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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

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

OMB No 1545-0047

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning 07-01-2012 , 2012, and ending 06-30-2013

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

C Name of organization
OVERLAKE HOSPITAL MEDICAL CENTER

Doing Business As

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

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

D Employer identification number
91-0652651

E Telephone number
(425) 688-5000

G Gross receipts $ 498,432,711

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

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

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

H(c) Group exemption number ▶

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

J Website: ▶ www overlakehospital org

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

L Year of formation 1953

M State of legal domicile WA

Part I Summary

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

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	17
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	16
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	3,049
6	Total number of volunteers (estimate if necessary)	**6**	563
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	1,243,974
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	30,232

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	5,068,085	3,427,381
9	Program service revenue (Part VIII, line 2g)	420,550,975	416,612,006
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	11,280,104	26,564,756
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	4,333,025	4,152,115
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	441,232,189	450,756,258
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,552,361	1,337,853
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	209,581,189	221,074,739
16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	197,410,439	194,173,446
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	408,543,989	416,586,038
19	Revenue less expenses Subtract line 18 from line 12	32,688,200	34,170,220

Revenue

Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	576,465,313	610,805,572
21	Total liabilities (Part X, line 26)	261,358,736	256,501,985
22	Net assets or fund balances Subtract line 21 from line 20	315,106,577	354,303,587

Net Assets or Fund Balances

Part II Signature Block

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

Sign Here

▶ Signature of officer — Date: 2014-05-12

▶ Gary McLaughlin CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Sara Elizabeth J Hyre				P00235495

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

Firm's address ▶ 10900 NE 4th St Ste 1700
Bellevue, WA 98004

Phone no (425) 709-6200

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

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

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

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

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

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 336,405,218 including grants of $) (Revenue $ 416,431,393)

Hospital Services - Overlake Hospital Medical Center is a nonprofit, independently operated regional center serving the eastern Puget Sound region with medical facilities in Bellevue, Issaquah, Kirkland, and Redmond Founded in 1953, today Overlake Hospital is a regional leader in health care, providing advanced medical services in the areas of cardiac care, general and specialty surgery, women's services, cancer care and emergency services The Hospital also has a network of neighborhood clinics in its primary service area There were 18,093 patients admitted for inpatient medical care for a total of 62,615 patient days There were 250,222 outpatient visits out of which 44,098 were for emergency care visits The Hospital delivered 3,656 babies Overlake Medical Clinics provided 190,475 patient visits Overlake Hospital demonstrated a commitment to improving the health of the community by supporting many health-related events, programs, clinical research and made various contributions throughout the year that had a direct benefit to the community The Hospital maintains records to identify and monitor the level of charity care it provides These records include the amount of charges foregone for services Overlake Hospital provided care to 8,724 patients who are uninsured or under insured in the amount of $21,733,000 (estimated cost of $7,609,000) The Hospital provided care to Medicaid patients at rates below the cost of providing services The payments were less than cost by $9,665,000 In keeping with the Hospital's spirit of giving back to the community it served, a total of $5,027,000 of community benefit service activities were also provided Overlake Staff spent 1,816 hours in the community by participating in, organizing and managing health programs and activities Overlake sponsors community health events and screenings for the general public In March 2013, Overlake held its Active Senior Fair performing free cardiac and cholesterol screenings As the health care needs of our community increase and grow more complex, Overlake has strengthened its commitment to providing the most advanced treatment and technology alongside compassionate care, every day Overlake solidified its place as the leader and provider of the most comprehensive array of cardiac services available to Eastside patients Today, the Hospital's heart care team includes a network of specialists whose collective expertise and training has helped Overlake earn its reputation as an award winning cardiac center Overlake is the first hospital on the Eastside to perform minimally invasive cardiac surgery It is the site of two national cutting-edge cardiac clinical trials Overlake has been a nationally recognized leader in the cancer center since 1974 The Cancer Center at Overlake is noted for its newest cancer treatments and most advanced technologies available, as well as for its exceptional patient experience The Breast Center at Overlake was the first in the Seattle Metropolitan area to receive a three year full accreditation by the National Accreditation Program for Breast Center Overlake's Women and Infants' Center provides a full continuum of care designed for women in their childbearing years and beyond Overlake offers exceptional care for elderly patients by educating our nurses in effective geriatric care For more than 30 years, Overlake has been the leader in providing quality adult and adolescent psychiatric care to the Puget Sound community Our Specialty School is recognized by the school districts as a leader in helping students who need specialized behavioral services by providing academic, social, emotional and behavioral support The Palliative Care Program completed its first full year helping patients and families face serious illness and navigate their care with kindness and respect Overlake is expanding its network of Medical Clinics throughout the Eastside Overlake understands how busy people's day to day lives can be, that's why the Hospital provides patients with convenient, accessible medical care located close to where they live and work Overlake is proud to be recognized as foremost in the region for our focus on our patients and we have been rewarded for it by patients, families who prefer us for their comprehensive healthcare and through many national awards We were recognized by Healthgrades as one of the top 5% of hospitals in the nation for patient safety for the fifth year in a row We are the only hospital in Greater Seattle named a Top Performer on Key Quality Measures by the Joint Commission and noted as having the Most Advanced Neurointerventional care on the Eastside

4b (Code) (Expenses $ 1,909,957 including grants of $) (Revenue $ 180,613)

Education Services - In addition to the excellent care we provide our patients, the Hospital firmly believes education is critical to overall wellness so the organization reaches out to the community to engage and empower its patients in becoming educated healthcare consumers by offering free and low-cost classes for all age groups Health education is an important part of preventive care The Education Program provided 40,401 family contact hours offering classes of a wide range of health related topics including women's health, prenatal care, coping skills, dealing with cancer, positive parenting, safety, asthma, heart disease, diabetes, living wills, incontinence, weight loss, maintaining balance, babysitting for teens, CPR and healthy lifestyles The Hospital provided 17,160 nursing education hours on a wide range of topics to internal and external staff and nursing residents

4c (Code) (Expenses $ 1,337,853 including grants of $ 1,337,853) (Revenue $)

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

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ 339,653,028

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 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		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, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	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, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**	Yes	
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest 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 employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	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, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response 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	282		
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	3,049		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d	0		
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			No
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			No
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			No
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			No
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			No
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			No
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			No
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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**	17		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	16		
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**		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

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

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	**10a**		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	**10b**		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	**11a**	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	**12a**	Yes	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	**12b**	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done*	**12c**	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 ☐ Other (explain in Schedule O)

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

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

▶ Eric Teshima 1231 116th Ave Ste 600 Bellevue, WA (425) 688-5149

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

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

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

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								7,637,771		922,170

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 ▶330

			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
Puget Sound Blood Center 921 Terry Ave Seattle WA 981041256	Blood Services	3,065,433
Ivoxy Consulting LLC PO Box 101264 Pasadena CA 911890005	Software Consulting	2,554,718
Gall Landau Young Construction Co POBox 6728 Bellevue WA 980080728	Construction	4,688,334
Epic Systems Corporation PO Box 88314 Milwaukee WI 532880314	Software Developer	6,446,360
Aldrich & Associates Inc 810 240th St SE Bothell WA 980219397	Construction	2,831,367
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 ▶84		

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 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	3,427,381			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		3,427,381			
Program Service Revenue			Business Code				
	2a	Program Related Invstmnts	900004	1,618,770	1,618,770		
	b	Other Program Services	900004	2,058,398	2,058,398		
	c	Non Government Payments	900004	261,317,332	261,317,332		
	d	Medicare/Medicaid Payment	900004	151,436,893	151,436,893		
	e	Education Services	611710	180,613	180,613		
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		416,612,006			
	3	Investment income (including dividends, interest, and other similar amounts)		6,877,478			6,877,478
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			

		(i) Real	(ii) Personal				
	6a	Gross rents	417,407					
	b	Less rental expenses						
	c	Rental income or (loss)	417,407					
	d	Net rental income or (loss)			417,407			417,407

		(i) Securities	(ii) Other				
	7a	Gross amount from sales of assets other than inventory	67,059,871	76,069			
	b	Less cost or other basis and sales expenses	47,250,648	198,014			
	c	Gain or (loss)	19,809,223	-121,945			
	d	Net gain or (loss)			19,687,278			19,687,278
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from fundraising events			0			
	9a	Gross income from gaming activities See Part IV, line 19	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from gaming activities			0			
	10a	Gross sales of inventory, less returns and allowances	a	242,899				
	b	Less cost of goods sold	b	227,791				
	c	Net income or (loss) from sales of inventory			15,108			15,108
		Miscellaneous Revenue		Business Code				
	11a	Women's Clinic		446199	348,502			348,502
	b	Laboratory		621500	754,437		665,274	89,163
	c	Catering/Cafeteria		722210	2,270,489		578,700	1,691,789
	d	All other revenue			346,172			346,172
	e	**Total.** Add lines 11a–11d			3,719,600			
	12	**Total revenue.** See Instructions			450,756,258	416,612,006	1,243,974	29,472,897

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns All other organizations must complete column (A)

Check if Schedule O contains a response 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	1,337,853	1,337,853		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	3,651,494	1,087,104	2,564,390	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	171,773,616	145,914,598	25,859,018	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	11,528,719	10,046,295	1,482,424	
9 Other employee benefits	21,704,682	17,718,615	3,986,067	
10 Payroll taxes	12,416,228	10,501,105	1,915,123	
11 Fees for services (non-employees)				
a Management	0			
b Legal	523,446	48,674	474,772	
c Accounting	183,205		183,205	
d Lobbying	152,878		152,878	
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	184,042		184,042	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	37,998,213	27,307,640	10,690,573	
12 Advertising and promotion	1,047,521	173	1,047,348	
13 Office expenses	7,552,402	4,395,383	3,157,019	
14 Information technology	8,509,011		8,509,011	
15 Royalties . .	0			
16 Occupancy	13,966,759	9,099,624	4,867,135	
17 Travel	640,314	489,238	151,076	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	394,341	306,637	87,704	
20 Interest	9,953,092	9,953,092		
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	29,389,690	20,976,318	8,413,372	
23 Insurance	4,100,886	3,103,951	996,935	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a Other Expenses	3,029,525	903,540	2,125,985	
b B & O Tax	4,249,967	4,249,967		
c Medicaid Prov Assessmnt	9,123,169	9,123,169		
d Medical Supplies	63,156,030	63,071,097	84,933	
e All other expenses	18,955	18,955		
25 **Total functional expenses.** Add lines 1 through 24e	416,586,038	339,653,028	76,933,010	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		20,314,439	1	14,388,882
	2	Savings and temporary cash investments		23,941,319	2	24,834,303
	3	Pledges and grants receivable, net			3	0
	4	Accounts receivable, net		53,490,543	4	52,498,332
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	0
	7	Notes and loans receivable, net		56,645	7	285,000
	8	Inventories for sale or use		5,968,141	8	6,417,354
	9	Prepaid expenses and deferred charges		9,884,735	9	11,054,208
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 434,053,179			
	b	Less accumulated depreciation	10b 209,138,026	193,609,442	10c	224,915,153
	11	Investments—publicly traded securities		249,587,217	11	261,934,346
	12	Investments—other securities See Part IV, line 11			12	0
	13	Investments—program-related See Part IV, line 11		2,910,532	13	2,841,694
	14	Intangible assets		6,265,994	14	5,366,330
	15	Other assets See Part IV, line 11		10,436,306	15	6,269,970
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		576,465,313	16	610,805,572
Liabilities	17	Accounts payable and accrued expenses		59,224,594	17	67,318,096
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		182,618,048	20	178,539,468
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		761,679	23	140,650
	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		18,754,415	25	10,503,771
	26	**Total liabilities.** Add lines 17 through 25		261,358,736	26	256,501,985
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		313,510,498	27	353,990,502
	28	Temporarily restricted net assets		1,596,079	28	313,085
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		315,106,577	33	354,303,587
	34	Total liabilities and net assets/fund balances		576,465,313	34	610,805,572

