF PHYSICIAN ANESTHESIA ASSOC , TRUSTEE OF YVMH	2,316,458	PHYSICIAN ANESTHESIA ASSOCIATION PROVIDES ANESTHESIA SERVICES FOR THE HOSPITAL		No
(6) MARK MYERS	FAMILY MEMBER OF RUSS MYERS, KEY EMPLOYEE	17,824	EMPLOYEE OF HOSPITAL		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493256006413

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
YAKIMA VALLEY MEMORIAL HOSPITAL

Employer identification number
91-0567263

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	REVIEW IS CONDUCTED BY THE CHIEF ACCOUNTANT, CFO, CEO AND BOARD OF TRUSTEES
	FORM 990, PART VI, SECTION B, LINE 12C	CONFLICTS ARE DISCLOSED PERSONS HAVING A CONFLICT MAY NOT BE DECISION-MAKERS IN AREAS WHERE CONFLICTS EXIST
	FORM 990, PART VI, SECTION B, LINE 15	COMPENSATION IS SET BY A COMPENSATION COMMITTEE OF THE BOARD OF TRUSTEES FOLLOWING REVIEW OF COMPARABILITY AND PERFORMANCE DATA
	FORM 990, PART VI, SECTION C, LINE 19	GOVERNING DOCUMENTS ARE FILED WITH THE WASHINGTON SECRETARY OF STATE CONFLICT OF INTEREST POLICY IS CONTAINED IN A BUSINESS ETHICS BROCHURE FINANCIAL STATEMENTS ARE FILED WITH THE WASHINGTON STATE DEPARTMENT OF HEALTH
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	INCOME FROM A JOINT VENTURE IN WHICH THE HOSPITAL HAS A 10% INTEREST WAS INADVERTENTLY NOT BOOK ON OUR FINANCIAL STATEMENT THE INCOME IS REPORTED ON THE 990 AS A TOTAL OF $66,026 WITH A PORTION OF THAT AMOUNT BEING UNRELATED BUSINESS INCOME REPORTED AS $47,415 -66,026 NET CHANGE IN BOOKED VALUE OF SUBSIDIARIES - 13,877,134 TOTAL TO FORM 990, PART XI, LINE 5 -13,943,160
	FORM 990, PART XII, LINE 2C	NO CHANGE FROM PRIOR YEAR

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493256006413

SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
YAKIMA VALLEY MEMORIAL HOSPITAL

Employer identification number
91-0567263

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) MEMORIAL PHYSICIANS PO BOX 2947 YAKIMA, WA 98907 91-1615998	MEDICAL SERVICES	WA	34,633,146	11,860,382	YAKIMA VALLEY MEMORIAL HOSPITAL
(2) CENTRAL WASHINGTON HEALTHCARE PARTNERS LLC PO BOX 2947 YAKIMA, WA 98907 45-3483343	ACCOUNTABLE CARE ORG	WA	9,000	1,509,186	YAKIMA VALLEY MEMORIAL HOSPITAL
(3) YAKIMA VALLEY MEMORIAL PHYSICIANS PO BOX 9787 YAKIMA, WA 98909 75-3186720	MEDICAL SERVICES	WA	27,078,158	0	YAKIMA VALLEY MEMORIAL HOSPITAL
(4) YAKIMA HEART CENTER AT MEMORIAL TRUST 2811 TIETON DR YAKIMA, WA 98902 45-7017902	MEDICAL SERVICES	WA	302,201	299,243	YAKIMA VALLEY MEMORIAL HOSPITAL

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) GARDEN VILLAGE 206 S 10TH AVE YAKIMA, WA 98902 91-2090034	SKILLED NURSING	WA	501(C)(3)	9	N/A		No

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership

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

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

		Yes	No
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	1a		No
b Gift, grant, or capital contribution to related organization(s)	1b	Yes	
c Gift, grant, or capital contribution from related organization(s)	1c		No
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Sale of assets to related organization(s)	1f		No
g Purchase of assets from related organization(s)	1g	Yes	
h Exchange of assets with related organization(s)	1h		No
i Lease of facilities, equipment, or other assets to related organization(s)	1i	Yes	
j Lease of facilities, equipment, or other assets from related organization(s)	1j	Yes	
k Performance of services or membership or fundraising solicitations for related organization(s)	1k	Yes	
l Performance of services or membership or fundraising solicitations by related organization(s)	1l	Yes	
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m	Yes	
n Sharing of paid employees with related organization(s)	1n	Yes	
o Reimbursement paid to related organization(s) for expenses	1o	Yes	
p Reimbursement paid by related organization(s) for expenses	1p	Yes	
q Other transfer of cash or property to related organization(s)	1q		No
r Other transfer of cash or property from related organization(s)	1r		No

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

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

Part VI Unrelated Organizations Taxable as a Partnership (Complete if the organization answered "Yes" on Form 990, Part IV, line 37.)

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization See instructions regarding exclusion for certain investment partnerships

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

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

Yakima Valley Memorial Hospital Association and Subsidiaries

October 31, 2012 and 2011

CONTENTS

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees
Yakima Valley Memorial Hospital Association and Subsidiaries

We have audited the accompanying consolidated balance sheets of Yakima Valley Memorial Hospital Association and Subsidiaries (the Hospital) as of October 31, 2012 and 2011, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Yakima Valley Memorial Hospital Association and Subsidiaries as of October 31, 2012 and 2011, and the consolidated 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 January 15, 2013, on our consideration of the Hospital'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 the 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 audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Moss Adams LLP

Yakima, Washington
January 15, 2013

YAKIMA VALLEY MEMORIAL HOSPITAL ASSOCIATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

ASSETS

	October 31, 2012	October 31, 2011
CURRENT ASSETS		
Cash and cash equivalents	$ 5,196,557	$ 6,475,573
Receivables		
Patient accounts, net of estimated uncollectible accounts	48,997,017	40,684,914
Estimated third-party payor settlements	2,210,395	6,245,292
Restricted support receivable	949,552	1,551,221
Other	2,746,871	4,103,983
Medical supplies	6,102,598	5,840,282
Prepaid expenses	4,097,850	3,259,212
Investments	1,023,416	1,500,159
Assets limited as to use that are required for current liabilities	6,750,977	4,124,218
Total current assets	78,075,233	73,784,854
ASSETS LIMITED AS TO USE		
By Board for capital improvements, net of assets that are required for current liabilities	35,931,804	34,624,306
Under indenture agreement held by trustee, net of assets that are required for current liabilities	7,068,360	4,395,497
Assets held for professional liability trust	1,069,683	865,134
Total assets whose use is limited	44,069,847	39,884,937
RESTRICTED CASH, INVESTMENTS, CHARITABLE TRUSTS AND CHARITABLE GIFT ANNUITIES	4,144,240	6,098,530
PROPERTY AND EQUIPMENT, net	124,354,539	116,069,181
OTHER ASSETS	9,040,743	8,429,700
TOTAL ASSETS	$ 259,684,602	$ 244,267,202

See accompanying notes.

YAKIMA VALLEY MEMORIAL HOSPITAL ASSOCIATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

ASSETS

	October 31, 2012	October 31, 2011
CURRENT ASSETS		
Cash and cash equivalents	$ 5,196,557	$ 6,475,573
Receivables		
Patient accounts, net of estimated uncollectible accounts	48,997,017	40,684,914
Estimated third-party payor settlements	2,210,395	6,245,292
Restricted support receivable	949,552	1,551,221
Other	2,746,871	4,103,983
Medical supplies	6,102,598	5,840,282
Prepaid expenses	4,097,850	3,259,212
Investments	1,023,416	1,500,159
Assets limited as to use that are required for current liabilities	6,750,977	4,124,218
Total current assets	78,075,233	73,784,854
ASSETS LIMITED AS TO USE		
By Board for capital improvements, net of assets that are required for current liabilities	35,931,804	34,624,306
Under indenture agreement held by trustee, net of assets that are required for current liabilities	7,068,360	4,395,497
Assets held for professional liability trust	1,069,683	865,134
Total assets whose use is limited	44,069,847	39,884,937
RESTRICTED CASH, INVESTMENTS, CHARITABLE TRUSTS AND CHARITABLE GIFT ANNUITIES	4,144,240	6,098,530
PROPERTY AND EQUIPMENT, net	124,354,539	116,069,181
OTHER ASSETS	9,040,743	8,429,700
TOTAL ASSETS	$ 259,684,602	$ 244,267,202

See accompanying notes.

