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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 private foundations)**

▶ Do not enter Social Security numbers on this form as it may be made public. By law, the IRS generally cannot redact the information on the form.  
 ▶ Information about Form 990 and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990)

OMB No 1545-0047  
2013  
**Open to Public Inspection**

**A For the 2013 calendar year, or tax year beginning 01-01-2013, 2013, and ending 12-31-2013**

<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization SWEDISH EDMONDS Doing Business As Number and street (or P O box if mail is not delivered to street address) Room/suite 21601 76th Ave W City or town, state or province, country, and ZIP or foreign postal code Edmonds, WA 98026	<b>D</b> Employer identification number 27-2305304 <b>E</b> Telephone number (425) 525-3895 <b>G</b> Gross receipts \$ 214,497,152
<b>F</b> Name and address of principal officer Rod Hochman MD 1801 Lind Ave SW 9016 Renton, WA 98057		<b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) <b>H(c)</b> Group exemption number ▶
<b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) (insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>L</b> Year of formation 2010 <b>M</b> State of legal domicile WA
<b>J</b> Website: ▶ www.swedish.org		
<b>K</b> Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		

**Part I Summary**

<b>1</b>	Briefly describe the organization's mission or most significant activities To improve the health and well-being of each person we serve in our medical facility			
<b>2</b>	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets			
<b>3</b>	Number of voting members of the governing body (Part VI, line 1a)	<b>3</b>		17
<b>4</b>	Number of independent voting members of the governing body (Part VI, line 1b)	<b>4</b>		17
<b>5</b>	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	<b>5</b>		1,556
<b>6</b>	Total number of volunteers (estimate if necessary)	<b>6</b>		422
<b>7a</b>	Total unrelated business revenue from Part VIII, column (C), line 12	<b>7a</b>		72,316
<b>7b</b>	Net unrelated business taxable income from Form 990-T, line 34	<b>7b</b>		32,279
		<b>Prior Year</b>	<b>Current Year</b>	
<b>8</b>	Contributions and grants (Part VIII, line 1h)	828,396	2,235,275	
<b>9</b>	Program service revenue (Part VIII, line 2g)	235,846,306	204,632,981	
<b>10</b>	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	12,897	-506,437	
<b>11</b>	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	5,033,184	7,601,532	
<b>12</b>	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	241,720,783	213,963,351	
<b>13</b>	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	137,425	0	
<b>14</b>	Benefits paid to or for members (Part IX, column (A), line 4)	0	0	
<b>15</b>	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	107,872,922	100,232,820	
<b>16a</b>	Professional fundraising fees (Part IX, column (A), line 11e)	0	0	
<b>b</b>	Total fundraising expenses (Part IX, column (D), line 25) ▶ 0			
<b>17</b>	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	132,211,227	126,202,580	
<b>18</b>	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	240,221,574	226,435,400	
<b>19</b>	Revenue less expenses Subtract line 18 from line 12	1,499,209	-12,472,049	
		<b>Beginning of Current Year</b>	<b>End of Year</b>	
<b>20</b>	Total assets (Part X, line 16)	174,062,463	85,189,731	
<b>21</b>	Total liabilities (Part X, line 26)	172,113,841	95,013,257	
<b>22</b>	Net assets or fund balances Subtract line 21 from line 20	1,948,622	-9,823,526	

**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.

<b>Sign Here</b>	Signature of officer Date 2014-11-17 Todd Hofheins EVP/CFO Type or print name and title				
<b>Paid Preparer Use Only</b>	Print/Type preparer's name Sara Elizabeth J Hyre CPA	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN P00235495
	Firm's name ▶ Clark Nuber PS			Firm's EIN ▶ 91-1194016	
	Firm's address ▶ 10900 NE 4th Suite 1700 Bellevue, WA 98004			Phone no (425) 454-4919	

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 or note to any line in this Part III  **1** Briefly describe the organization's mission

Swedish Edmonds is part of Swedish Health Services, a community governed healthcare system committed to meeting the health-care needs of the community