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	450,756,258
2	Total expenses (must equal Part IX, column (A), line 25)	2	416,586,038
3	Revenue less expenses Subtract line 2 from line 1	3	34,170,220
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	315,106,577
5	Net unrealized gains (losses) on investments	5	-2,515,959
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	7,542,749
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	354,303,587

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
	If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
	If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both ☐ Separate basis ☑ Consolidated basis ☐ Both consolidated and separate basis			
c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	Yes	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

Additional Data

Software ID: 12000229
Software Version: 2012v2.0
EIN: 91-0652651
Name: OVERLAKE HOSPITAL MEDICAL CENTER

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Thomas Stoll Trustee	2 00 1 00	X						0	0	0
Russell Stockdale Trustee	1 00 50	X						0	0	0
Nolan Newman Trustee	1 50 1 50	X						0	0	0
Lani Mobius Trustee	1 00 2 00	X						0	0	0
Tom Miller MD Trustee	1 00 50	X						40,000	0	0
Douglas Martin Trustee	1 00 1 00	X						0	0	0
Linda Mahaffey Trustee	50 2 50	X						0	0	0
Ken Johnsen Trustee	1 00 1 00	X						0	0	0
David Hovind Trustee	1 00 50	X						0	0	0
John Hayhurst Trustee	2 00 50	X						0	0	0
Kathleen Gibson MD Trustee	1 00 1 00	X						10,000	0	0
Kemper Freeman Jr Trustee	1 00 1 00	X						0	0	0
Janine Florence Trustee	1 00 1 00	X						0	0	0
Patty Edwards Trustee	50 1 00	X						0	0	0
Gregory Collins Trustee	1 50 1 50	X						0	0	0
Tom Cleveland Trustee	2 00 2 00	X						0	0	0
Robert Campbell Trustee	5 00 1 00	X						0	0	0
Bertrand Valdman Imm Past Chair	1 00 1 00	X		X				0	0	0
Patricia Bedient Treasurer	2 00 1 00	X		X				0	0	0
Jim Doud Secretary	3 00 3 00	X		X				0	0	0
Cecily Hall Chairman	3 00 3 00	X		X				0	0	0
Gary McLaughlin Vice Pres & CFO	40 00 20 00			X				577,280	0	134,666
David Schultz Vice Pres & COO	50 00 0 00			X				535,714	0	91,721
Craig Hendrickson President & CEO	50 00 20 00			X				945,820	0	219,065
Caitlin Hillary-Moulding Vice President	50 00 0 00				X			337,931	0	63,640

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Alan Ertle Vice President	55 00 0 00				X			401,506	0	63,362
Catherine Whitaker-Klick Vice President	0 00 0 00				X			365,892	0	14,912
T D Sam Baxter Vice President	55 00 0 00				X			238,351	0	66,408
Richard Bryan Vice President	55 00 0 00				X			356,062	0	65,526
William Reece MD Rad Oncologist	40 00 0 00					X		761,273	0	26,537
John Hynes MD Cardiologist	40 00 0 00					X		721,789	0	31,236
John Heywood MD Cardiologist	40 00 0 00					X		718,113	0	31,682
John Holder MD Cardiologist	40 00 0 00					X		669,144	0	27,132
Joseph Doucette MD Cardiologist	40 00 0 00					X		647,103	0	31,405
Jody Albright Vice President & CIO	48 00 0 00						X	311,793	0	54,878

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
OVERLAKE HOSPITAL MEDICAL CENTER

Employer identification number
91-0652651

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

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

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

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

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

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

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

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

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

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

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

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

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

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Non-functionally integrated

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box ☐

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

		Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?	**11g(i)**		
(ii) A family member of a person described in (i) above?	**11g(ii)**		
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	**11g(iii)**		

h Provide the following information about the supported organization(s)

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1 - 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
Total									

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (see instructions) **12**

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

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2011 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2012.** 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—2011.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2012.** 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—2011.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶☐

Part III **Support Schedule for Organizations Described in Section 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 2012 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2011 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2012** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2011** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2012.** 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—2011.** 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.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

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

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

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

2 Political expenditures ▶ $

3 Volunteer hours

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

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

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

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

4a Was a correction made? ☐ Yes ☑ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds If none, enter -0-	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-
(1) American Hospital Association	P O Box 34936 Seattle, WA 98124		9,964	
(2) Millennia Public Affairs Inc	21127 47th Dr SE Bothell, WA 98021	91-1809445	95,721	
(3) Washington State Hospital Assoc	Dept5028 P O Box 34936 Seattle, WA 98124		47,193	

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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable 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)).

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(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		57,157
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		95,721
j	Total Add lines 1c through 1i			152,878
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		No	

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

			Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1		
2	Did the organization make only in-house lobbying expenditures of $2,000 or less?	2		
3	Did the organization agree to carry over 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) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" OR (b) Part III-A, line 3, is answered "Yes."

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) nondeductible 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, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1 Also, complete this part for any additional information

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

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
OVERLAKE HOSPITAL MEDICAL CENTER

Employer identification number
91-0652651

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

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

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

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

		Held at the End of the Year
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- a ☐ Public exhibition
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table

		Amount
c	Beginning balance	1c
d	Additions during the year	1d
e	Distributions during the year	1e
f	Ending balance	1f

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII . . . . . ☐

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

		(a) Current year	(b) Prior year	(b) (c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance					
b	Contributions					
c	Net investment earnings, gains, and 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 current year end balance (line 1g, column (a)) held as

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶
- c Temporarily restricted endowment ▶

The percentages in lines 2a, 2b, and 2c should equal 100%

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

		Yes	No
(i) unrelated organizations	3a(i)		
(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 XIII 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		2,151,141		2,151,141
b Buildings		196,379,307	78,980,148	117,399,159
c Leasehold improvements		4,930,800	4,055,533	875,267
d Equipment		219,978,311	126,102,345	93,875,966
e Other		10,613,620		10,613,620
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				224,915,153

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) must 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) must 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) must 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) Book value
Federal income taxes	
Workers' Comp Reserve	2,097,731
Prof Liability Insurance Reserve	5,197,157
Pension Liability	3,133,428
Other Long Term Liabilities	75,455
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	10,503,771

2. Fin 48 (ASC 740) Footnote In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☐

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

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

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

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

Part XIII Supplemental Information

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, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
OVERLAKE HOSPITAL MEDICAL CENTER

Employer identification number
91-0652651

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☑ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care ☐ 100% ☐ 150% ☑ 200% ☐ Other _____ %	3a	Yes	
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☑ 400% ☐ Other _____ %	3b	Yes	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	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 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			7,608,759		7,608,759	1 830 %
b Medicaid (from Worksheet 3, column a)			25,282,643	15,617,873	9,664,770	2 320 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			32,891,402	15,617,873	17,273,529	4 150 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,171,843	160,683	1,011,160	0 240 %
f Health professions education (from Worksheet 5)			2,024,580		2,024,580	0 490 %
g Subsidized health services (from Worksheet 6)			3,154,760	1,480,312	1,674,448	0 400 %
h Research (from Worksheet 7)			333,916	257,152	76,764	0 020 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			295,779	55,162	240,617	0 060 %
j **Total.** Other Benefits			6,980,878	1,953,309	5,027,569	1 210 %
k **Total.** Add lines 7d and 7j			39,872,280	17,571,182	22,301,098	5 360 %

Part II **Community Building Activities** Complete this if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

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

Part III **Bad Debt, Medicare, & Collection Practices**

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	5,117,682		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3	3,876,595		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	59,185,347		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	73,152,666		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-13,967,319		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV **Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1	Overlake Surgery Center LLC	Ambulatory Surgical Svcs	43 000 %		57 000 %
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
1

	Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	Overlake Hospital Medical Ctr 1035 116th Ave NE Bellevue, WA 98004 overlakehospital org	X	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 or facility reporting groups listed in Part V, Section A)

Name of hospital facility or facility reporting group Overlake Hospital Medical Ctr

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A) 1

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 11			
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**		No
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website			
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 CHNA, indicate how (check all that apply to date)			
a	☐ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☐ Participation in the development of a community-wide plan			
d	☐ Participation in the execution of a community-wide plan			
e	☐ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		No
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 0000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 0000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**		No
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)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☑ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)*

18 Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)

- **a** ☐ Notified individuals of the financial assistance policy on admission
- **b** ☐ Notified individuals of the financial assistance policy prior to discharge
- **c** ☐ Notified individuals of the financial assistance policy in communications with the 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)

Policy Relating to Emergency Medical Care

		Yes	No
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**19**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
21 During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**21**		No
If "Yes," explain in Part VI			
22 During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual?	**22**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year?
17

	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, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

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

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

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

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

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

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

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
	Part VI - Additional Information	Part I, Line 7The costing methodology for charity care and unreimbursed Medicaid was the cost to charge method using the cost to charge ratio derived from worksheet 2 The community health improvement cost, health professional education, research and cash and in-kind contributions are direct cost and do not include any indirect cost The cost for subsidized health services is derived from a cost accounting system that addresses all patient segments Part V, Line 22FAP-eligible individuals are charged gross charges for non-medically necessary services Medically necessary services are discounted according to the financial assistance policy
	Part VI - States Where Community Benefit Report Filed	WA