LIABILITIES AND NET ASSETS

	October 31, 2012	October 31, 2011
CURRENT LIABILITIES		
Line of credit	$ 8,262,538	$ 9,178,112
Accounts payable	12,685,884	10,864,987
Accrued liabilities		
Salaries and wages	7,009,180	5,929,135
Employee benefits	11,324,874	11,441,347
Interest	324,201	983,588
Other	3,737,614	1,867,966
Current portion of long-term debt	6,052,645	4,545,000
Current portion of capital lease obligations	-	1,879,200
Total current liabilities	49,396,936	46,689,335
LONG-TERM LIABILITIES		
Estimated malpractice costs	2,405,273	1,850,105
Restricted deferred liabilities	320,824	329,752
Unfunded pension obligation	36,134,111	29,549,289
Other liabilities	3,941,410	4,448,991
Long-term debt, net of current portion	63,818,748	49,199,235
Capital lease obligations, net of current portion	-	1,952,834
Total long-term liabilities	106,620,366	87,330,206
Total liabilities	156,017,302	134,019,541
NET ASSETS		
Unrestricted	98,894,332	102,927,662
Temporarily restricted	4,460,283	7,007,314
Permanently restricted	312,685	312,685
Total net assets	103,667,300	110,247,661
TOTAL LIABILITIES AND NET ASSETS	$ 259,684,602	$ 244,267,202

See accompanying notes.

YAKIMA VALLEY MEMORIAL HOSPITAL ASSOCIATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS

	Year Ended October 31, 2012		
	Unrestricted	Temporarily Restricted	Total
REVENUES FROM OPERATIONS			
Net patient service revenue	$ 319,784,223	$ -	$ 319,784,223
Net patient service revenue - subsidiaries	31,558,485	-	31,558,485
Other revenue	11,129,392	-	11,129,392
Net assets released from donor restrictions used for child and other health programs	5,083,146	(5,083,146)	-
	367,555,246	(5,083,146)	362,472,100
OPERATING EXPENSES			
Professional care of patients	162,277,282	-	162,277,282
Professional care of patients - subsidiaries	49,314,603	-	49,314,603
General services	30,777,320	-	30,777,320
Fiscal and administrative services	45,538,701	-	45,538,701
Employee health and welfare	37,706,116	-	37,706,116
Depreciation and amortization	16,331,127	-	16,331,127
Interest	2,795,993	-	2,795,993
Dietary services	3,478,534	-	3,478,534
Provision for bad debts	9,989,072	-	9,989,072
Medical malpractice costs	1,406,312	-	1,406,312
	359,615,060	-	359,615,060
INCOME (LOSS) FROM OPERATIONS	7,940,186	(5,083,146)	2,857,040
OTHER INCOME			
Investment income	16,375	65,644	82,019
LOSS FROM EXTINGUISHMENT OF DEBT	(2,602,611)	-	(2,602,611)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	5,353,950	(5,017,502)	336,448
NON-OPERATING INCOME (EXPENSE)			
Rental income	1,160,553	-	1,160,553
Donations	406,210	1,928,762	2,334,972
Other expense, net	(2,717,628)	-	(2,717,628)
Unrealized gain on investments	2,615,510	541,709	3,157,219
Pension related changes other than net periodic pension cost	(10,851,925)	-	(10,851,925)
	(9,387,280)	2,470,471	(6,916,809)
CHANGE IN NET ASSETS	$ (4,033,330)	$ (2,547,031)	$ (6,580,361)

See accompanying notes.

Year Ended October 31, 2011		
Unrestricted	Temporarily Restricted	Total
$ 291,655,929	$ -	$ 291,655,929
37,471,194	-	37,471,194
8,743,439	-	8,743,439
3,674,479	(3,674,479)	-
341,545,041	(3,674,479)	337,870,562
154,696,395	-	154,696,395
48,327,022	-	48,327,022
29,974,410	-	29,974,410
37,331,731	-	37,331,731
39,011,255	-	39,011,255
15,601,626	-	15,601,626
3,392,207	-	3,392,207
3,257,829	-	3,257,829
8,785,020	-	8,785,020
516,015	-	516,015
340,893,510	-	340,893,510
651,531	(3,674,479)	(3,022,948)
44,609	85,244	129,853
-	-	-
696,140	(3,589,235)	(2,893,095)
1,067,036	-	1,067,036
287,059	5,243,524	5,530,583
(2,753,319)	-	(2,753,319)
698,218	81,556	779,774
339,535	-	339,535
(361,471)	5,325,080	4,963,609
$ 334,669	$ 1,735,845	$ 2,070,514

See accompanying notes.

YAKIMA VALLEY MEMORIAL HOSPITAL ASSOCIATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total
NET ASSETS, October 31, 2010	$ 102,592,993	$ 5,271,469	$ 312,685	$ 108,177,147
CHANGE IN NET ASSETS	334,669	1,735,845	-	2,070,514
NET ASSETS, October 31, 2011	102,927,662	7,007,314	312,685	110,247,661
CHANGE IN NET ASSETS	(4,033,330)	(2,547,031)	-	(6,580,361)
NET ASSETS, October 31, 2012	$ 98,894,332	$ 4,460,283	$ 312,685	$ 103,667,300

See accompanying notes.

YAKIMA VALLEY MEMORIAL HOSPITAL ASSOCIATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended October 31,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from patients and third-party payors	$ 339,026,283	$ 328,981,491
Cash received from other operating revenue	11,129,392	8,743,439
Cash paid to employees and suppliers	(332,743,094)	(318,748,654)
Interest received	82,019	129,853
Interest paid	(2,582,543)	(3,249,349)
Unrestricted donations	406,210	287,059
Temporarily restricted donations	1,928,762	5,243,524
Net cash from operating activities	17,247,029	21,387,363
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(24,040,251)	(11,663,065)
Proceeds from the sale of property and equipment	79,265	35,169
Purchase of assets whose use is limited	(4,227,070)	(380,288)
Purchase of unrestricted investments and restricted cash, investments, charitable trusts and gift annuities	(388,610)	(3,049,000)
Proceeds from sale of unrestricted investments and restricted cash, investments, charitable trusts and gift annuities	3,392,263	987,655
Change in cash value of life insurance	(14,762)	216,236
Change in other assets	(1,291,541)	(2,464,771)
Net cash from investing activities	(26,490,706)	(16,318,064)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	62,850,525	1,836,043
Principal payments on long-term debt	(47,448,845)	(5,156,306)
Principal payments on capital lease obligations	(3,832,034)	(2,231,884)
Proceeds from line of credit	67,434,280	65,579,725
Payments on lines of credit	(68,497,213)	(61,579,725)
Other financing activities	(2,542,052)	(69,251)
Net cash from financing activities	7,964,661	(1,621,398)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,279,016)	3,447,901
CASH AND CASH EQUIVALENTS, beginning of year	6,475,573	3,027,672
CASH AND CASH EQUIVALENTS, end of year	$ 5,196,557	$ 6,475,573

See accompanying notes.