**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

<b>4a</b>	(Code )	(Expenses \$	84,016,124	including grants of \$	0 )	(Revenue \$	99,991,226 )
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Acute Inpatient - 8,647 admissions in 2013 with 36,591 Patient Days Swedish Edmonds (formerly Stevens Hospital) has served Edmonds and surrounding communities for the last 50 years Together with the larger Swedish and Providence Systems, we are creating an innovative, regional health-care delivery network that will provide more local services, while giving residents greater access to the latest medical treatments and the comprehensive services of the Swedish and Providence systems Our campus includes 217 licensed beds, more than 450 medical staff physicians, more than 1,400 staff and a full scope of medical and surgical services, including Level IV Trauma emergency medicine, diagnostic, treatment and support services In addition to charity care and other community services, through our innovative partnership with Verdant (Snohomish County Public Hospital District #2), we provide more than \$7M annually in funds that can be directly contributed to meeting the health needs of the community A new Swedish Cancer Institute facility Opened in April 2013, the new two-story, 17,102-square-foot medical oncology center features \* A medical oncology suite\* Chemotherapy and infusion services\* Patient-care areas with enhanced patient privacy and comfort In addition to the new medical oncology center, there are exciting new changes at Swedish Cancer Institute, Radiation Oncology, at Edmonds \* The cancer center is the first on the West Coast to offer radiation therapy using the new Elekta Versa HD linear accelerator (linac) - technology commonly used for cancer radiation treatments \* The second floor will soon undergo changes and is planned to house a new Cancer Resource Center that will provide patient and family-centered education, social services and meeting rooms for support groups, as well as space for specialists and alternative cancer-care providers \* More than 2,600 cancer patients were cared for by the Swedish Cancer Institute, Puget Sound Cancer Centers and other local cancer-care providers affiliated with Swedish Edmonds in 2010 The expansion and coordination of cancer services will allow Swedish Edmonds to serve even more patients for many years to come Robotic-Assisted Surgery Now at Swedish Edmonds Less pain, less risk of infection and less time in the hospital are all patient benefits with new, innovative technology that's revolutionizing the way urologic and gynecologic surgeries are performed at Swedish Edmonds The hospital is now equipped with the da Vinci Surgical System - advanced robotic technology that allows some types of complex surgical procedures to be performed with greater precision and less invasively 2013 Awards\* Swedish Edmonds is honored with an 'A' grade in the fall 2013 update to the national Hospital Safety Score, compiled under the guidance of the nation's leading experts on patient safety and is administered by The Leapfrog Group (Leapfrog), an independent industry watchdog \* Swedish Edmonds is ranked No. 7 out of 107 hospitals in Washington state and No. 5 out of 37 hospitals in the Seattle metro area by U.S. News & World Report's 2013 Best Hospitals annual rankings \* The Center for Wound Healing & Hyperbarics at Swedish Edmonds is one of only three facilities in Washington state and the first facility in the Puget Sound area with monoplace hyperbaric chambers to be awarded accreditation by the Undersea and Hyperbaric Medical Society (UHMS) \* The Emergency Department at Swedish Edmonds is awarded the Distinguished Practice Award by CEP America, one of the largest providers of acute care management and staffing solutions in the nation and a manager of emergency department providers for Swedish Edmonds

<b>4b</b>	(Code )	(Expenses \$	81,233,423	including grants of \$	0 )	(Revenue \$	96,679,414 )
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Acute Outpatient - Swedish Edmonds provided 142,426 outpatient visits in 2013 Outpatient services include emergency visits, specialty care, and diagnostic services Examples are services for wound care, endocrinology, pain treatment, sleep medicine, behavioral health, breast imaging, and other medical imaging

<b>4c</b>	(Code )	(Expenses \$	2,988,779	including grants of \$	0 )	(Revenue \$	3,557,076 )
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Primary Care - In 2013, Swedish Edmonds provided primary care in Swedish Internal Medicine (an internal medicine clinic) Other primary care services in the community are provided by community practices and through Swedish Medical Group and include the Birth and Family Clinic (a family practice clinic that also provides obstetrical care)

(Code )	(Expenses \$	4,321,044	including grants of \$	0 )	(Revenue \$	5,142,661 )
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Home Care - The revenue comes from the Pharmacy as Home Care services provided for the delivery of prescriptions and other pharmacy goods

(Code )	(Expenses \$	0	including grants of \$	0 )	(Revenue \$	-534,988 )
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Healthcare Joint Ventures - Swedish/Edmonds partners with Radia to provide imaging services in an outpatient setting at our joint venture, Swedish Radia Imaging Center, Edmonds Services provided include x-ray, CT, MRI, and ultrasound