Identifier	ReturnReference	Explanation
	Part VI - Explanation Of How Organization Furthers Its Exempt Purpose	The Hospital staff participates in the county wide disaster preparedness group and is the back up to Harborview Medical Center The Hospital has an open medical staff model The Hospital operates an active screening program in which we offer free health screenings at least four times annually at community events The largest one is the annual Overlake Eastside Vitality Community Health Fair in which we provide over 3,943 free screenings including cholesterol, stroke risk, diabetes, and skin cancer Screening results and free counseling are provided at the events Those who need to see a physician are given a list of providers, including community medical clinics The Hospital staff participates in the county wide disaster preparedness group and is the back up to Harborview Medical Center The Hospital has an open medical staff model
	Part VI - Community Information	The Hospital's primary service area is East King County which is bounded by Lake Washington to the west and the Cascade Mountains to the east and extends north to the King County line, near the City of Bothell, and south to the City of Renton It has a population base of approximately 706,584 residents with an ethnic makeup of 69% white, 17% Asian, 8% Hispanic, 6% other 12% of the residents are 65 or older and another 28% in the 45 to 64 age bracket

Identifier	ReturnReference	Explanation
	Part VI - Patient Education of Eligibility for Assistance	Information about assistance programs starts at the point of registration Placards describing the financial assistance programs are at all admitting registration desks Financial assistance can take the form of assistance in qualifying for Medicaid, charity, or prompt pay discounts Financial counselors are available to discuss the financial arrangements for all patients and they discuss the financial assistance program The Financial counselors will also assist patients in completing the Hospital's charity care application if the patients brings in information and needs help completing the application The Hospital engages an outside company to assist patients with applying for Medicaid General information about the assistance programs is then included as part of each patient statement that is sent to a patient and includes the phone number of the Patient Financial Services department to call for assistance In addition, as part of the account follow up, Patient Financial Service Representatives will call patients after their second statement and will discuss patient financial assistance as part of the call Overlake's charity care policy is posted on the Washington State Department of Health's website and on the Hospital's website
	Part VI - Needs Assessment	The Hospital conducted a community needs assessment in April 2011 and is using this as the primary basis for assessing the community health needs in the future In addition, the Hospital distributes feedback forms in all our classes and at our major events, such as our annual community health fair These forms ask attendees a range of questions, including what other classes or services people would like us to offer We also include an item in every issue of Healthy Outlook asking people to contact us if they have requests for particular health classes or lectures Finally, we maintain relationships with other area non-profits and work with them when they identify specific community health needs (e g stroke screenings at Hopelink)

Identifier	ReturnReference	Explanation
Number of Hospital Facility - 1	Part V, Line 14g - Other Means Hospital Facility Publicized the Policy	While the written policy does not specifically mention the website and the patient statements, the hospital does do them in practice
Number of Hospital Facility - 1	Part V, Line 7 - Explanation of Needs Not Addressed and Reasons Why	The Hospital has chosen not to actively address the remaining health need of dental care as identified in the Community Health Needs Assessment Taking existing hospital and community resources into consideration, Overlake will concentrate on those health needs that we can most effectively address given our areas of focus and expertise

Identifier	ReturnReference	Explanation
Number of Hospital Facilty - 1	Part V, Line 3 - Account Input from Person Who Represent the Community	The Community Health Needs Assessment incorporated existing demographic and health data for the communities served by the Hospital It included collection and analysis of input from persons who represent the broad interests of the community served by the hospital, including those with special knowledge of public health The health needs were identified from issues supported by primary and secondary data sources gathered for the Community Health Needs Assessment The needs were indicated by stakeholder interviews, focus groups, and secondary data sources The needs were confirmed by more than one indicator or data source
	Part III, Line 9b - Provisions On Collection Practices For Qualified Patients	The Hospital will place a patient's account on hold when a patient's account is being considered for charity Once a determination has been made that a patient qualifies for charity care, the patient's account is reduced by the charity amount granted and a letter is sent to the patient noting the charity adjustment The patient may appeal the decision if he/she believes there is additional information that should have been considered or the financial situation has changed The patient is responsible for any balance remaining after the charity adjustment, if any, and the collection process will continue in the normal process

Identifier	ReturnReference	Explanation
	Part III, Line 8 - Explanation Of Shortfall As Community Benefit	The costing methodology for Medicare allowable cost is derived from FY 2013 Medicare Cost Report The Hospital believes that all of the Medicare shortfall should be treated as community benefit The IRS community benefit standard includes the provision of care to Medicare patients and the Hospital continues providing care to the Medicare beneficiaries regardless of the shortfall By absorbing the Medicare shortfall, the Hospital thereby relieves the federal government of the burden of paying the full cost for Medicare beneficiaries
	Part III, Line 4 - Bad Debt Expense	Attached Audited Financial Statements page 16

Identifier	ReturnReference	Explanation
	Part III, Line 3 - Methodology of Estimated Amount & Rationale for Including in Community Benefit	The Hospital believes that approximately 75% of the bad debt expense are related to patients that would be eligible under the Hospital's charity care guidelines had the patient provided the financial information necessary to make the determination This percentage is based on running credit checks on a sample of accounts that were being sent to bad debts
	Part III, Line 2 - Methodology Used To Estimate Bad Debt Expense	The Hospital and the Clinics provide an allowance for potential uncollectible patient accounts receivable whereby such receivables are reduced to their estimated net realizable value The Hospital estimates this allowance based on the aging of accounts receivable, historical collection experience by payor, and other relevant factors The Clinics estimates this allowance based on the historical collection experience by clinic and other relevant factors There are various factors that can impact the collection trends, such as changes in the economy, which in turn have an impact on unemployment rates and the number of uninsured and underinsured patients, the increased burden of co-insurance, and deductibles to be made by patients with insurance and business practices related to collection efforts These factors continuously change and can have an impact on collection trends and the estimation process The bad debt expense on Schedule H, Part III, lines 2 and 3 are estimated based on the cost to charge ratio

Additional Data

Software ID: 12000229
Software Version: 2012v2.0
EIN: 91-0652651
Name: OVERLAKE HOSPITAL MEDICAL CENTER

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 Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year?
17

Name and address	Type of Facility (describe)
OMC-Cardiology Bellevue 1414 1414 116th Ave NE Ste E Bellevue, WA 98004	Cardiology
OMC-Issaquah Pulmonology & Cardiology 1740 NW Maple Ste 207 Issaquah, WA 98027	Cardiology
OMC-Redmond Primary Care & Cardiology 16315 NE 74th St Redmond, WA 98052	Cardiology
OMC-Breast Surgery 1135 116th Ave NE Ste 180 Bellevue, WA 98004	Cardiology
OMC-SHC Bellevue 1750 112th Ave NE Ste A101 Bellevue, WA 98004	Cardiology
OMC-Kirkland Primary Care & Cardiology 290 Central Way Kirkland, WA 98033	Cardiology
OMC-Specialty Clinic Bariatric SurgeryWLS 1231 116th Ave NE Ste 515 Bellevue, WA 98004	Cardiology
OMC-Cardio Thoracic Surgery & Neurosurgery 1135 116th Ave NE Ste 605 Bellevue, WA 98004	Cardiology
OMC-Issaquah Primary Care 5708 E Lk Sammamish Pkwy SE Ste 102 Issaquah, WA 98025	Cardiology
OMC-Gilman Primary Care 450 NW Gilman Blvd Ste 201 Issaquah, WA 98027	Cardiology
OMC-Downtown Bellevue Primary Care 400 108th Ave NE Ste 100 Bellevue, WA 98004	Cardiology
OMC-Radiation Oncology Physicians 1135 116th Ave Ne Ste 160 Bellevue, WA 98004	Cardiology
OMC-Medical Tower Primary Care 1135 116th Ave NE Ste 110 Bellevue, WA 98004	Cardiology
OMC-Urgent Care & Pulmonology Redmond 17209 Redmond Way Redmond, WA 98052	Cardiology
OMC-Urgent Care Issaquah 5708 E Lk Sammamish Pkwy SE Ste 101 Issaquah, WA 98029	Cardiology
OMC-Medical Oncology 1135 116th Ave NE Ste 230 Bellevue, WA 98004	Cardiology
OMC-Cardiology & Pulmonology 1135 116th Ave NE Ste 600 Bellevue, WA 98004	Cardiology

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
OVERLAKE HOSPITAL MEDICAL CENTER

Employer identification number
91-0652651

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) Overlake Hospital Foundation 1035 116th Ave Ne Bellevue, WA 98004	91-1050325	501 (c) (3)	1,245,278	0			Support Operations
(2) Overlake Hospital Auxiliaries 1035 116th Ave NE Bellevue, WA 98004	23-7297831	501 (c) (3)	92,575	0			Support Operations

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 2

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶ 0

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

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

Part IV **Supplemental Information.**

Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information

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

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
OVERLAKE HOSPITAL MEDICAL CENTER

Employer identification number
91-0652651

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☑ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	**1b**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	☑ Compensation committee	☑ Written employment contract		
	☑ Independent compensation consultant	☑ Compensation survey or study		
	☐ Form 990 of other organizations	☑ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**	Yes	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**	Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		No

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

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

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

(A) Name and Title	**(B)** Breakdown of W-2 and/or 1099-MISC compensation			**(C)** Retirement and other deferred compensation	**(D)** Nontaxable benefits	**(E)** Total of columns (B)(i)-(D)	**(F)** Compensation reported as deferred in prior Form 990
	(i) Base compensation	**(ii)** Bonus & incentive compensation	**(iii)** Other reportable compensation				
See Additional Data Table							

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II
Also complete this part for any additional information

Identifier	Return Reference	Explanation
Sch J, Part I, Line 7	Part I, Line 7 Non-Fixed payments not listed above	Management incentive for the CEO, COO and Vice Presidents are contingent on Overlake Hospital Association's consolidated net operating income for the fiscal year being at least 80% of the net operating income budget The incentive payment is then based on a combination of meeting organization and individual goals The incentive payments are approved by the Governance Committee of the Board Incentives were paid to William Reece and John Heywood based on productivity and meeting certain individual quality goals Incentives were paid to John Hynes, John Holder and Joseph Doucette based on meeting certain individual quality goals
Sch J, Part I, Line 1a	Part I, Line 1a Relevant information in regards to selections on 1a	

Additional Data

Return to Form

Software ID: 12000229
Software Version: 2012v2.0
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Name: OVERLAKE HOSPITAL MEDICAL CENTER