YAKIMA VALLEY MEMORIAL HOSPITAL ASSOCIATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended October 31, 2012	Year Ended October 31, 2011
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Change in net assets	$ (6,580,361)	$ 2,070,514
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	17,675,754	16,230,908
Provision for uncollectible accounts	9,989,072	8,785,020
Loss on extinguishment of debt	2,602,611	-
Provision for estimated malpractice costs	555,168	(389,901)
Loss on disposition or write-down of assets	15,783	15,135
(Gain) loss on investment in partnership	11,340	(183,691)
Unrealized gain on investments	(3,157,219)	(779,774)
Pension related changes	10,851,925	(339,535)
Increase (decrease) in cash due to changes in assets and liabilities		
Patient accounts receivable, net	(18,301,175)	(1,319,808)
Estimated third-party payor settlements	4,034,897	3,172,737
Restricted support receivable	601,669	519,663
Other receivables	1,357,112	(2,472,563)
Medical supplies	(262,316)	(364,364)
Prepaid expenses	(838,638)	(665,004)
Accounts payable	1,301,186	(2,258,713)
Accrued liabilities	2,173,833	3,736,005
Restricted deferred liabilities	(8,928)	(45,661)
Unfunded pension obligation	(4,267,103)	(3,569,820)
Other liabilities	(507,581)	(753,785)
Net adjustments	23,827,390	19,316,849
NET CASH FROM OPERATING ACTIVITIES	$ 17,247,029	$ 21,387,363

SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

The Hospital purchased $929,201 and $409,490 of property and equipment at October 31, 2012 and 2011, respectively, which was included in accounts payable.

Note 1 – Description of Operations

Yakima Valley Memorial Hospital Association and Subsidiaries (the Hospital) is accredited by the Joint Commission and operates a licensed 226-bed acute-care hospital delivering health care services in Yakima, Washington. The Hospital is a not-for-profit, non-sectarian institution governed by a Board of Trustees selected from the community.

Note 2 – Summary of Significant Accounting Policies

Principles of consolidation – The accompanying consolidated financial statements include the accounts of Yakima Valley Memorial Hospital Association, the Yakima Valley Memorial Hospital Charitable Foundation, and three wholly-owned subsidiaries, Memorial Physicians, PLLC, Valley Imaging, and Signal Health. All significant intercompany transactions have been eliminated.

Cash and cash equivalents – For purposes of the consolidated statement of cash flows, the Hospital considers all highly liquid investments with initial maturity dates of three months or less as cash and cash equivalents, except for amounts whose use is limited by Board designation, indenture agreements, or third-party payors.

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.

Financial statement presentation – The Hospital is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets Net assets are classified based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Hospital and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from donor restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Hospital. Generally the donors of these assets permit the Hospital to use all or part of the income earned on any related investments for general or specific purposes.

Donor-restricted gifts – Unconditional promises to give cash and other assets to the Hospital 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 as discussed above. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

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.

Note 2 – Summary of Significant Accounting Policies (continued)

Temporarily restricted net assets are available for the following purpose or periods:

	2012	2011
Unrestricted purposes subsequent to the dissolution of Charitable Trusts	$ 30,979	$ 29,285
Unrestricted purposes subsequent to the dissolution of Gift Annuities	50,145	38,970
Dumas Endowment	266,039	254,050
Bergen Fund for Women	820,885	751,022
Children's Village capital campaign	840,450	1,399,613
Hospice Building Fund	86,195	2,051,890
Other programs, primarily related to children's health, equipment purchases, and other specific patient health needs	2,365,590	2,482,484
	$ 4,460,283	$ 7,007,314

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable for unrestricted purposes

	2012	2011
Nova Endowment	$ 212,685	$ 212,685
Crain Endowment	100,000	100,000
	$ 312,685	$ 312,685

Net assets were released from donor restrictions by incurring expenses for various specified programs which satisfy the restricted purpose.

Financial statement estimates – The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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, if any, at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates.

Excess (deficiency) of revenues over expenses – The consolidated statement of operations includes excess (deficiency) of revenues over expenses. Changes in net assets which are excluded from excess (deficiency) of revenues over expenses, consistent with industry practice, include rental income, other expense (including non-operating depreciation, rental expenses, and wholly-owned subsidiary activity that is considered non-operating for the Hospital), 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 which by donor restriction were to be used for the purposes of acquiring such assets), and changes in pension liability.

Note 2 – Summary of Significant Accounting Policies (continued)

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

Charity care – The Hospital 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 Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Investments – Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheet Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the excess (deficiency) 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 (deficiency) of revenues over expenses.

Assets limited as to use – Assets limited as to use include assets held by the Board of Trustees for capital improvements over which it retains control and may at its discretion subsequently use for other purposes, assets set aside in accordance with agreements with third-party payors; and assets held by a trustee under an indenture agreement Amounts required to meet current liabilities of the Hospital have been reclassified as current in the balance sheet at October 31, 2012 and 2011

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.

Patient accounts receivable – Patient accounts receivable arising from revenue for services to patients are reduced by an allowance for uncollectible accounts and contractual allowances based on experience, third-party contractual reimbursement arrangements, and any unusual circumstances which may affect the ability of patients to meet their obligations. Accounts deemed uncollectible are charged against this allowance.

Property and equipment – Property and equipment acquisitions are recorded at cost Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed on the straight-line method Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements The Hospital's policy is to capitalize property and equipment that cost a minimum of $1,000 for a single item and for a group of like items with a useful life of at least three years. The Hospital's capital leases were paid off during the current year.

Note 2 – Summary of Significant Accounting Policies (continued)

Federal income tax – The Hospital is a not-for-profit corporation and has been recognized as tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code (IRC). The Hospital is exempt from federal income tax under Section 501(c)(3) of the IRC except to the extent of unrelated business taxable income as defined under IRC Sections 511 through 515. Effective November 1, 2009, the Hospital has adopted accounting for uncertain tax positions The accounting standard prescribes a recognition threshold and measurement process for uncertain tax positions. The Hospital had no uncertain tax positions as of October 31, 2012 and 2011 requiring accrual

Hospital safety net assessment – During 2010, the Washington State Legislature passed an act imposing a hospital safety net assessment fee on hospital facilities based on non-medicare patient days and authorized the Department of Social and Health Services to collect and deposit fees in a dedicated account for funding increases in Medicaid payments to Washington hospitals. The dedicated account received an appropriation from a federal fund to match the state revenue collected through the assessment fee, thereby providing increased Medicaid reimbursement for Washington hospitals in the state fiscal years ending June 30, 2009 through June 30, 2013.

The Hospital recorded assessment payments of approximately $6,300,000 and $5,900,000 as operating expense for the fiscal years ended October 31, 2012 and 2011, respectively. The increased Medicaid funding is remitted through increased reimbursement rates and totaled approximately $6,200,000 and $8,000,000 for the fiscal years ended October 31, 2012 and 2011, respectively.

Functional expenses – The Hospital provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows:

	2012	2011
Health care services	$ 314,076,359	$ 303,561,779
General and administrative	45,538,701	37,331,731
	$ 359,615,060	$ 340,893,510

Donated services – A substantial number of volunteers donate significant amounts of time to the Hospital's program activities. No dollar amounts have been reflected in the accompanying statements for these services since the services do not require specialized skills and would typically not be purchased if not provided by donation.

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

The Hospital has evaluated subsequent events through January 15, 2013, which is the date the consolidated financial statements were issued, and concluded that there were no events or transactions that need to be disclosed.

Note 3 – Net Patient Service Revenue

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

- **Medicare** – Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient Hospital services to Medicare beneficiaries are paid under either a prospective payment system or fee schedule. For those items for which the Hospital is reimbursed on a cost basis, the Hospital is paid a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare contractor. The Hospital's Medicare cost reports have been audited by the Medicare contractor through 2008. The Hospital'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 $130,511,205 and $116,432,425 for 2012 and 2011, respectively.

- **Medicaid** – Inpatient acute care services rendered to Medicaid program beneficiaries are paid on a prospective payment system or fee schedule similar to Medicare. Outpatient services are paid on a percent of allowed charges based on a ratio of the Hospital's operating expenses to total revenue for outpatient services. Services rendered to Healthy Options Medicaid participants are paid based on discounted fee-for-service charges for outpatient services and predetermined rates per inpatient admission. Net revenue billed under the Medicaid program totaled approximately $64,219,440 and $62,488,159 for 2012 and 2011, respectively.