**4d** Other program services (Describe in Schedule O )

(Expenses \$	4,321,044	including grants of \$	)	(Revenue \$	4,607,673 )
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<b>4e</b>	<b>Total program service expenses</b>	172,559,370
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**Part IV Checklist of Required Schedules**

	Yes	No
<b>1</b> Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i> <input checked="" type="checkbox"/>	Yes	
<b>2</b> Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? <input checked="" type="checkbox"/>	Yes	
<b>3</b> Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		No
<b>4 Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>		No
<b>5</b> 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? <i>If "Yes," complete Schedule C, Part III</i>		No
<b>6</b> 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? <i>If "Yes," complete Schedule D, Part I</i> <input checked="" type="checkbox"/>		No
<b>7</b> Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i> <input checked="" type="checkbox"/>		No
<b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i> <input checked="" type="checkbox"/>		No
<b>9</b> 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? <i>If "Yes," complete Schedule D, Part IV</i> <input checked="" type="checkbox"/>		No
<b>10</b> Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i> <input checked="" type="checkbox"/>		No
<b>11</b> 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		
<b>a</b> Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i> <input checked="" type="checkbox"/>	Yes	
<b>b</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? <i>If "Yes," complete Schedule D, Part VII</i> <input checked="" type="checkbox"/>		No
<b>c</b> 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? <i>If "Yes," complete Schedule D, Part VIII</i> <input checked="" type="checkbox"/>		No
<b>d</b> 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? <i>If "Yes," complete Schedule D, Part IX</i> <input checked="" type="checkbox"/>		No
<b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i> <input checked="" type="checkbox"/>	Yes	
<b>f</b> 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)? <i>If "Yes," complete Schedule D, Part X</i> <input checked="" type="checkbox"/>	Yes	
<b>12a</b> Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i> <input checked="" type="checkbox"/>		No
<b>b</b> Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i> <input checked="" type="checkbox"/>	Yes	
<b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		No
<b>14a</b> Did the organization maintain an office, employees, or agents outside of the United States?		No
<b>b</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? <i>If "Yes," complete Schedule F, Parts I and IV</i>		No
<b>15</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>		No
<b>16</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>		No
<b>17</b> 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? <i>If "Yes," complete Schedule G, Part I (see instructions)</i>		No
<b>18</b> Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		No
<b>19</b> Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		No
<b>20a</b> Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i> <input checked="" type="checkbox"/>	Yes	
<b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	Yes	

**Part IV Checklist of Required Schedules** *(continued)*

<b>21</b>	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II . . . .</i>	<b>21</b>		No
<b>22</b>	Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III . . . .</i>	<b>22</b>		No
<b>23</b>	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? <i>If "Yes," complete Schedule J . . . .</i>	<b>23</b>	Yes	
<b>24a</b>	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? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a . . . .</i>	<b>24a</b>		No
<b>b</b>	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . .	<b>24b</b>		
<b>c</b>	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . .	<b>24c</b>		
<b>d</b>	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . .	<b>24d</b>		
<b>25a</b>	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I . . . .</i>	<b>25a</b>		No
<b>b</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? <i>If "Yes," complete Schedule L, Part I . . . .</i>	<b>25b</b>		No
<b>26</b>	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If so, complete Schedule L, Part II . . . .</i>	<b>26</b>		No
<b>27</b>	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? <i>If "Yes," complete Schedule L, Part III . . . .</i>	<b>27</b>		No
<b>28</b>	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)			
<b>a</b>	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV . . . .</i>	<b>28a</b>		No
<b>b</b>	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV . . . .</i>	<b>28b</b>		No
<b>c</b>	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? <i>If "Yes," complete Schedule L, Part IV . . . .</i>	<b>28c</b>		No
<b>29</b>	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M . . . .</i>	<b>29</b>		No
<b>30</b>	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M . . . .</i>	<b>30</b>		No
<b>31</b>	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I . . . .</i>	<b>31</b>		No
<b>32</b>	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II . . . .</i>	<b>32</b>		No
<b>33</b>	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I . . . .</i>	<b>33</b>		No
<b>34</b>	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1 . . . .</i>	<b>34</b>	Yes	
<b>35a</b>	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	<b>35a</b>		No
<b>b</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)? <i>If "Yes," complete Schedule R, Part V, line 2 . . . .</i>	<b>35b</b>		
<b>36</b>	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2 . . . .</i>	<b>36</b>		No
<b>37</b>	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? <i>If "Yes," complete Schedule R, Part VI . . . .</i>	<b>37</b>		No
<b>38</b>	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . .	<b>38</b>	Yes	