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
William Reece MD	(I) (II)	315,838	404,614	40,821	15,000	11,537	787,810	
T D Sam Baxter	(I) (II)	189,031	22,043	27,277	56,055	10,353	304,759	18,085
Richard Bryan	(I) (II)	245,538	37,500	73,024	58,562	6,964	421,588	40,117
Joseph Doucette MD	(I) (II)	567,160	28,000	51,943	15,000	16,405	678,508	
John Hynes MD	(I) (II)	687,777	28,000	6,012	15,000	16,236	753,025	
John Holder MD	(I) (II)	628,343	28,000	12,801	15,000	12,132	696,276	
John Heywood MD	(I) (II)	646,138	45,697	26,278	15,000	16,682	749,795	
Jody Albright	(I) (II)	261,113	34,288	16,392	48,554	6,324	366,671	
Gary McLaughlin	(I) (II)	415,898	65,445	95,937	119,282	15,384	711,946	52,808
David Schultz	(I) (II)	344,270	56,013	135,431	76,337	15,384	627,435	111,736
Craig Hendrickson	(I) (II)	639,090	123,774	182,956	205,811	13,254	1,164,885	154,070
Catherine Whitaker-Klick	(I) (II)	77,721		288,171	9,784	5,128	380,804	91,163
Caitlin Hillary-Moulding	(I) (II)	239,514	34,612	63,805	57,316	6,324	401,571	
Alan Ertle	(I) (II)	325,350	43,234	32,922	58,022	5,340	464,868	

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
OVERLAKE HOSPITAL MEDICAL CENTER

Employer identification number
91-0652651

Part I Bond Issues

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

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	86,285,000	86,285,000	16,975,000	
2	Amount of bonds legally defeased				
3	Total proceeds of issue	99,229,494	169,309,811	22,708,445	
4	Gross proceeds in reserve funds	8,292,652	6,516,651		
5	Capitalized interest from proceeds	852,750	852,750		
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	1,660,010	2,136,381	371,287	
8	Credit enhancement from proceeds	8,175,568	8,175,568	966,000	
9	Working capital expenditures from proceeds	210,770			
10	Capital expenditures from proceeds	20,000,000	145,694,524		
11	Other spent proceeds	75,000,000		21,371,159	
12	Other unspent proceeds				
13	Year of substantial completion	2010	2008	1990	

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X		X				
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0%		0%		%		%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0%		0%		%		%	
6	Total of lines 4 and 5	0%		0%		%		%	
7	Does the bond issue meet the private security or payment test?		X		X				
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X				
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	%		%		%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?		X		X				

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X		X		
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?	X			X		X		
b	Exception to rebate?	X			X		X		
c	No rebate due?		X	X		X			
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?								
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		X		
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								

Part IV Arbitrage *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X	X			X		
b	Name of provider	IXIS Funding Corp		IXIS Funding Corp					
c	Term of GIC		3 1000		3 1000				
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X		X					
6	Were any gross proceeds invested beyond an available temporary period?		X		X		X		
7	Has the organization established written procedures to monitor the requirements of section 148?		X		X		X		

Part V Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has 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?		X		X		X		

Part VI Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

Identifier	Return Reference	Explanation
Supplemental Information	Part VI	Schedule K, Part IV, Arbitrage, Line 2c (a) Issuer Name Washington Health Care Facilities Authority Date the Rebate Computation was Performed 12/19/2003 (b) Issuer Name Washington Health Care Facilities Authority Date the Rebate Computation was Performed 05/31/2010 Note regarding the rebate computation on 12/19/2003 Since the bond proceeds have been spent, a spending exception was met, and the debt service fund was operated on a bona fide basis, no further rebate calculations are necessary Part I, Line A, Column (c) - cusip - 93978E WQ1/WR9Part I, Line B, Column (c) - cusip - 93978E YZ9 / YL0 / YF3 / YG1Part I, Line C, Column (f) - Construction of facilities & partially refund prior issue (6/8/05)Part II, Line 3 - The total proceeds do not agree to the issue price in Part I, Column (e) due to investment earnings Part II, Line 3 - The total proceeds do not equal the summation of Lines 4-12 due to transferred or replacement proceeds in line 4

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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, line 38a or 40b.**

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

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2012

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Name of the organization
OVERLAKE HOSPITAL MEDICAL CENTER

Employer identification number
91-0652651

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

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

1 (a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected? Yes	No

2 Enter the amount of tax incurred by 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-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization? To	From	(e) Original principal amount	(f) Balance due	(g) In default? Yes	No	(h) Approved by board or committee? Yes	No	(i) Written agreement? Yes	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 assistance	(d) Type of assistance	(e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Puget Sound Physicians PLLC	See Part V	1,238,960	UC Phys/M Director Fees		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
		Part IV Line 2 Column (c)Entity in which Tom Miller, MD, Trustee has a more than 5% ownership interest

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

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2012

Open to Public Inspection

Name of the organization
OVERLAKE HOSPITAL MEDICAL CENTER

Employer identification number
91-0652651

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

Identifier	Return Reference	Explanation
	Form 990, Part IX Line 24e	This is UBI Taxes The software list items on line 24a to 24e from highest to lowest resulting in it listed on line 24e

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

Identifier	Return Reference	Explanation
	Form 990, Part I Line 6 - Volunteers	Volunteers provided 146,788 hours of service to Overlake Hospital Medical Center during the year Volunteers provide assistance for patients and guests at point of entry with information, way-finding, and transportation services In the nursing units, volunteers help answer call lights and provide comfort to support and facilitate the physical, emotional, mental and spiritual health and self-healing of the patient Included in the total volunteers are 21 board members that volunteered their time as board members during the year

Identifier	Return Reference	Explanation
Form 990, Part XI, Line 9	Other Changes In Net Assets Or Fund Balances - Other Increases	Adjustment in Pension Liability = $7542749

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

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 15b	Form 990, Part VI, Line 15b Compensation Review and Approval Process for Officers and Key Employees	Overlake's policy and process for Executive Compensation is fully documented in the "Executive Compensation Administration and Compliance Manual" which was last updated on April 1, 2012 This manual details the charter of the Compensation Committee of the Board, the compensation philosophy and how salary increases, incentives and benefits and perquisites are administered Compensation Committee members are independent board members as required by the Charter and By-laws The process includes an independent consultant who works directly for the Compensation Committee and a review of comparable data from external sources All compensation related decisions for the CEO, COO and Vice Presidents are discussed, deliberated and voted on by the Compensation Committee and documented in the minutes of the meeting

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 12c	Form 990, Part VI, Line 12c Explanation of Monitoring and Enforcement of Conflicts	Board members and management annually signs a statement which affirms that such person 1) has received a copy of the Conflict of Interest Policy2) has read and understands the policy3) has agreed to comply with the policy, and4) understands that the corporation is a charitable organization and that in order to maintain their federal tax exemption they must avoid conflicts of interest and engage primarily in activities which accomplish one or more of their tax-exempt functions A lists of all financial interests or other relationships with any organization that has, or can reasonably expected to have, a transaction with the corporation, competes against the corporation, or whose interest materially conflicts with the interest of the corporation is submitted annually to the Overlake Hospital Medical Center Compliance Officer for review The Compliance Officer summarizes any conflicts of interest and discusses these results with the Chair of the Audit & Compliance Committee, CEO, Overlake Hospital Medical Center VP Human Resources and General Counsel This information is also shared with the Chair, Chair-Elect, Committee Chairs, and the CFO At Board Meetings, members are expected to recuse themselves from voting on issues when there is a conflict of interest

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

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 7b	Form 990, Part VI, Line 7b Describe Decisions of Governing Body Approval by Members or Shareholders	Overlake Hospital Association, as sole member, must approve (a) any sale or lease of all or substantially all of the assets of the corporation,(b) any increased indebtedness exceeding five percent of the gross patient service revenue during a fiscal year of the corporation,(c) the annual budget of the corporation and any material amendments thereto,(d) the auditors of the corporation, and(e) any amendments to the articles of incorporation and bylaws of the corporation

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

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

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

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2012

Open to Public Inspection

Name of the organization
OVERLAKE HOSPITAL MEDICAL CENTER

Employer identification number
91-0652651

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) Overlake Medical Clinics LLC 1035 116th Ave NE Bellevue, WA 98004 91-1932954	Medical Clinics	WA	28,764,085	13,524,114	Overlake Hospital Medical Center

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
(1) Overlake Hospital Association 1035 116th Ave NE Bellevue, WA 98004 91-1274134	Provide Support	WA	501(c)(3)	11-Type II	N/A	Yes	
(2) Overlake Hospital Auxiliaries 1035 116th Ave NE Bellevue, WA 98004 23-7297831	Fund Raising	WA	501(c)(3)	9	Overlake Hospital Medical Center	Yes	
(3) Overlake Hospital Foundation 1035 116th Ave NE Bellevue, WA 98004 91-1050325	Fund Raising	WA	501(c)(3)	7	Overlake Hospital Medical Center	Yes	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(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	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No

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

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

Part VI **Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to 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 section 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	

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Software Version: 2012v2.0
EIN: 91-0652651
Name: OVERLAKE HOSPITAL MEDICAL CENTER

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
Overlake Hospital Association	o	201,864	Cash
Overlake Hospital Association	k	5,293,688	FMV
Overlake Hospital Association	d	8,375,214	Other
Overlake Hospital Auxiliaries	o	142,535	Cash
Overlake Hospital Auxiliaries	n	30,893	Cash
Overlake Hospital Auxiliaries	c	682,886	Cash
Overlake Hospital Auxiliaries	b	92,575	Cash
Overlake Hospital Foundation	o	225,741	Cash
Overlake Hospital Foundation	n	102,530	Cash
Overlake Hospital Foundation	c	2,744,495	Cash
Overlake Hospital Foundation	b	1,245,278	Cash

OVERLAKE HOSPITAL MEDICAL CENTER

Consolidated Financial Statements

June 30, 2013 and 2012

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 2900
1918 Eighth Avenue
Seattle, WA 98101

Independent Auditors' Report

The Board of Trustees
Overlake Hospital Medical Center:

We have audited the accompanying consolidated financial statements of Overlake Hospital Medical Center and subsidiaries (the Hospital), which comprise the consolidated balance sheets as of June 30, 2013 and 2012, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of the Hospital and subsidiaries as of June 30, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

October 15, 2013

OVERLAKE HOSPITAL MEDICAL CENTER

Consolidated Balance Sheets

June 30, 2013 and 2012

(In thousands)