- **Other third-party payors** – Inpatient services rendered to certain third-party payors are reimbursed at prospectively determined rates per admission under a Preferred Hospital Agreement. The prospectively determined rates are not subject to retroactive adjustment. Generally, outpatient services are paid on an agreed upon percentage of the Hospital's established rates. However, certain outpatient services are paid on an agreed-upon fee schedule.

  The Hospital has also entered into payment agreements with other commercial insurance carriers and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

A summary of gross and net patient service revenue is as follows

	2012	2011
Gross patient service revenue	$ 647,817,880	$ 582,687,989
Contractual adjustments and other	(328,033,657)	(291,032,060)
Net patient service revenue	$ 319,784,223	$ 291,655,929

Note 3 - Net Patient Service Revenue (continued)

A summary of gross and net patient service revenue from subsidiaries is as follows.

	2012	2011
Gross patient service revenue	$ 64,664,904	$ 94,307,325
Contractual adjustments and other	(33,106,419)	(56,836,131)
Net patient service revenue	$ 31,558,485	$ 37,471,194

Note 4 - Charity Care

The Hospital 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. 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. The following information measures the level of charity care provided.

	2012	2011
Charges forgone, based on established rates	$ 18,173,689	$ 18,205,491
Estimated costs and expenses incurred to provide charity care	$ 8,433,262	$ 8,813,790
Equivalent percentage of charity care patients to all patients served	2.73%	3.03%

Note 5 - Patient Accounts Receivable

Accounts receivable are reported net of allowances as follows:

	2012	2011
Patient accounts receivable	$ 106,258,273	$ 88,848,044
Allowance for bad debts and other	(12,805,990)	(9,021,240)
Allowance for contractual adjustments	(44,455,266)	(39,141,890)
	$ 48,997,017	$ 40,684,914

Note 5 – Patient Accounts Receivable (continued)

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

	2012	2011
Medicare	26%	28%
Medicaid	22%	19%
Other third-party payors	41%	42%
Self pay	11%	11%
	100%	100%

Note 6 – Property and Equipment

	2012	2011
Land and land improvements	$ 23,653,939	$ 23,497,698
Buildings and building improvements	98,783,666	93,410,705
Fixed equipment	70,275,538	69,967,481
Major movable and minor equipment	101,200,506	83,522,983
Equipment under capital lease obligations	-	10,265,880
	293,913,649	280,664,747
Less accumulated depreciation and amortization	173,831,942	168,475,872
	120,081,707	112,188,875
Construction in progress	4,272,832	3,880,306
	$ 124,354,539	$ 116,069,181

Accumulated amortization for equipment under capital lease obligations was $7,423,287 at October 31, 2011. The amortization of equipment under capital lease obligations resulted in amortization expense of $593,343 and $1,807,794 for the years ended October 31, 2012 and 2011, respectively.

Construction in progress commitments – Construction projects with an estimated additional cost to complete of approximately $5,300,000 and $8,380,000 were in progress at October 31, 2012 and 2011, respectively

Note 7 – Lease Commitments

The Hospital is the lessee of buildings, improvements, and equipment under various lease terms Lease expense totaled $1,352,244 and $1,319,262 in 2012 and 2011, respectively Significant lease transactions are noted below.

During fiscal year 2005, the Hospital entered into a 60-year ground lease to Yakima Valley Subsidiary, LLC (YVS, LLC), an unrelated subsidiary of UNICO Investment Company, for property contiguous to the Hospital The lease requires no annual payments and contains a ten-year extension option. The Hospital leases office and surgery center space from YVS, LLC. The master lease agreement has a term of 20 years with annual payments of $1,154,173 and contains four successive options to extend the lease term for ten years each.

The following is a schedule of the future minimum lease payments required under the operating lease agreements that have initial or remaining non-cancelable lease terms in excess of one year

2013	$ 1,383,381
2014	1,417,965
2015	1,453,414
2016	1,489,750
2017	1,526,993
Thereafter	13,673,492
	$ 20,944,995

The Hospital is the lessor and sublessor of various commercial real estate properties. The cost and accumulated depreciation related to rental real estate is included in property and equipment on the balance sheet at October 31 as follows:

	2012	2011
Cost	$ 6,624,411	$ 6,624,411
Accumulated depreciation	2,687,267	2,338,893
	$ 3,937,144	$ 4,285,518

The Hospital is the lessor of space in medical office buildings under various agreements at various rates. Lease revenue of $1,147,473 and $1,050,966 in 2012 and 2011, respectively, was included in rental income in the consolidated statement of operations.

Note 7 – Lease Commitments (continued)

Estimated annual lease income is as follows.

2013	$ 1,055,000
2014	654,000
2015	550,000
2016	103,000
2017	103,000
Thereafter	327,000
	$ 2,792,000

Note 8 – Investments

Investment securities are stated at fair market value, which is determined by quoted market prices. The composition of investment securities at October 31, 2012 and 2011 is as follows.

	2012	2011
Cash and cash equivalents	$ 31,651	$ 19,254
Exchange traded funds	-	369,455
Mutual funds		
Domestic equity	30,052	184,927
International equity	71,296	75,198
Fixed income	146,526	296,144
Global real estate securities	29,601	52,429
Common stock	212,962	-
Certificate of deposit	501,328	502,752
	$ 1,023,416	$ 1,500,159

Note 9 – Assets Limited as to Use

Investments are recorded in the accompanying consolidated balance sheet at fair value. The composition of assets limited as to use and their fair value at October 31, 2012 and 2011 are as follows.

	2012	2011
By board for capital improvements		
Cash and cash equivalents	$ 3,328,987	$ 2,608,293
Mutual funds		
Domestic equity	2,647,155	9,232,467
International equity	1,536,512	2,923,366
Fixed income	-	2,567,612
Global real estate securities	93,854	170,005
Common stock	16,672,691	7,226,076
Treasury notes	3,901,638	358,638
Certificates of deposit	312,561	314,568
Mortgage and asset backed securities	2,365,951	2,446,296
Bonds		
Corporate bonds	5,647,115	3,140,026
Government bonds	188,406	3,949,307
International bonds	166,135	97,142
	36,861,005	35,033,796
Less current portion of assets held by board for capital improvements required for current liabilities	929,201	409,490
	$ 35,931,804	$ 34,624,306
Under indenture agreement held by trustee		
Cash and cash equivalents	$ 10,653,057	$ 2,770,257
Government bonds	2,237,079	5,339,968
	12,890,136	8,110,225
Less current portion of indenture agreement held by trustee required for current liabilities	5,821,776	3,714,728
	$ 7,068,360	$ 4,395,497
Assets held for professional liability trust		
Cash and cash equivalents	$ 1,069,683	$ 865,134

Note 10 – Restricted Cash, Investments, Charitable Trusts, and Charitable Gift Annuities

Investments are stated at fair market value, which is determined by quoted market prices. The composition of investments at October 31, 2012 and 2011 are as follows:

	2012	2011
Cash and cash equivalents	$ 171,963	$ 2,080,969
Exchange traded funds	238,638	684,938
Mutual funds		
Domestic equity	1,181,458	886,036
International equity	715,404	764,255
Fixed income	695,949	912,170
Global real estate securities	39,507	59,356
Asset allocation funds	16,458	7,564
Common stock	719,730	9,652
Treasury notes	49,718	95,982
Certificate of deposit	82,481	84,188
Mortgage and asset backed securities	28,254	160,122
Bonds		
Corporate bonds	158,806	288,976
Government bonds	45,874	64,322
	$ 4,144,240	$ 6,098,530

A portion of the Foundation's investments result from deferred-giving vehicles subject to split-interest agreements Two different types of agreements are currently maintained: charitable gift annuities and charitable remainder unitrusts.