**Part V Statements Regarding Other IRS Filings and Tax Compliance**

Check if Schedule O contains a response or note to any line in this Part V

		Yes	No
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.		
<b>1b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
<b>1c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		
<b>2a</b>	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.		
<b>2b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
<b>3b</b>	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.	Yes	
<b>4a</b>	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)?		No
<b>b</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.		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
<b>5b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
<b>5c</b>	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
<b>6a</b>	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?		No
<b>6b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>a</b>	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?		No
<b>7b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
<b>7c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
<b>7d</b>	If "Yes," indicate the number of Forms 8282 filed during the year.		
<b>7e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
<b>7f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
<b>7g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
<b>7h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>		
<b>9a</b>	Did the organization make any taxable distributions under section 4966?		
<b>9b</b>	Did the organization make a distribution to a donor, donor advisor, or related person?		
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter		
<b>10a</b>	Initiation fees and capital contributions included on Part VIII, line 12.		
<b>10b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter		
<b>11a</b>	Gross income from members or shareholders.		
<b>11b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
<b>12b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
<b>13a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.		
<b>13b</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.		
<b>13c</b>	Enter the amount of reserves on hand.		
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year?		No
<b>14b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

**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 or note to any line in this Part VI

**Section A. Governing Body and Management**

		Yes	No
<b>1a</b>	Enter the number of voting members of the governing body at the end of the tax year . . . . .		
	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>1b</b>	Enter the number of voting members included in line 1a, above, who are independent . . . . .		
<b>2</b>	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? . . . . .		No
<b>3</b>	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? . . . . .		No
<b>4</b>	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . .		No
<b>5</b>	Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . .		No
<b>6</b>	Did the organization have members or stockholders? . . . . .	Yes	
<b>7a</b>	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? . . . . .		No
<b>7b</b>	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . .	Yes	
<b>8</b>	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
<b>8a</b>	The governing body? . . . . .	Yes	
<b>8b</b>	Each committee with authority to act on behalf of the governing body? . . . . .	Yes	
<b>9</b>	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 . . . . .	Yes	

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

		Yes	No
<b>10a</b>	Did the organization have local chapters, branches, or affiliates? . . . . .		No
<b>10b</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?		
<b>11a</b>	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? . . . . .	Yes	
<b>11b</b>	Describe in Schedule O the process, if any, used by the organization to review this Form 990 . . . . .		
<b>12a</b>	Did the organization have a written conflict of interest policy? If "No," go to line 13 . . . . .	Yes	
<b>12b</b>	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . .	Yes	
<b>12c</b>	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done . . . . .	Yes	
<b>13</b>	Did the organization have a written whistleblower policy? . . . . .	Yes	
<b>14</b>	Did the organization have a written document retention and destruction policy? . . . . .	Yes	
<b>15</b>	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?		
<b>15a</b>	The organization's CEO, Executive Director, or top management official . . . . .		No
<b>15b</b>	Other officers or key employees of the organization . . . . .		No
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)		
<b>16a</b>	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . .	Yes	
<b>16b</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? . . . . .	Yes	

**Section C. Disclosure**

- 17** List the States with which a copy of this Form 990 is required to be filed
- 18** Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you 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  
 Karl E Fritschel CPA 1801 Lind Ave SW 9016  
 Renton, WA 980579016 (425) 525-3339