Assets		2013	2012
Current assets:			
Cash and cash equivalents	$	15,357	21,239
Hospital accounts receivable, net of allowance for bad debts of $8,904 in 2013 and $9,343 in 2012		50,723	49,996
Clinic accounts receivable, net of allowance for bad debts of $913 in 2013 and $440 in 2012		1,775	3,494
Current portion of pledges receivable		273	853
Current portion of assets whose use is limited		9,607	8,708
Supplies inventory		6,417	5,968
Prepaid expenses		6,708	5,116
Other current assets		3,709	7,504
Total current assets		94,569	102,878
Assets whose use is limited:			
Restricted by donors		5,727	5,568
Management designated		4,369	3,554
Funds held under bond indenture and collateral agreements		24,416	23,518
Less current portion		(9,607)	(8,708)
Total assets whose use is limited, net of current portion		24,905	23,932
Investments		261,946	249,611
Long-term portion of pledges receivable, net		475	71
Other long-term receivables, net		2,829	2,934
Land, buildings, and equipment, net		225,023	193,752
Other assets:			
Investment in joint ventures		2,842	2,911
Deferred financing costs, net		4,415	4,815
Other assets		5,366	6,266
Total other assets		12,623	13,992
Total assets	$	622,370	587,170

(Continued)

OVERLAKE HOSPITAL MEDICAL CENTER

Consolidated Balance Sheets

June 30, 2013 and 2012

(In thousands)

Liabilities and Net Assets		2013	2012
Current liabilities:			
Current portion of long-term debt and capital leases	$	5,412	4,514
Accounts payable		20,038	15,312
Accrued liabilities		40,361	36,849
Accrued interest payable		4,550	4,633
Payable to third-party agencies		2,519	2,618
Total current liabilities		72,880	63,926
Long-term debt and capital leases, net of current portion		173,269	178,866
Other long-term liabilities		10,504	18,754
Total liabilities		256,653	261,546
Net assets:			
Unrestricted net assets		358,149	317,048
Temporarily restricted net assets		2,216	3,695
Permanently restricted net assets		5,352	4,881
Total net assets		365,717	325,624
Total liabilities and net assets	$	622,370	587,170

See accompanying notes to consolidated financial statements.

OVERLAKE HOSPITAL MEDICAL CENTER

Consolidated Statements of Operations and Changes in Net Assets

Years ended June 30, 2013 and 2012

(In thousands)

	2013	2012
Operating revenues (losses)		
Patient service revenues	$ 427,372	417,087
Provision for uncollectible accounts	(14,618)	(14,010)
Net patient service revenues	412,754	403,077
Other operating revenues	8,238	7,797
Contribution revenues	1,993	2,228
Loss on disposal of assets	(122)	(54)
Net operating revenues	422,863	413,048
Operating expenses		
Salaries	176,240	169,271
Registry	4,081	2,652
Employee benefits	45,776	41,347
Supplies	70,503	64,595
Purchased services	41,418	40,158
Interest	9,730	9,828
Depreciation and amortization	29,648	30,027
Rent, leases, and utilities	14,988	13,147
Marketing, insurance, taxes, and other	24,632	23,890
Total operating expenses	417,016	394,915
Excess of revenues over expenses from operations	5,847	18,133
Nonoperating revenues, net		
Investment income	26,863	11,340
Total nonoperating revenues, net	26,863	11,340
Excess of revenues over expenses	32,710	29,473
Other changes in unrestricted net assets		
Net assets released for capital acquisitions	3,341	1,032
Change in pension liability	7,543	(8,765)
Change in net unrealized gains/losses on investments	(2,622)	(7,902)
Appropriation of endowment assets for expenditure	129	165
Consolidation of joint venture	—	2,792
Increase in unrestricted net assets	41,101	16,795
Changes in temporarily restricted net assets		
Contributions	2,115	4,139
Investment income	861	145
Change in net unrealized gains/losses on investments	(260)	(18)
Net assets released from restrictions	(4,195)	(2,426)
(Decrease) increase in temporarily restricted net assets	(1,479)	1,840
Change in permanently restricted net assets		
Contributions	471	256
Increase in permanently restricted net assets	471	256
Increase in net assets	40,093	18,891
Net assets, beginning of year	325,624	306,733
Net assets, end of year	$ 365,717	325,624

See accompanying notes to consolidated financial statements

OVERLAKE HOSPITAL MEDICAL CENTER

Consolidated Statements of Cash Flows

Years ended June 30, 2013 and 2012

(In thousands)

	2013	2012
Cash flows from operating activities		
Change in net assets	$ 40,093	18,891
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	29,648	30,027
Provision for uncollectible accounts	14,618	14,010
Loss on disposal of assets	122	54
Restricted contributions received for capital and permanently restricted purposes	(2,322)	(2,812)
Net realized and unrealized (gain) loss on investments	(15,864)	4,233
Equity earnings in joint ventures, net of distributions	(2,234)	(890)
Changes in operating assets and liabilities		
(Increase) decrease in		
Hospital accounts receivable, net	(13,562)	(13,663)
Clinic accounts receivable, net	(64)	(2,720)
Pledges receivable, net	176	(232)
Supplies inventory	(449)	(384)
Prepaid expenses	(1,592)	(913)
Other current assets	3,795	2,739
Other long-term receivables	105	(2,934)
Increase (decrease) in		
Accounts payable	946	2,493
Accrued liabilities	3,512	4,080
Accrued interest payable	(83)	(129)
Payable to third-party agencies	(99)	(473)
Other long-term liabilities	(8,250)	11,323
Net cash provided by operating activities	48,496	62,700
Cash flows from investing activities		
Purchase of land, buildings, and equipment	(56,164)	(32,384)
Proceeds from disposal of assets	27	52
Proceeds from sale of investments and assets whose use is limited	151,774	50,152
Purchase of investments and assets whose use is limited	(150,117)	(66,725)
Distributions from joint ventures	2,303	2,024
Purchase of other assets	—	(7,800)
Net cash used in investing activities	(52,177)	(54,681)
Cash flows from financing activities		
Restricted contributions received for capital and permanently restricted purposes	2,322	2,812
Principal payments on long-term debt	(3,893)	(5,709)
Principal payments on capital lease obligations	(621)	(596)
Assumption of debt from acquisition	—	917
Financing fees	(9)	—
Net cash used in by financing activities	(2,201)	(2,576)
Net (decrease) increase in cash and cash equivalents	(5,882)	5,443
Cash and cash equivalents, beginning of year	21,239	15,796
Cash and cash equivalents, end of year	$ 15,357	21,239
Supplemental disclosures of cash flow information		
Cash paid for interest	$ 9,813	9,957
Purchase of land, building, and equipment included in accounts payable	5,223	1,443
Equipment acquired by capital lease	—	1,358

See accompanying notes to consolidated financial statements

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

(a) Organization

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

Controlled Affiliates of the Hospital

The following entities are controlled affiliates of the Hospital and therefore included in these consolidated financial statements.

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

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

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

Washington Imaging Services, LLC (WIS) was a joint venture that the Hospital had a 27% ownership interest of in 2011. On July 8, 2011, the Hospital purchased the remaining ownership interest from the other owners. On October 31, 2011, the Hospital dissolved WIS and incorporated the medical imaging operations into the Hospital.

Other Affiliates of the Hospital

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

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

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

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

(b) Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates include the provision for contractual allowances and uncollectible accounts, fair value of financial instruments, reserves for employee benefit obligations, and self-insurance reserves for professional liability and workers' compensation.

(c) Basis of Presentation

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

(d) Reclassification

The prior year provision for uncollectible accounts has been reclassified to conform with the fiscal year 2013 presentation.

(e) Cash and Cash Equivalents

Included in cash and cash equivalents are cash equivalents of approximately $2,312 and $2,100 as of June 30, 2013 and 2012, respectively, which are invested in money market savings and highly liquid debt instruments with original maturities of three months or less at the date of purchase.

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

(f) Provision for Uncollectible Accounts

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

collection efforts. These factors continuously change and can have an impact on collection trends and the estimation process.

(g) Pledges Receivable

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

(h) Assets Whose Use is Limited

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

(i) Investments

Investments consist primarily of cash, money market funds, bond mutual funds, equity mutual funds, and an unregistered equity mutual fund, and are recorded at fair value. Investments are classified as available for sale with unrealized gains and losses included in changes in net assets unless the losses are considered other-than-temporary.

(j) Other-than-Temporary Impairment

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

A decline in the market value of any available-for-sale security below cost that is deemed to be other-than-temporary results in an impairment to reduce the carrying amount to market value. The

impairment is charged against non operating revenues and a new cost basis for the security is established.

(k) Land, Buildings, and Equipment

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

The fair value of a long-lived asset may change due to a number of factors such as a significant decrease in the market price of a long-lived asset, a significant adverse change in the manner in which the asset is used, a significant adverse change in legal factors or the business climate that could affect the value of the asset, or a change in expected useful life due to changes regarding obsolescence, planned replacement, or disposal. When management becomes aware of a situation that could cause the fair value of a long-lived asset to be lower than the book value, the asset is reviewed to determine whether an impairment has occurred and records an impairment and revises the estimated useful life as needed.

(l) Deferred Financing Costs

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

(m) Other Assets

In connection with the July 2011 purchase of the remaining interest in WIS, there were payments of $7,760 for working capital, fixed assets net of long-term debt, intangible assets, and goodwill. The Hospital amortizes the remaining definite-lived asset over the expected useful life of six years using the straight-line method. The Hospital tests the intangible asset and goodwill for impairment as of June 30 and also monitors for triggering events in accordance with Generally Accepted Accounting Principles.

(n) Net Patient Service Revenues

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

less than the Hospital's actual charges for its services. Payments for Medicare outpatient laboratory services and certain therapeutic services are based on a fee schedule.

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

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors.

Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The Hospital's net patient service revenue increased by $114 and increased by $698 during 2013 and 2012, respectively, as a result of retroactive adjustments under reimbursement agreements with third-party payors.

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

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

(o) Charity Care

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

(p) Private Pay Discounts

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

(q) Donor-Restricted Gifts

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

(r) Temporarily and Permanently Restricted Net Assets

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

(s) Excess of Revenues over Expenses

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

(t) Federal Income Taxes

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

(u) Recently Adopted Accounting Standards

In July 2011, the FASB (Financial Accounting Standards Board) issued ASU (Accounting Standards Update) No. 2011-07, *Health Care Entities (Topic 954): Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* (ASU 2011-07). ASU 2011-07 is intended to provide financial statement users with greater transparency about a health care entity's net patient service revenue and the related allowance for doubtful accounts. The amendments in this Update require certain health care entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient

(In thousands)

service revenue (net of contractual allowances and discounts). Additionally, those health care entities are required to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts. The amendments also require disclosures of patient service revenue (net of contractual allowances and discounts) as well as qualitative and quantitative information about changes in the allowance for doubtful accounts. This ASU became effective for the Hospital on July 1, 2012.