Charitable gift annuities are unrestricted irrevocable gifts under which the Foundation agrees in turn to pay a life annuity to the donor, or to a designated beneficiary. The contributed funds and the attendant liabilities immediately become part of the general assets and liabilities of the Foundation. Charitable remainder unitrust gifts are time-restricted contributions not available to the Foundation until after the death of the donor, who, while living, receives an annual payout from the trust based on a fixed percentage of the market value of the invested funds on October 31 of each year.

The Foundation values deferred gifts of cash at face value and investments at market value. Contribution values are discounted on the basis of actuarial data contained in a software program commonly used by not-for-profit organizations. Discount rates are employed to determine the net present value of both contributions and liabilities pertaining to these deferred-giving arrangements

As an issuer of charitable gift annuities, the Foundation has maintained minimum reserves as required by Washington State

Note 10 – Restricted Cash, Investments, Charitable Trusts, and Charitable Gift Annuities (continued)

Charitable trusts represent the assets of two charitable remainder unitrusts which have been contributed to the Foundation. The trust assets are not currently available to be used by the Foundation and this is indicated by the recording of temporarily restricted net assets and the related deferred liabilities. Each trust pays an annuity back to the donor based on a fixed percentage of the trust's assets as measured at fair market value on the first day of each trust year. The present value of these annuities is recorded as a deferred liability based on the estimated remaining life of the annuitant(s) and using the applicable discount rate

When conditions under the trust have been met, the trust assets will be available to be used by the Foundation in accordance with the donor's wishes. One of these trusts requires distributions to other organizations. Under the terms of this trust, the Foundation is required to distribute one-third (1/3) of the accumulated trust assets at the date of the death of the successor beneficiary to Enterprise for Progress in the Community (EPIC) and one-third (1/3) of the accumulated trust assets at the date of death of the successor beneficiary to the Living Care Nursing Home. These amounts are recorded as liabilities by the Foundation.

Note 11 – Fair Value of Assets

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 also establishes a hierarchy which 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 or liabilities, 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 consolidated balance sheet, 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, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows are classified within Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities would be classified within Level 3 of the hierarchy. There were no Level 3 investments as of October 31, 2012 and 2011. The Hospital's policy is to recognize transfers in and transfers out as of the actual date of the event or change in circumstances causing the transfer.

Note 11 – Fair Value of Assets (continued)

Mutual funds: Shares of registered investment company funds (or mutual funds) are valued at the net asset value (NAV) of shares held by the Plan and are valued at the closing price reported on the active market on which the individual securities are traded. Mutual funds valued under this methodology are classified within Level 1 of the valuation hierarchy.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded. Common stocks valued under this methodology are classified within Level 1 of the valuation hierarchy. If the stock is not traded on an active market, the stock considers the most recent trading activity to estimate the stock's fair value and is classified within Level 3 of the valuation hierarchy.

The following tables present the fair value measurements of assets recognized in the accompanying consolidated balance sheet measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at October 31, 2012 and 2011:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2012				
Cash and cash equivalents	$ 15,255,345	$ 15,255,345	$ -	$ -
Exchange traded funds	238,638	238,638	-	-
Money market funds	166,131	166,131	-	-
Mutual funds				
Domestic equity	3,858,665	3,858,665	-	-
International equity	2,323,211	2,323,211	-	-
Fixed income	842,475	842,475	-	-
Domestic real estate securities	162,962	162,962	-	-
Asset allocation funds	16,458	16,458	-	-
Common stock	17,605,383	17,605,383	-	-
Treasury notes	3,951,356	3,951,356	-	-
Certificates of deposit	896,370	-	896,370	-
Mortgage and asset backed securities	2,394,205	-	2,394,205	-
Bonds				
Corporate bonds	5,805,922		5,805,922	-
Government bonds	2,471,358	2,471,358	-	-
	$ 55,988,479	$ 46,891,982	$ 9,096,497	$ -

Note 11 – Fair Value of Assets (continued)

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2011				
Cash and cash equivalents	$ 8,343,907	$ 8,343,907	$ -	$ -
Exchange traded funds	1,054,393	1,054,393	-	-
Mutual funds				
Domestic equity	10,303,429	10,303,429	-	-
International equity	3,762,820	3,762,820	-	-
Fixed income	3,775,926	3,775,926	-	-
Global real estate securities	281,790	281,790	-	-
Asset allocation funds	7,564	7,564	-	-
Common stock	7,235,728	7,235,728	-	-
Treasury notes	454,620	454,620	-	-
Certificates of deposit	901,508	-	901,508	-
Mortgage and asset backed securities	2,606,418	-	2,606,418	-
Bonds				
Corporate bonds	3,429,001	-	3,429,001	-
Government bonds	9,353,597	9,353,597		-
International bonds	97,143	-	97,143	-
	$ 51,607,844	$ 44,573,774	$ 7,034,070	$ -

Note 12 – Investment in Partnership

The Hospital and Central Washington Comprehensive Mental Health (CMH) have a joint venture, Garden Village. While the Hospital contributed approximately 76% of the assets to the Garden Village partnership, the Hospital and CMH agreed to continue to operate as equal partners. The Hospital's investment in the Garden Village partnership was $2,532,654 and $2,431,219 at October 31, 2012 and 2011, respectively The investment is included in other assets in the consolidated balance sheet.

A net gain from operations of $101,435 and $70,916 was recognized at October 31, 2012 and 2011, respectively. These balances are included in other non-operating expense in the consolidated statement of operations.

Note 13 – Lines of Credit

The Hospital has a revolving note with Key Bank providing for a maximum borrowing of $12,000,000. This note was entered into on April 29, 2011, is unsecured as defined by the loan agreement, and bears interest at prime plus .25%. There was no outstanding balance on the line of credit at October 31, 2012.

The Hospital has an express line of credit with Morgan Stanley Smith Barney for a maximum borrowing of $9,800,000. The note was entered into on March 22, 2010 and is secured by the Hospital's investments held at Morgan Stanley Smith Barney. The line of credit bears interest at 1.8566% at October 31, 2012. There was an outstanding balance of $8,262,538 with accrued interest of $147,359 at October 31, 2011.

The Hospital has a reducing revolving line of credit with Banner Bank providing for a maximum borrowing rate of $1,500,000. This note was entered into on June 25, 2009, is unsecured as defined by the loan agreement, and bears interest at a variable rate. There was no outstanding balance on the line of credit at October 31, 2012.

Note 14 – Long-Term Debt

	2012	2011
Series 2012A Bonds - Washington Health Care Facilities Authority Revenue Bonds, due through February 16, 2022 in principal payments ranging from $102,987 to $284,199 monthly including interest at 2.94%.	$ 24,142,829	$ -
Series 2012C Bonds - Washington Health Care Facilities Authority Revenue Bonds, due through December 1, 2021 in principal payments ranging from $1,550,000 to $3,955,000 annually including interest at 3.860%.	23,755,000	-
Series 2012B Bonds - Washington Health Care Facilities Authority Revenue Bonds, due through December 1, 2020 in principal payments ranging from $930,000 to $2,370,000 annually including interest at 3.920%.	14,250,000	-
Series 2008 Bonds - Washington Health Care Facilities Authority Revenue Bonds, payable in monthly installments of $14,709, including interest at 5.7%. The bond is secured by real property and is due December 2028.	1,869,953	1,930,487

(continued)

Note 14 – Long-Term Debt (continued)

	2012	2011
Note payable to US Bank, payable in monthly installments of $24,757 including interest at 6 02% from 2011-2020 The loan is secured by equipment and is due September 2020.	$ 1,836,631	$ 2,032,061
Note payable to Key Bank, payable in monthly installments of $19,734, including interest at 5.21%. The loan is secured by real property and is due April 2016.	1,619,008	1,765,861
Note payable to US Bank, payable in monthly installments of $8,488 including interest at 2.75%. The loan is secured by a building and is due December 2015	1,100,664	1,167,156
Note payable to Almon Commercial Real Estate, payable in monthly installments of $11,913, including interest of 7.50% The loan is secured by real property and is due June 2024.	1,109,314	1,166,710
Charitable gift annuity - Payable to donor at $5,500 per month for remainder of donor's life.	187,994	187,994
Long-term debt paid off during the year	-	45,493,966
	69,871,393	53,744,235
Less current portion	6,052,645	4,545,000
	$ 63,818,748	$ 49,199,235