**Part VIII Statement of Revenue**

Check if Schedule O contains a response or note to any line in this Part VIII

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1a</b>	Federated campaigns . . . . . <b>1a</b>					
	<b>b</b>	Membership dues . . . . . <b>1b</b>					
	<b>c</b>	Fundraising events . . . . . <b>1c</b>					
	<b>d</b>	Related organizations . . . . . <b>1d</b>	48,729				
	<b>e</b>	Government grants (contributions) <b>1e</b>	2,186,546				
	<b>f</b>	All other contributions, gifts, grants, and similar amounts not included above <b>1f</b>					
	<b>g</b>	Noncash contributions included in lines 1a-1f \$					
	<b>h</b>	<b>Total.</b> Add lines 1a-1f . . . . .		2,235,275			
<b>Program Service Revenue</b>			Business Code				
	<b>2a</b>	Acute Care/Inpatient	900099	99,892,677	99,892,677		
	<b>b</b>	Acute Care/Outpatient	621400	96,584,129	96,584,129		
	<b>c</b>	Home Care	621610	5,137,593	5,137,593		
	<b>d</b>	Primary Care	621110	3,553,570	3,553,570		
	<b>e</b>	Healthcare JVs	900099	-534,988	-534,988		
	<b>f</b>	All other program service revenue					
	<b>g</b>	<b>Total.</b> Add lines 2a-2f . . . . .		204,632,981			
<b>Other Revenue</b>	<b>3</b>	Investment income (including dividends, interest, and other similar amounts) . . . . .		27,364		27,364	
	<b>4</b>	Income from investment of tax-exempt bond proceeds . . . . .					
	<b>5</b>	Royalties . . . . .					
	<b>6a</b>	Gross rents	(i) Real	886,840			
			(ii) Personal				
			<b>b</b> Less rental expenses	0			
			<b>c</b> Rental income or (loss)	886,840			
	<b>d</b>	Net rental income or (loss) . . . . .		886,840		886,840	
	<b>7a</b>	Gross amount from sales of assets other than inventory	(i) Securities				
			(ii) Other				
			<b>b</b> Less cost or other basis and sales expenses		533,801		
			<b>c</b> Gain or (loss)		-533,801		
	<b>d</b>	Net gain or (loss) . . . . .		-533,801		-533,801	
	<b>8a</b>	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .	<b>a</b>				
	<b>b</b>	Less direct expenses . . . . . <b>b</b>					
<b>c</b>	Net income or (loss) from fundraising events . . . . .						
<b>9a</b>	Gross income from gaming activities See Part IV, line 19 . . . . .	<b>a</b>					
<b>b</b>	Less direct expenses . . . . . <b>b</b>						
<b>c</b>	Net income or (loss) from gaming activities . . . . .						
<b>10a</b>	Gross sales of inventory, less returns and allowances . . . . .	<b>a</b>	123,836				
		<b>b</b> Less cost of goods sold . . . . . <b>b</b>	0				
		<b>c</b> Net income or (loss) from sales of inventory . . . . .		123,836		123,836	
Miscellaneous Revenue		Business Code					
<b>11a</b>	Sound Women's Care	900099	2,727,483		17,472	2,710,011	
<b>b</b>	Interaffiliate Revenue	900099	2,305,744		0	2,305,744	
<b>c</b>	Cafeteria	722100	656,658			656,658	
<b>d</b>	All other revenue . . . . .		900,971	202,408	54,844	643,719	
<b>e</b>	<b>Total.</b> Add lines 11a-11d . . . . .		6,590,856				
<b>12</b>	<b>Total revenue.</b> See Instructions . . . . .		213,963,351	204,835,389	72,316	6,820,371	

**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 or note to any line 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
<b>1</b>	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.				
<b>2</b>	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
<b>3</b>	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
<b>4</b>	Benefits paid to or for members.				
<b>5</b>	Compensation of current officers, directors, trustees, and key employees.	512,841		512,841	
<b>6</b>	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
<b>7</b>	Other salaries and wages.	78,711,937	63,072,108	15,639,829	
<b>8</b>	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	3,986,679	3,177,527	809,152	
<b>9</b>	Other employee benefits.	11,040,499	8,872,575	2,167,924	
<b>10</b>	Payroll taxes.	5,980,864	4,766,964	1,213,900	
<b>11</b>	Fees for services (non-employees)				
<b>a</b>	Management.				
<b>b</b>	Legal.	42,296	9,500	32,796	
<b>c</b>	Accounting.				
<b>d</b>	Lobbying.				
<b>e</b>	Professional fundraising services. See Part IV, line 17.				
<b>f</b>	Investment management fees.				
<b>g</b>	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	19,833,985	11,339,212	8,494,773	
<b>12</b>	Advertising and promotion.	145,218	145,218		
<b>13</b>	Office expenses.	3,949,796	3,148,130	801,666	
<b>14</b>	Information technology.				
<b>15</b>	Royalties.				
<b>16</b>	Occupancy.	12,331,394	9,828,566	2,502,828	
<b>17</b>	Travel.	152,455	58,965	93,490	
<b>18</b>	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
<b>19</b>	Conferences, conventions, and meetings.	77,849	19,174	58,675	
<b>20</b>	Interest.	989,306	989,306		
<b>21</b>	Payments to affiliates.	19,081,129		19,081,129	
<b>22</b>	Depreciation, depletion, and amortization.	8,135,962	6,484,655	1,651,307	
<b>23</b>	Insurance.	206,314	206,314		
<b>24</b>	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.)				
<b>a</b>	Medical Supplies	37,658,074	37,658,074		
<b>b</b>	Bad Debt	18,064,639	18,064,639		
<b>c</b>	Provider Tax	2,757,740	2,757,740		
<b>d</b>	UBI Tax	8,000	8,000		
<b>e</b>	All other expenses	2,768,423	1,952,703	815,720	
<b>25</b>	<b>Total functional expenses.</b> Add lines 1 through 24e.	226,435,400	172,559,370	53,876,030	0
<b>26</b>	<b>Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