In October 2012, the FASB issued ASU No. 2012-05, Statement of Cash Flows (Topic 230): Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows. ASU 2012-05 requires all cash receipts from the sale of donated financial assets to be classified as cash flows from operations with two exceptions related to donor limitations and restrictions. This standard will be effective for the Hospital's 2014 financial statements. The adoption of this standard is not expected to have a material impact on the Hospital's financial statements.

(2) Net Patient Service Revenues

The following is the mix of patient charges by payor for the years ended June 30, 2013 and 2012:

	2013	2012
Medicare	28%	28%
Medicaid	2	3
Group Health	17	17
Premera	16	16
Regence	9	8
Other third-party payors	24	25
Private pay	4	3
Total	100%	100%

(3) Hospital Safety Net Program

In April 2010, the Hospital Safety Net Assessment Act was passed by the Washington State legislature. This legislation used federal matching funds to increase hospital payments statewide by almost $200,000 between 2009 and 2011 in order to mitigate severe budget cuts made to hospitals during the 2009 session of the state legislature. The legislation sunset on June 30, 2013.

Under this program, Washington State nongovernmental hospitals are assessed a fee on all non Medicare patient days. This fee is collected by the state and the state uses these funds to obtain new federal Medicaid matching funds. Hospitals received increased Medicaid rates to cover the assessments paid and to restore a portion of the cuts enacted during the 2009 legislative session.

The portion of the program related to Medicaid fee for service had been implemented retroactive to July 2009. The portion of the program related to Medicaid managed care was approved by the Centers for Medicare & Medicaid Services in April 2011 retroactive to July 2009, but was not fully implemented until

2013. The Hospital had a receivable of $171 as of June 30, 2012 and received retroactive payments of $754 in 2013. All retroactive payments for the program have been received.

Certain hospitals entered into a separate agreement with the Washington State Hospital Association for a secondary redistribution to insure that all hospitals that are a part of the agreement recover at least the amount of the tax assessment plus 30% of the estimated Medicaid cuts that would have occurred had the Hospital Safety Net Assessment Act been implemented. The Hospital has a receivable of $566 as of June 30, 2012 related to the first biennium of the program and received payments of $1,077 in 2013. All secondary redistribution payments related to the first biennium have been received.

In May 2011, the Washington State legislature passed legislation that reduced the amount of funds that would be available for federal matching funds and reduced Medicaid payments to hospitals effective July 1, 2011. The Washington State Hospital Association has filed two court cases to challenge the legislation. If successful, the result could either be restoration of the Medicaid funding cuts that went into effect on July 1, 2011 or to retroactively terminate the Hospital Safety Net program from July 1, 2011.

Due to changes to the program effective July 1, 2011, it was no longer possible for all hospitals to recover at least the amount of the tax assessment. There has been agreement among certain hospitals and the Washington State Hospital Association for a secondary redistribution of a more limited scope than originally designed. The Hospital recorded additional reimbursement and a corresponding receivable of $2,000 related to this agreement as of June 30, 2012 and received payments of $3,470 in 2013 related to 2012. In addition, the Hospital received payments of $3,633 related to 2013. The hospital did not record a receivable as of June 30, 2013.

In total, the Hospital recorded additional reimbursement of $6,197 related to this agreement in 2013.

The Hospital recorded an expense for assessments in the amount of $8,828 in 2012 and a payable due of $2,943 as of June 30, 2012. The Hospital recorded an expense for assessments in the amount of $9,123 in 2013 and a payable due of $3,801 as of June 30, 2013.

The Washington State legislature passed a new Safety Net program that is subject to review by CMS (Centers for Medicare and Medicaid Services). The new law would be retroactive to July 1, 2013 and sunset on June 30, 2017.

(4) Charity Care and Community Benefit

The Hospital provides care without charge or at reduced rates to patients who qualify for charity care according to the Hospital's policy. The Hospital determines the cost of charity care using a cost to charge ratio following the regulatory guidelines. Total expenses are reduced by bad debt, other operating revenues, the hospital safety net assessment, and community benefit expense and patient charges are reduced by community benefit revenue in determining the cost to charge ratio. The ratio is then applied to the charges that were written off for charity to determine the cost of charity. For the years ended June 30, 2013 and 2012, the cost of providing charity was estimated at approximately $7,609 and $7,032 respectively.

(In thousands)

The Hospital provides care to Medicaid patients at rates below the cost of providing services. For the years ended June 30, 2013 and 2012, payments were less than estimated cost by approximately $9,665 and $9,711, respectively.

The Hospital is also involved in an array of activities that benefit the broader community. Community education classes are offered in a wide range of health-related topics including preparing for childbirth, positive parenting, infant and child safety, adult first aid, CPR, women's health, smoking cessation, weight loss, diabetes, balance, dementia, living wills, long-term care insurance, cholesterol, caregiver support, dealing with cancer, and depression. In addition to classes, the Hospital has a cancer resource center that coordinates support groups, counseling, and provides access to the latest information on cancer at no cost. The Hospital provides cholesterol, diabetes, and bone density screenings at various community events. Education is part of the Hospital's mission and is evidenced by the Hospital's participation in several residency programs or by providing a clinical setting for college-based programs including nursing, pharmacy technicians, medical imaging technicians, physical, occupational, and respiratory therapists, dietetic interns, emergency medical technicians, physician assistants, midwives, and nurse practitioners. The Hospital also has an integrated senior care program to assist seniors with general health, diet, exercise, therapeutic, and referral needs. The Hospital operates senior care clinics at a loss for the benefit of the community. As a community member, the Hospital participates and helps sponsor many community events in the area it serves. The Hospital provides support to physician offices to implement electronic medical records upon request. The estimated net unreimbursed expenditures on community benefit programs were $5,027and $4,924 in 2013 and 2012, respectively.

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

(5) Concentrations of Credit Risk

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

	2013	2012
Medicare	21%	21%
Medicaid	2	3
Group Health	15	19
Premera	13	13
Regence	12	8
Other third-party payors	24	23
Private pay	13	13
Total	100%	100%

(Continued)

(In thousands)

(6) Provision for Bad Debt

The Hospital and Clinics provide for an allowance against patient accounts receivable for amounts that could become uncollectible. The Hospital and Clinics estimate this allowance based on the aging of accounts receivable, historical collection experience, and other relevant factors. There are various factors that can impact the collection trends, such as changes in the economy, which in turn have an impact on unemployment rates and the number of uninsured and underinsured patients, the increased burden of copayments to be made by patients with insurance coverage and business practices related to collection efforts. These factors continuously change and can have an impact on collection trends and the estimation process used by the Hospital and Clinics. The Hospital and Clinics record a provision for bad debts in the period of services on the basis of past experience, which has historically indicated that many patients are unresponsive or are otherwise unwilling to pay the portion of their bill for which they are financially responsible. The estimates made and changes affecting those estimates for the years ended June 30, 2013 and 2012 are summarized below:

		2013	2012
	$		
Allowance for doubtful accounts at beginning of year		9,783	11,749
Write-off of uncollectible accounts, net of recoveries		(14,584)	(15,976)
Provision for bad debts		14,618	14,010
Allowance for doubtful accounts at end of year	$	9,817	9,783

(7) Assets Whose Use is Limited and Investments

Assets whose use is limited and investments, which are stated at fair value based primarily on quoted market prices, consist of the following as of June 30, 2013 and 2012:

		2013	2012
Assets whose use is limited:			
Cash and accrued interest receivable	$	9	9
Money market funds		24,580	24,115
Bond mutual funds		3,798	3,469
Equity mutual funds		6,125	5,047
Assets whose use is limited	$	34,512	32,640
Investments:			
Money market funds	$	11	23
Bond mutual funds		124,283	123,029
Equity mutual funds		137,652	126,559
Total investments	$	261,946	249,611

(Continued)

(In thousands)

Components of unrestricted investment income (which is included in other nonoperating revenues, net) for the years ended June 30, 2013 and 2012 are as follows:

	2013	2012
Interest and dividends	$ 8,829	7,652
Net realized gains on investments	18,034	3,688
Total investment income	$ 26,863	11,340

Components of temporarily restricted investment income for the years ended June 30, 2013 and 2012 are as follows:

	2013	2012
Interest and dividends	$ 150	145
Net realized gains on investments	711	—
Total investment income	$ 861	145

The following tables summarize the composition of the Hospital's assets whose use is limited and investments with unrealized losses as of June 30, 2013 and 2012:

	2013					
	Unrealized losses existing					
	Less than 12 months		12 Months or longer		Total	
Description of securities	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
Bond mutual funds	$ 61,039	(3,122)	483	(40)	61,522	(3,162)
Equity mutual funds	16,592	(468)	—	—	16,592	(468)
	$ 77,631	(3,590)	483	(40)	78,114	(3,630)

	2012					
	Unrealized losses existing					
	Less than 12 months		12 Months or longer		Total	
Description of securities	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
Bond mutual funds	$ 3,234	(22)	3,094	(57)	6,328	(79)
Equity mutual funds	19,789	(2,262)	194	(56)	19,983	(2,318)
	$ 23,023	(2,284)	3,288	(113)	26,311	(2,397)

No other-than-temporary impairment charge was recorded in the accompanying consolidated financial statements during 2013 and 2012.

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

(8) Disclosure about Fair Value of Financial Instruments

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

- Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets. At June 30, 2013 and 2012, Level 1 securities include primarily overnight repurchase agreements, money market funds, and mutual funds.
- Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market. At June 30, 2013 and 2012, Level 2 securities include an unregistered mutual fund.
- Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect the Hospital's estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of discounted cash flow models and similar techniques. There were no Level 3 securities at June 30, 2013 and 2012.

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

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

(a) Cash

The carrying amounts, at cost, equal fair value.

(In thousands)

(b) Long-Term Debt

Long-term debt is carried at amortized cost; however, accounting standards require the Hospital to disclose the fair value. The fair value of the Hospital's long-term debt is estimated based on the future cash flows at the discounted current rates available to the Hospital for debt of similar type and maturity, which are Level 2 inputs. Any call provisions that apply are taken into account when valuing the debt. The carrying value of the long-term debt is $178,539 and $182,618 as of June 30, 2013 and 2012, respectively. The estimated fair value of the long-term debt is $185,822 and $194,185 as of June 30, 2013 and 2012, respectively.