The Washington Health Care Facilities Authority (the Authority) issued $48,555,000 in special obligation, Series 1996 Revenue Bonds, and loaned the proceeds to the Hospital. The Series 1996 Bonds are payable solely from payments made by the Hospital due through December 1, 2020 in principal payments ranging from $2,000,000 to $3,330,000 annually and interest ranging from 5.00% to 6 00%. The 1996 Bonds were collateralized by an interest in the Hospital's gross receivables, gross receipts, equipment, a deed of trust in property, and by funds held by the trustee under the bond indenture agreement

The Washington Health Care Facilities Authority (the Authority) issued $20,000,000 in special obligation revenue bonds, Series 2002, dated November 1, 2002, and loaned the proceeds to the Hospital. The Series 2002 Bonds are payable solely from payments made by the Hospital, due through December 1, 2027 in principal payments ranging from $655,000 to $1,580,000 annually and interest ranging from 4.00% to 5.375%. The 2002 bonds were collateralized by an interest in the Hospital's gross receivables, gross receipts, equipment, a deed of trust in certain property, and by funds held by the trustee under the Trust Indenture dated March 7, 1996 and the Supplemental Trust Indenture No. 1 dated November 1, 2002

Note 14 – Long-Term Debt (continued)

During the current year, the Hospital advance refunded the Series 1996 and 2002 Revenue Bonds with the proceeds of the Series 2012B and 2012C 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 1996 and 2002 Bonds have been legally satisfied. Therefore, neither the advance refunded debt nor the related trust funds are reflected in the accompanying balance sheet.

The Washington Health Care Facilities Authority (the Authority) issued $24,845,525 in private placement, Series 2012A Revenue Bonds and loaned the proceeds to the Hospital The 2012 Bonds are collateralized by an interest in the Hospital's equipment and related property described in the respective Security Agreement The bond issuance contains restrictive covenants that the Hospital has complied with.

The Washington Health Care Facilities Authority (the Authority) issued $14,250,000 in private placement, Series 2012B Revenue Bonds, and loaned the proceeds to the Hospital. The Bonds are collateralized by an interest in the Hospital's deed of trust in property, accounts receivable and by funds held by the trustee under the bond indenture agreement.

The Washington Health Care Facilities Authority (the Authority) issued $23,755,000 in private placement, Series 2012C Revenue Bonds, and loaned the proceeds to the Hospital. The Bonds are collateralized by an interest in the Hospital's deed of trust in property, and by funds held by the trustee under the bond indenture agreement.

The Hospital is required to maintain certain deposits with a trustee. Such deposits are included with assets whose use is limited.

During 1996, the Hospital received an unrestricted contribution of a commercial building valued at $1.1 million. In return, the Hospital agreed to pay a charitable gift annuity to the donor of $5,500 per month for the remainder of the donor's life. The value of the building in excess of this liability was recorded as an unrestricted contribution.

Principal maturities of long-term debt are as follows:

2013	$ 6,052,645
2014	5,875,000
2015	6,081,000
2016	8,207,000
2017	6,516,000
Thereafter	37,139,748
	$ 69,871,393

Note 15 – Pension Plan

The Hospital has a non-contributory defined benefit pension plan covering substantially all employees hired before May 31, 2008. The plan calls for benefits to be paid to eligible employees at retirement based primarily upon years of service with the Hospital and compensation rates throughout the employment period Contributions to the plan reflect benefits attributed to employees' services to date, as well as services expected to be earned in the future. Plan assets consist primarily of common and preferred stock, investment-grade corporate bonds, and U S. Government obligations. Plan information is presented utilizing the projected unit credit method.

As of December 31, 2011, the Hospital froze pension benefits for all active union participants. The plan was frozen for all active non-union participants effective December 31, 2010.

As of October 31, 2012 and 2011, the Hospital recorded a non-operating loss of $10,851,925 and a gain of $339,535, respectively, in pension related changes other than net periodic pension cost on the consolidated statement of operations.

	2012	2011
Change in benefit obligation		
Benefit obligations, beginning of year	$ 116,585,563	$ 112,522,388
Service cost	-	1,823,633
Interest cost	5,688,261	5,975,826
Benefits paid	(3,022,766)	(2,604,216)
Actuarial loss	368,178	(174,190)
Actuarial loss - assumption	14,979,603	7,450,219
Acquisitions/closures	-	(8,408,097)
Benefit obligation, end of year	$ 134,598,839	$ 116,585,563
Change in fair value of plan assets		
Fair value of plan assets, beginning of year	$ 87,036,274	$ 79,063,744
Actual return on plan assets	9,251,220	3,776,746
Employer contributions	5,200,000	6,800,000
Benefits paid	(3,022,766)	(2,604,216)
Fair value of plan assets, end of year	$ 98,464,728	$ 87,036,274
Funded status, end of year	$ (36,134,111)	$ (29,549,289)
Amounts recognized in the balance sheet		
Unfunded pension obligation	$ (36,134,111)	$ (29,549,289)
Net periodic benefit cost includes the following components		
Service cost of the current period	$ -	$ 1,823,633
Interest cost on the projected benefit obligation	5,688,261	5,975,826
Expected return on plan assets	(6,376,186)	(6,763,967)
Amortization of net loss	1,620,822	1,515,618
Net periodic benefit cost	$ 932,897	$ 2,551,110

Note 15 - Pension Plan (continued)

The total amount recognized in net periodic benefit cost and curtailment/settlement cost as of October 31, 2012 and 2011 was $11,784,822 and $2,890,645, respectively.

	2012	2011
Assumptions used in the accounts at October 31 were:		
Discount rates	4.05%	4.95%
Rates of increase in compensation levels	0.00%	0.00%
Expected long-term rate of return on assets	7.00%	7.00%

	2012	2011
Additional minimum liability		
Projected benefit obligation	$ 134,598,839	$ 116,585,563
Accumulated benefit obligation	134,598,839	116,585,563
Fair value of plan assets	98,464,728	87,036,274

The Hospital uses a "building block" approach to determine the expected rate of return on plan assets assumption for the pension plan.

This approach analyzes historical long-term rates of return for various investment categories, as measured by appropriate indexes. The rates of return on these indexes are then weighted based upon the percentage of plan assets in each applicable category to determine a composite expected return.

The Hospital reviews its expected rate of return assumption annually. However, this is considered to be a long-term assumption and hence not anticipated to change annually unless there are significant changes in economic and market conditions.

The Hospital's pension plan weighted-average asset allocations at October 31 by asset category are as follows:

	2012	2011
Asset category		
Equity securities	50%	55%
Debt securities	40%	41%
Real estate	3%	4%
Other	7%	0%
	100%	100%

The Hospital has adopted an investment policy for the pension plan that incorporates a strategic, long-term asset allocation mix designed to best meet the Hospital's long-term pension obligations.

Note 15 – Pension Plan (continued)

Plan fiduciaries set the investment policies and strategies for the pension plan. This includes the following:

- Selecting investment managers.
- Setting long-term and short-term target asset allocations.
- Reviewing the target asset allocations on a periodic basis, and if necessary, making adjustments based on changing economic and market conditions.
- Monitoring the actual asset allocations, and when necessary, rebalancing to the current target allocation.

The Hospital's target asset allocation as of October 31, 2012 was 50%-60% equity securities, 30%-40% debt securities, 0%-5% real estate, and 0%-5% other investments.

The investment policy emphasizes the following key objectives:

- Maintain a diversified portfolio among various asset classes and investment managers
- Invest in a prudent manner for the exclusive benefit of plan participants.
- Preserve the funded status of the plan.
- Balance between acceptable level of risk and maximizing returns.
- Maintain adequate control over administrative costs.
- Maintain adequate liquidity to meet expected benefit payments.