(c) Marketable Securities

The tables below present the balances of assets measured at fair value on a recurring basis as of June 30, 2013 and 2012:

	2013			
	Investments at estimated fair value			
Assets	**Quoted prices in active markets for identical assets (Level 1)**	**Valuation techniques based on observable market data (Level 2)**	**Valuation techniques incorporating information other than observable market data (Level 3)**	**Total**
Overnight repurchase agreements	$ 2,312	—	—	2,312
Total cash equivalents	$ 2,312	—	—	2,312
Cash and accrued interest	$ 9	—	—	9
Money market funds	24,580	—	—	24,580
Bond mutual funds	3,798	—	—	3,798
Equity mutual funds	6,125	—	—	6,125
Total assets whose use is limited	$ 34,512	—	—	34,512
Money market funds	$ 11	—	—	11
Bond mutual funds	124,283	—	—	124,283
Equity mutual funds	125,548	12,104	—	137,652
Total investments	$ 249,842	12,104	—	261,946

(Continued)

(In thousands)

	2012			
	Investments at estimated fair value			
Assets	**Quoted prices in active markets for identical assets (Level 1)**	**Valuation techniques based on observable market data (Level 2)**	**Valuation techniques incorporating information other than observable market data (Level 3)**	**Total**
Overnight repurchase agreements	$ 2,100	—	—	2,100
Total cash equivalents	$ 2,100	—	—	2,100
Cash and accrued interest	$ 9	—	—	9
Money market funds	24,115	—	—	24,115
Bond mutual funds	3,469	—	—	3,469
Equity mutual funds	5,047	—	—	5,047
Total assets whose use is limited	$ 32,640	—	—	32,640
Money market funds	$ 23	—	—	23
Bond mutual funds	123,029	—	—	123,029
Equity mutual funds	118,984	7,575	—	126,559
Total investments	$ 242,036	7,575	—	249,611

(Continued)

(In thousands)

(9) Land, Buildings, and Equipment

The Hospital's land, buildings, and equipment accounts, and related accumulated depreciation accounts, as of June 30, 2013 and 2012 are set forth below:

	2013	2012
Assets:		
Land	$ 2,151	2,151
Land improvements	4,931	4,931
Buildings and improvements	196,534	193,517
Equipment:		
Fixed	39,827	38,980
Movable	180,064	141,344
Construction in progress	10,977	1,693
Total land, buildings, and equipment	434,484	382,616
Accumulated depreciation:		
Land improvements	4,055	3,986
Buildings and improvements	79,110	73,102
Equipment:		
Fixed	28,001	26,841
Movable	98,295	84,935
Total accumulated depreciation	209,461	188,864
Total land, buildings, and equipment, net	$ 225,023	193,752

The Hospital recorded $28,525 and $28,003 of depreciation expense in 2013 and 2012, respectively. The following is a summary of asset lives used for calculating depreciation:

	Asset lives
Land improvements	8 – 40 years
Buildings	3 – 40 years
Fixed equipment	3 – 30 years
Movable equipment	3 – 20 years

Interest on borrowed funds during construction is a component of the cost of assets. The amount capitalized represents interest on funds expended for construction. Capitalization of interest ceases when the asset is placed in service. No interest was capitalized in 2013 and 2012.

(Continued)

(In thousands)

(10) Investments in Joint Ventures

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

The Hospital has a 43% ownership interest in Overlake Surgery Center, LLC (OSC), a provider of surgical services, which is accounted for using the equity method.

The Hospital has an 8% ownership interest in First Choice Health Network, Inc., which provides preferred provider organization services and is accounted for at cost.

The Hospital has an 8% ownership interest in PacLab, LLC, a provider of laboratory services, which is accounted for at cost.

The Hospital had a 27% ownership interest in Washington Imaging Services, LLC, a provider of outpatient medical imaging services, which was accounted for using the equity method through July 7, 2011. On July 8, 2011, the Hospital purchased the remaining ownership interest from the other owners of Washington Imaging Services, LLC.

The Hospital's share of earning from joint ventures accounted for on the equity method and distributions from joint ventures accounted for on a cost basis are included in other operating revenues in the accompanying statements of operations and changes in net assets.

The following represents unaudited summary financial information of the joint ventures as of and for the year ended June 30, 2013:

		Overlake Surgery Center, LLC	First Choice Health Network, Inc.	PacLab, Inc.
Current assets	$	2,107	17,210	2,487
Noncurrent assets		2,529	10,285	3,542
Total assets	$	4,636	27,495	6,029
Current liabilities	$	645	7,062	37
Long-term liabilities		1,207	562	—
Equity		2,784	19,871	5,992
Total liabilities and equity	$	4,636	27,495	6,029
Revenues	$	8,759	39,627	126
Expenses		(8,693)	(35,539)	(1,665)
Net income (loss)	$	66	4,088	(1,539)

(Continued)

(In thousands)

(11) Financing

(a) Long-Term Debt

Long-term debt, as of June 30, 2013 and 2012, is as follows:

		2013	2012
Revenue bonds, Series 2003, 2.00% to 5.00%, due in annual principal installments beginning July 1, 2005 ranging from $550 to $2,535, until 2019, net of premium of $124 and $162 for 2013 and 2012, respectively, callable on or after July 2013	$	4,579	5,167
Revenue bonds, Series 2005, 3.30% to 5.00%, due in annual principal installments beginning July 1, 2009 ranging from $1,535 to $4,375, until 2038, net of premium of $679 and $836 for 2013 and 2012, respectively, callable on or after July 2015		74,394	77,576
Revenue bonds, Series 2010, 3.00% to 5.70%, due in annual principal installments beginning July 1, 2013 ranging from $1,305 to $5,700, until 2038, net of discount of $153 and $163 for 2013 and 2012, respectively, callable on or after July 2020		99,262	99,252
Notes payable to financial institutions, 4.75% to 6.31% due in monthly installments until January 2015		305	623
Total long-term debt		178,540	182,618
Less current portion		(5,271)	(3,893)
Long-term debt, net of current portion	$	173,269	178,725

The principal amounts due by year are as follows:

Fiscal year:		
2014	$	5,271
2015		5,319
2016		5,425
2017		5,625
2018		5,785
Thereafter		150,465
		177,890
Add unamortized bond premiums (discounts)		650
	$	178,540

(Continued)

The obligated group for the Series 2003, Series 2005, and Series 2010 revenue bonds (the bonds) consist of the Hospital and the Association. As security for the payment of the bonds, the Hospital has granted the Trustee a security interest in the Hospital's gross revenues and liens against the Hospital's equipment and the monies in the trust funds as described below. The bonds are also secured by a deed of trust on the Hospital's land and buildings. The Hospital obtained municipal bond insurance for the Series 2003 bonds from National Public Finance Guarantee Corporation (formerly, MBIA Insurance Corporation) and for the Series 2005 bonds from Assured Guaranty Corp. and ACA Financial Guaranty Corporation, which insures the payment of principal and interest. A trust fund has been established for the regular deposit of interest and principal payments of the bonds. In addition, the Hospital is required to maintain a debt reserve fund of approximately $14,809 as of June 30, 2013 and 2012. Both funds are reflected within assets whose use is limited on the accompanying consolidated financial statements.

Under the terms of the loan agreements, the Hospital has agreed to maintain certain financial ratios and comply with certain other covenants.

(b) Capital Lease Obligations

The Hospital leases certain medical equipment, which are accounted for as capital leases in the accompanying financial statements. The capital lease obligations are collateralized by leased equipment and have varying rates of interest from 4.37% to 4.52%.

The following is a schedule of future minimum lease payments in thousands as of June 30, 2013:

Fiscal year:	
2014	$ 142
Total minimum lease payments	142
Less amount representing interest	(1)
	141
Less current portion	(141)
Capital lease obligations, net of current portion	$ —

(c) Line of Credit and Other Debt Obligations

The Hospital has access to standby letters of credit up to $2,500 from a financial institution. The financial institution has issued a $2,150 and $1,780 standby letter of credit as of June 30, 2013 and 2012, respectively. Interest rates are based on 100 basis points times the outstanding amount. The letter of credit expires on September 30, 2013 with automatic six month renewals.

The Medical Tower borrowed $14,000 in October 2002 related to the construction of a medical office building. The note payable had a variable rate of interest. The note payable was guaranteed by

the Hospital and the balance outstanding as of June 30, 2012 was $8,430. The loan was refinanced in July 2012 at which time the guarantee by the Hospital was removed.

(12) Retirement Program

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

(a) The Plan

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

Effective January 1, 2009, the Plan is frozen to new participants. Employees of the Hospital hired on or after September 1, 2008 or under the age of forty one as of December 31, 2008 participate in a new retirement program (Service Plus Program) and effective January 1, 2009 do not accrue additional benefits under the Plan. Any existing benefits for such participants are frozen as of December 31, 2008 except for interest.

Employees hired prior to September 1, 2008 and who had reached the age of forty one or older as of December 31, 2008 were given the choice to continue to accrue benefits under the Plan or participate in the Service Plus Program. Eligible participants must be credited with 1,000 hours during the year to receive an employer contribution. Employees become vested in the Plan according to a step schedule with full vesting at three years.

(In thousands)

A summary of the change in benefit obligation and change in plan assets for the years ended June 30, 2013 and 2012 is as follows:

		2013	2012
Benefit obligation at beginning of year	$	54,621	45,369
Service cost		3,420	3,195
Interest cost		1,802	2,170
Benefits paid		(4,896)	(2,276)
Expenses paid		(258)	(202)
Actuarial loss		(3,611)	6,365
Benefit obligation at end of year		51,078	54,621
Fair value of plan assets at beginning of year		43,427	40,852
Actual return on plan assets		5,531	148
Employer contribution		4,140	4,905
Benefits paid		(4,896)	(2,276)
Expenses paid		(258)	(202)
Fair value of plan assets at end of year		47,944	43,427
Funded status		(3,134)	(11,194)
Employer contribution		—	—
Net amount recognized in the consolidated balance sheet	$	(3,134)	(11,194)
Amounts recognized in unrestricted net assets consist of:			
Prior service cost	$	(24)	(37)
Accumulated loss		(8,518)	(16,048)
Net actuarial loss	$	(8,542)	(16,085)

The net amount is reflected within other long-term liabilities in the accompanying consolidated balance sheets.

(Continued)

(In thousands)

A summary of the components of net periodic benefit cost for the years ended June 30, 2013 and 2012 is as follows:

		2013	2012
Service cost	$	3,420	3,195
Interest cost		1,802	2,170
Expected return on plan assets		(2,835)	(2,876)
Amortization of prior service cost		13	13
Amortization of loss		1,222	315
Net periodic benefit cost	$	3,622	2,817

The estimated prior service cost and net loss that will be amortized into net periodic benefit cost over the next fiscal year is $13 and $392, respectively.