The Hospital expects to contribute $4,200,000 to its pension plan in 2013

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid.

2013	$ 5,449,000
2014	5,122,000
2015	5,629,000
2016	6,079,000
2017	6,499,000
2018 - 2021	37,658,000

Effective May 31, 2008, all active defined benefit pension plan participants were given a one-time choice to either receive future benefit accruals under an enhanced 401(k) plan or remain in the defined benefit pension plan For those participants who elected the enhanced 401(k) plan, benefit accruals under the defined benefit pension plan were frozen as of May 31, 2008 All new employees hired after May 31, 2008 are not eligible to participate in the defined benefit pension plan. However, in addition to being eligible to participate in the standard 401(k) plan, they are also eligible for an employer non-elective contribution of 5% of their adjusted compensation as a participant in the enhanced 401(k) Plan. Employer non-elective contributions are also provided for participants whose defined benefit pension plan was frozen.

Note 16 – Employee Benefit Plans

The Hospital had a 403(b) tax-deferred annuity plan covering all employees who had elected to participate and who have met certain employment and age requirements. The basic contribution provisions allowed an employee to contribute a portion of total compensation up to statutory limits. The Hospital's contribution was determined by the Board of Trustees, not to exceed 3% of the employee's compensation. Employer match amounts were paid monthly.

The Hospital adopted a new 401(k) plan effective October 1, 2004 The 403(b) plan still exists, however the plan was amended to indicate that Hospital matching contributions would not be allowed for contributions to the 403(b) accounts after implementation of the 401(k) plan.

The 401(k) plan covers all employees who have elected to participate and who have met certain employment and age requirements The basic contribution provisions allow an employee to contribute a portion of total compensation up to statutory limits. The Hospital's contribution is determined by the Board of Trustees, not to exceed 3% of the employee's compensation. Employer match amounts are paid monthly.

The Hospital recorded plan expense of $1,498,926 and $1,382,998 in 2012 and 2011, respectively, for the two plans described above.

The Hospital has a deferred compensation plan in place for certain eligible members of management The purpose of the plan is to provide retirement income to participants equal to 75% of their highest annual compensation Benefits included in the 75% calculation are the base salary plus any amounts designated as a TSA bonus or 401(k) bonus. These benefits are paid in a single lump sum at the participant's retirement date. A participant is not required to terminate employment on the retirement date

The Hospital has a segregated account set up to fund the plan. Total plan assets are approximately $1,260,000 and $1,140,000 as of October 31, 2012 and 2011, respectively. The Hospital makes payments into the plan quarterly based on a calculation prepared by a third party administrator who estimates future deferred compensation payments. The Hospital has estimated a liability, which is included in other liabilities of $3,941,410 and $4,448,991 for this plan as of October 31, 2012 and 2011, respectively. The Hospital recorded plan revenue of $507,581 and expense of $974,304 in 2012 and 2011, respectively.

Note 17 – Self-Insured Plans

Health and dental – The Hospital has a self-insured dental plan for its employees. Further, the Hospital has established an Employee Self-Funded Health Care Plan. The Hospital has stop-loss coverage through an insurance company which provides coverage for employee claims in excess of the $175,000 individual first tier and $100,000 aggregated second tiered deductibles. The health and dental plan expense totaled $18,150,380 and $17,018,997 in 2012 and 2011, respectively.

Workers' compensation – The Hospital has a self-insured workers' compensation plan for its employees. The Hospital pays its share of actual injury claims, maintenance of reserves, administrative expenses, and reimbursement premiums Workers' compensation expense totaled $962,895 and $1,436,294 in 2012 and 2011, respectively.

Unemployment – The Hospital has a self-insured unemployment plan for its employees. The Hospital pays its share of actual unemployment claims, maintenance of reserves, and administrative expenses.

Note 18 – Estimated Malpractice Costs

The Hospital has malpractice insurance through Lexington Insurance Co. (LIC) and Homeland Security Company of New York (HSCNY) The Hospital is self-insured for medical malpractice insurance claims up to $500,000 per incident LIC and HSCNY provide claims-based malpractice insurance coverage which covers only asserted malpractice claims over the self-insurance limits. The primary policy with LIC has a $1,000,000 per incident limit with a $3,000,000 annual policy aggregate limit. The excess policy has a $9,000,000 annual policy aggregate limit for claims made retroactive to July 1, 1985. Effective July 1, 2006, the excess annual policy aggregate limit was increased to $19,000,000. Effective July 1, 2006, the Hospital purchased an additional excess policy through HSCNY that has a $5,000,000 per incident limit with a $5,000,000 annual policy aggregate limit. The Hospital recognizes expenses associated with unasserted 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

Note 19 – Related Party

Joint residency program – The Hospital continues to support the joint residency program operated by Community Health of Central Washington The Hospital incurred approximately $1,293,331 and $1,213,895 of expenses related to the program in 2012 and 2011, respectively.

Note 20 – Fair Value of Financial Instruments

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

a) **Cash and cash equivalents** – The Hospital maintains its cash and cash equivalent accounts, which at times may exceed federally insured limits, at financial institutions The carrying amount reported in the consolidated balance sheet for cash and cash equivalents approximates fair value.

b) **Investments and assets whose use is limited** – The carrying amount reported in the consolidated balance sheet approximates fair value as determined by reference to quoted market prices if available or estimated using quoted market prices for similar securities.

c) **Accounts payable and accrued expenses** – The carrying amount reported in the consolidated balance sheet for accounts payable and accrued expenses approximates its fair value

d) **Estimated third-party payor settlements** – The carrying amount reported in the consolidated balance sheet for estimated third-party payor settlements approximates its fair value.

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

Note 20 – Fair Value of Financial Instruments (continued)

The carrying/par amounts and fair values of the Hospital's financial instruments at October 31, 2012 and 2011 are as follows:

	2012		2011	
	Carrying/Par Amount	Fair Value	Carrying/Par Amount	Fair Value
Long-term debt	$ 69,871,393	$ 38,363,627	$ 53,744,235	$ 44,721,789

Other financial instruments of the Hospital, which are excluded from the summary above, have carrying amounts that approximate fair value

Note 21 – Contingencies

Regulation and litigation – The Hospital 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 Hospital's future financial position or results from operations.

The healthcare 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 healthcare 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 healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Hospital is in compliance with the fraud and abuse regulations as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

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*

To the Board of Trustees
Yakima Valley Memorial Hospital Association and Subsidiaries

We have audited the consolidated financial statements of Yakima Valley Memorial Hospital Association and Subsidiaries (the Hospital) as of and for the year ended October 31, 2012, and have issued our report thereon dated January 15, 2013. 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 Hospital is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Hospital's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hospital'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 statement will not be prevented or detected and corrected in 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 the 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 previously

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's consolidated 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, the Board of Trustees, others within the entity, the U.S. Department of Health and Human Services, the U.S. Department of Education, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams LLP

Yakima, Washington
January 15, 2013

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

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

To the Board of Trustees
Yakima Valley Memorial Hospital Association and Subsidiaries

Compliance

We have audited the Yakima Valley Memorial Hospital Association and Subsidiaries' (the Hospital) 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 the Hospital's major federal program for the year ended October 31, 2012. The Hospital's major federal program is 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 its major federal program is the responsibility of the Hospital's management. Our responsibility is to express an opinion on the Hospital'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 Hospital'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 Hospital's compliance with those requirements.

In our opinion, the Hospital complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended October 31, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-01 and 2012-02.

Internal Control Over Compliance

Management of the Hospital is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Hospital's internal control over compliance with 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 Hospital'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 items 2012-01 and 2012-02 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 Hospital's responses to the findings identified in our audit are described in the Schedule of Findings and Questioned Costs We did not audit the Hospital's responses and, accordingly, we express no opinion on the responses

The purpose of this report is solely to (1) describe the scope of our testing of internal control over compliance and the results of that testing; and (2) express an opinion on compliance based on our audit. This report is an integral part of an audit performed in accordance with OMB Circular A-133. Accordingly, this report is not suitable for any other purpose

Moss Adams LLP

Yakima, Washington
January 15, 2013

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
93.994	Maternal and Child Health Services Block Grant to the States

Dollar threshold used to distinguish between type A and type B programs	$300,000	
Auditee qualified as low-risk auditee?	_X_ yes	___ no

II. FINANCIAL STATEMENT FINDINGS

None

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2012-01 – Allowable Cost/Payroll Certification – Significant Deficiency in Internal Controls and Instance of Noncompliance

Federal Program: Maternal and Child Health Services Block Grant to the States

Federal Agency: U.S. Department of Health and Human Services

Award Year: 2012

Criteria: OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, outlines principles to be applied in establishing the allowability of compensation for personal services, salaries, wages, and fringe benefits, involved in determining costs applicable to grants Specifically, if personnel services are supported with a combination of federal and state or local funds, the Hospital must document the determination that costs distributed represent actual costs and were properly allocated between sponsored agreements There are several acceptable methods for documenting and verifying the distribution of charges for personnel services per the Circular.

Condition and Context: Moss Adams noted that not all of the allocated payroll charges for personnel services which were supported with funds from the program were being certified in accordance with OMB Circular A-122.

Questioned Costs: None

Cause. The instances of non-compliance were caused by a lack of knowledge of the compliance requirements and not adhering to governing cost principles promulgated by the OMB

Effect. Actual personnel service costs could differ from the planned personnel service cost allocation between sponsored agreements which would result in unallowable costs.

Recommendation: Moss Adams recommends that the Hospital develop their policies and procedures to address this compliance requirement to ensure that payroll costs are verified in accordance with OMB Circular A-122.

Management Response. MCH coordinator has allocated portions of MCH home visitor time to cost center 8622 and will certify that labor distribution each pay period based on the record of actual visits completed Department manager and home visiting staff will sign a document each pay period certifying that the hours paid are the correct number of hours worked.

Finding 2012-02 – Sub-recipient Monitoring – Significant Deficiency in Control and Instance of Noncompliance

Federal Program. Maternal and Child Health Services Block Grant to the States

Federal Agency: U S Department of Health and Human Services

Award Year: 2012

Criteria: Per OMB Circular A-133, Section 400(d) outlines the responsibilities of recipients of Federal awards regarding funds passed-through to other organizations. Specifically, the pass-through entity is to: (1) monitor the activities of sub-recipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contract or grant agreements and that performance goals are achieved; and (2) ensure that sub-recipients, as qualified, meet the audit requirements of Circular A-133, and to review sub-recipient audit findings and corrective action.

Condition and Context: The process to ensure that a responsible person is reviewing the results of A-133 audit reports from sub-recipient entities that are required to have them is not occurring. As such, the Hospital is not aware of sub-recipient audit findings and any required corrective action(s) for the most recent audits of their sub-recipients.

Questioned Costs: None

Cause: The instance of non-compliance was caused by a lack of knowledge of the compliance requirements and not adhering to governing cost principles promulgated by the OMB

Effect: The OMB Circular A-133 requirement for sufficient sub-recipient monitoring is not being met. Without sufficient monitoring, funds passed through to the sub-recipients may not have been used in compliance with program provisions or could be inappropriate for the services performed.

Recommendation: We recommend that the Hospital review their current policies to ensure appropriate monitoring activities are outlined in the policy, such as requesting and reviewing sub-recipient audit reports timely. Additionally, we recommend that the Hospital enforce compliance with these policies and procedures and ensure that all sub-recipients are adequately monitored.

Management Response: The MCH subrecipients, Yakima Neighborhood Health and Yakima Valley Farm Workers Clinic, are in the process of preparing documentation for use of 2012 MCH funding – copies of independent audits, actual cost budget breakdown, accounting of staff time and effort.

For 2013, fiscal monitoring requirements for use of MCH funds are being written into the 2013 subcontracts These will be based on actual, allowable costs and not based on a per-visit reimbursement model. Subrecipients will be required to submit staff time and effort records as well as a minimum number of home visits.

SUPPLEMENTARY INFORMATION

Program Name	Federal CFDA Number	Grant Identification Number	Term of Grant	Total Award Amount	Current Year Expenditures
U.S. Department of Health and Human Services					
Centers for Medicare and Medicaid Services					
Passed through Washington State Department of Social and Health Services					
Passed through Yakima County Health District					
Medical Assistance Program - Medicaid Administrative Match	93.778	1166-35280	07/01/11 - 09/30/14	No Cap	$ 107,637
Passed through Washington State Department of Health					
Medical Assistance Program - Perinatal Program	93 778	N18169	07/01/10 - 06/30/13	50,738	13,751
					121,388
Office of the Secretary					
Passed through Washington State Department of Health					
Passed through Washington State Hospital Association					
National Bioterrorism Hospital Preparedness Program	93 889	U3REP090228-02-00	7/1/11 - 6/30/12	36,647	11,275
Substance Abuse and Mental Health Services Administration					
Passed through Washington State Department of Health					
Substance Abuse and Mental Health Services Project of Regional and National Significance	93.243		04/01/12 - 08/31/13	43,000	24,725
Administration for Children and Families					
Passed through Yakima Valley Farmworkers Clinic					
Child Abuse and Neglect Discretionary Activities	93 670		09/30/11 - 09/29/12	173,519	156,852
Health Resources and Services Administration					
Passed through Washington State Department of Health					
Maternal and Child Health Services Block Grant to the States	93 994	N15575	01/01/07 - 12/31/12	2,248,365	399,752
Maternal and Child Health Federal Consolidated Programs	93.110	N15575	01/01/07 - 12/31/12	47,640	15,639
Maternal and Child Health Services Block Grant to the States - Perinatal Program	93.994	N18169	07/01/10 - 06/30/12	114,524	34,465
Maternal and Child Health Services Block Grant to the States - Genetics Program	93 994	N19544	09/01/12 - 06/30/13	35,392	12,800
					462,656
ACA - Maternal, Infant, and Early Childhood Home Visiting Program Formula, Expansion, and Development Grants to States	93 505		10/01/12 - 09/30/13	573,733	23,426
ACA - Maternal, Infant and Early Childhood Home Visiting Program Formula, Expansion, and Development Grants to States ICA Contract	93 505		10/01/11 - 09/30/13	127,200	58,223
					81,649
U.S. Department of Education					
Early Intervention Services (IDEA) Cluster					
Office of Special Education and Rehabilitative Services					
Passed through Washington State Department of Early Learning					
Special Education-Grants for Infants and Families -					
Infant Toddler Early Intervention Program	84 181	10-1304	07/01/09 - 06/30/13	1,508,364	367,206
Total expenditures of federal awards					$ 1,225,751

See accompanying notes to this schedule

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Yakima Valley Memorial Hospital Association and Subsidiaries (the Hospital) under programs of the federal government for the year ended October 31, 2012 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 Hospital, it is not intended to and does not present the consolidated balance sheet, consolidated statement of operations, consolidated statement of changes in net assets or consolidated statement of cash flows of the Hospital.

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 Pass-through entity identifying numbers are presented where available

Note 3 – Subrecipients

Of the federal expenditures presented in the schedule, the Hospital provided federal awards to subrecipients as follows:

Program Title	Federal CFDA No	Amount Provided to Subrecipients
Yakima Valley Farm Workers Clinic	93.994	$ 52,653
Yakima Neighborhood Health Services	93 994	57,420
ESD 105	93.994	4,500
		$ 114,573

Additional Data

Software ID:
Software Version:
EIN: 91-0567263
Name: YAKIMA VALLEY MEMORIAL HOSPITAL

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

4d. Other program services

(Code) (Expenses $ 7,132,551 including grants of $ 0) (Revenue $ 46,531)

COORDINATION OF CHILDREN'S SERVICES, RESIDENCY PROGRAMS, COMMUNITY EDUCATION REGARDING HEALTH ISSUES