Weighted average assumptions used to determine benefit obligations at June 30, 2013 and 2012 were as follows:

	2013	2012
Discount rate	4.44%	3.47%
Rate of compensation increase	5.75	5.75
Measurement date	June 30, 2013	June 30, 2012

Weighted average assumptions used to determine net benefit cost for the years ended June 30, 2013 and 2012 were as follows:

	2013	2012
Discount rate	3.47%	5.05%
Rate of compensation increase	5.75	5.75
Long-term rate of return on assets	6.65	7.01

To develop the expected long-term rate of return on assets assumption, the Hospital considered the historical returns and the future expectations for returns for each asset class, as well as the target asset allocation of the pension portfolio. This resulted in the selection of the 6.65% and 7.01% long-term rate of return on assets assumption for the years ended June 30, 2013 and 2012, respectively, which reflects a lower return expectation than the Plan has experienced historically, in recognition that future returns may not be as strong as past returns.

The accumulated benefit obligation as of June 30, 2013 and 2012 is $51,078 and $54,621, respectively. The expected employer contribution for the year ending June 30, 2014 is $4,140.

(Continued)

(In thousands)

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

2014	$ 5,800
2015	3,400
2016	3,500
2017	3,600
2018	3,700
2019 – 2022	18,800
	$ 38,800

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

	2013	2012
Asset category:		
Equity securities	62%	59%
Debt securities	38	40
Cash equivalents	—	1
Total	100%	100%

(Continued)

(In thousands)

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2013:

	Investments at estimated fair value			
	Investments at fair as value determined by quoted prices in active markets (Level 1)	**Valuation techniques based on observable market data (Level 2)**	**Valuation techniques incorporating information other than observable market data (Level 3)**	**Total**
Mutual funds				
Fixed income funds	$ 17,958	—	—	17,958
Domestic equity funds	21,450	—	—	21,450
International equity funds	8,490	—	—	8,490
Money market funds	46	—	—	46
Total mutual funds	$ 47,944	—	—	47,944

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2012:

	Investments at estimated fair value			
	Investments at fair as value determined by quoted prices in active markets (Level 1)	**Valuation techniques based on observable market data (Level 2)**	**Valuation techniques incorporating information other than observable market data (Level 3)**	**Total**
Mutual funds				
Fixed income funds	$ 17,433	—	—	17,433
Domestic equity funds	18,735	—	—	18,735
International equity funds	7,067	—	—	7,067
Money market funds	192	—	—	192
Total mutual funds	$ 43,427	—	—	43,427

(Continued)

(b) The Voluntary Plan

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

(c) The Contribution Plan

Plan eligibility commences on the date of hire. Employees are divided into two groups. Group I employees include those hired prior to September 1, 2008, who had attained at least 41 years of age on December 31, 2008, and elected to continue to accrue benefits under the Overlake Hospital Medical Center Cash Account Plan. Group II employees include those hired after August 31, 2008 and employees hired prior to September 1, 2008 who did not attain at least 41 years of age on December 31, 2008 or otherwise elected to become a Group II employee. Employees who were eligible to elect between coverage as a Group I or a Group II employee but did not make an election were treated as a Group I employee under the Contribution Plan.

Participants must be credited with 1,000 hours of service during the year in order to receive employer contributions. Each year the Hospital makes matching contributions to the Plan based on a percentage of employee contributions to the Voluntary Plan up to a specified maximum percent of the employee's eligible compensation. The Hospital's matching contributions are summarized as follows:

Group I employees receive 50% of employee contributions to the Voluntary Plan up to 3% of eligible compensation.

Group II Employees receive 100% of employee contributions to the Voluntary Plan, up to a maximum of 4% or 6% of the employee's eligible compensation for participants with less than five or five or more years of service at the start of the plan year, respectively.

In addition, the Hospital makes a nonelective contribution equal to 2% of eligible compensation for each Group II employee subject to certain limitations imposed under the Internal Revenue Code (IRC). The Hospital contributed approximately $7,728 and $7,008 for the years ended June 30, 2013 and 2012, respectively, and is reflected in employee benefits in the consolidated statements of operations and changes in net assets.

(In thousands)

(13) Commitments

The Hospital and its controlled affiliates lease certain equipment and office space that are accounted for as operating leases. Total rental expenses for all operating leases for the years ended June 30, 2013 and 2012 were approximately $10,923 and $9,506, respectively, of which approximately $5,294 and $4,502, respectively, relate to operating lease payments made to the Association and the Medical Tower. The following is a schedule of future noncancelable operating lease payments as of June 30, 2013:

Fiscal year:		
2014	$	7,226
2015		7,113
2016		5,640
2017		5,089
2018		5,211
Thereafter		21,097
Operating lease obligations	$	51,376

The Hospital has outstanding construction contracts of $9,048 and $3,059 as of June 30, 2013 and 2012, respectively.

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

The Hospital maintains claims-made professional liability insurance coverage through a commercial carrier. The policy for the years ended June 30, 2013 and 2012 has a $100 deductible per occurrence.

Based upon an actuarial valuation, the Hospital has recorded an estimated liability (undiscounted) for its deductible portion of claims incurred but not reported as well as the deductible portion of claims reported and not paid of $7,296 and a receivable of $4,441 as of June 30, 2013. The Hospital has recorded an estimated liability (undiscounted) for its deductible portion of claims incurred but not reported as well as the deductible portion of claims reported and not paid of $7,505 and a receivable of $4,270 as of June 30, 2012.

In 2005, the Hospital started a retrospective premium risk sharing agreement with an insurer related to the professional liability policy. As of June 30, 2013 and 2012, management estimates a payable of $620 and receivable of $1,507, respectively, related to this risk sharing agreement.

The Hospital is self-insured for workers' compensation. The accrued liabilities for the self-insured components of this plan include the unpaid portion of claims that have been reported and estimates for claims that have been incurred but not reported. The Hospital also carries an excess coverage policy for its workers' compensation program. The Hospital has recorded an undiscounted liability for workers' compensation claims based on an actuarial estimate of approximately $3,155 and a receivable of $417 as of June 30, 2013. The Hospital has recorded an undiscounted liability for workers' compensation claims based on an actuarial estimate of approximately $2,718 and a receivable of $330 as of June 30, 2012.

(Continued)

(In thousands)

The Hospital is self-insured for medical, dental, vision, and prescription drugs. The accrued liabilities for the self-insured components of this plan include the unpaid portion of claims that have been reported and estimates for claims that have been incurred but not reported. The Hospital also carries an excess coverage policy for its medical, dental, vision, and prescription program. The Hospital has recorded an undiscounted liability for medical, dental, vision, and prescription drugs claims based on an actuarial estimate of approximately $1,387 and a receivable of $46 as of June 30, 2013. The Hospital has recorded an undiscounted liability for medical, dental, vision, and prescription drugs claims based on an actuarial estimate of approximately $1,108 and a receivable of $36 as of June 30, 2012.

(15) Litigation and Compliance with Laws and Regulations

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

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

(16) Functional Expenses

The Hospital provides healthcare services to residents within its geographic service area. Expenses related to providing these services for the years ended June 30, 2013 and 2012 are as follows:

		2013	2012
Healthcare services	$	338,550	339,079
General and administrative		77,361	68,536
Fundraising		1,105	1,310
Total operating expenses	$	417,016	408,925

(17) Transactions with Affiliates

The Hospital conducts various transactions with affiliates which it does not control. These include leasing office space from its affiliates. The lease expense for office space leased from its affiliates was approximately $5,294 and $4,502 for the years ended June 30, 2013 and 2012, respectively. Other transactions with its affiliates include making payment of certain expenses on behalf of its affiliates and then being reimbursed. The Hospital has included a receivable of $1,164 and $1,050 from the Association

(Continued)

(In thousands)

at June 30, 2013 and 2012, respectively, and a receivable from the Medical Tower of $66 and $67 at June 30, 2013 and 2012, respectively.

(18) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of June 30, 2013 and 2012:

		2013	2012
Health care services	$	1,447	995
Purchase of building improvements and equipment		608	2,590
Health education		92	55
Indigent care		69	55
Total temporarily restricted net assets	$	2,216	3,695

Permanently restricted net assets as of June 30, 2013 and 2012 are assets that have been restricted by donors to be held in perpetuity, the income from which is expendable to support healthcare services, health education, and indigent care.

(19) Endowments

The Foundation's endowments consist of 18 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by management to function as endowments. Quasi endowment net assets associated with endowment funds, including funds designated by management, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

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

- The duration and preservation of the fund
- The purposes of the Hospital and the donor-restricted endowment fund

(Continued)

(In thousands)

- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Hospital
- The investment policies of the Foundation

Endowment net assets consist of the following at June 30, 2013:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ —	1,585	5,302	6,887
Management designated endowment funds	2,795	—	—	2,795
Total endowment net assets	$ 2,795	1,585	5,302	9,682

Endowment net assets consist of the following at June 30, 2012:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ —	1,042	4,819	5,861
Management designated endowment funds	2,513	—	—	2,513
Total endowment net assets	$ 2,513	1,042	4,819	8,374

(Continued)

(In thousands)

Changes in endowment net assets for the year ended June 30, 2013 and 2012 are as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, June 30, 2011	$ 2,523	1,071	4,625	8,219
Investment return				
Investment income	63	145	—	208
Net depreciation	(10)	(17)	—	(27)
Total investment return	53	128	—	181
Contributions	5	—	194	199
Appropriation of endowment assets for expenditure	(68)	(157)	—	(225)
Endowment net assets, June 30, 2012	2,513	1,042	4,819	8,374
Investment return				
Investment income	62	150	—	212
Net appreciation	188	452	—	640
Total investment return	250	602	—	852
Contributions	86	—	483	569
Appropriation of endowment assets for expenditure	(54)	(59)	—	(113)
Endowment net assets, June 30, 2013	$ 2,795	1,585	5,302	9,682

(a) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or WUPMIFA requires the Hospital to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by management. There were no deficiencies as of June 30, 2013 and 2012.

There were no investment gains representing the restoration of losses absorbed by unrestricted net assets for prior year endowment funds below corpus for the years ended June 30, 2013 and 2012.

(Continued)

(b) Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity as well as management-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of 40% of the Barclays Capital Aggregate Bond Index, 32% of the S&P 500 Index, 9% of the Russell 2000 Index, 12% of the MSCI EAFE Index, and 7% of the MSCI Emerging Market Index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

(c) Strategies Employed for Achieving Objectives

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

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

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

(20) Subsequent Events

The Hospital has performed an evaluation of subsequent events through October 15, 2013, which is the date these consolidated financial statements were issued.