**Part X Balance Sheet**

Check if Schedule O contains a response or note to any line in this Part X

		(A)		(B)
		Beginning of year		End of year
<b>Assets</b>	<b>1</b> Cash—non-interest-bearing . . . . .	20,803,297	<b>1</b>	10,219,553
	<b>2</b> Savings and temporary cash investments . . . . .		<b>2</b>	
	<b>3</b> Pledges and grants receivable, net . . . . .		<b>3</b>	
	<b>4</b> Accounts receivable, net . . . . .	29,412,403	<b>4</b>	26,221,883
	<b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L . . . . .		<b>5</b>	
	<b>6</b> 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 . . . . .		<b>6</b>	
	<b>7</b> Notes and loans receivable, net . . . . .		<b>7</b>	
	<b>8</b> Inventories for sale or use . . . . .	3,481,741	<b>8</b>	3,770,809
	<b>9</b> Prepaid expenses and deferred charges . . . . .	6,326,105	<b>9</b>	1,635,912
	<b>10a</b> Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D . . . . .	<b>10a</b> 50,112,088		
	<b>b</b> Less accumulated depreciation . . . . .	<b>10b</b> 14,222,391	43,817,981	<b>10c</b> 35,889,697
	<b>11</b> Investments—publicly traded securities . . . . .		<b>11</b>	
	<b>12</b> Investments—other securities See Part IV, line 11 . . . . .		<b>12</b>	
	<b>13</b> Investments—program-related See Part IV, line 11 . . . . .	4,859,071	<b>13</b>	4,032,873
	<b>14</b> Intangible assets . . . . .		<b>14</b>	
	<b>15</b> Other assets See Part IV, line 11 . . . . .	65,361,865	<b>15</b>	3,419,004
<b>16 Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .	174,062,463	<b>16</b>	85,189,731	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses . . . . .	16,614,335	<b>17</b>	17,533,613
	<b>18</b> Grants payable . . . . .		<b>18</b>	
	<b>19</b> Deferred revenue . . . . .	14,120,790	<b>19</b>	19,234,951
	<b>20</b> Tax-exempt bond liabilities . . . . .		<b>20</b>	
	<b>21</b> Escrow or custodial account liability Complete Part IV of Schedule D . . . . .		<b>21</b>	
	<b>22</b> 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 . . . . .		<b>22</b>	
	<b>23</b> Secured mortgages and notes payable to unrelated third parties . . . . .		<b>23</b>	
	<b>24</b> Unsecured notes and loans payable to unrelated third parties . . . . .		<b>24</b>	
	<b>25</b> 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 . . . . .	141,378,716	<b>25</b>	58,244,693
	<b>26 Total liabilities.</b> Add lines 17 through 25 . . . . .	172,113,841	<b>26</b>	95,013,257
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>			
	<b>27</b> Unrestricted net assets . . . . .	1,480,129	<b>27</b>	-10,675,809
	<b>28</b> Temporarily restricted net assets . . . . .	468,493	<b>28</b>	852,283
	<b>29</b> Permanently restricted net assets . . . . .		<b>29</b>	
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.</b>			
	<b>30</b> Capital stock or trust principal, or current funds . . . . .		<b>30</b>	
	<b>31</b> Paid-in or capital surplus, or land, building or equipment fund . . . . .		<b>31</b>	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds . . . . .		<b>32</b>	
<b>33</b> Total net assets or fund balances . . . . .	1,948,622	<b>33</b>	-9,823,526	
<b>34</b> Total liabilities and net assets/fund balances . . . . .	174,062,463	<b>34</b>	85,189,731	

**Part XI Reconciliation of Net Assets**

Check if Schedule O contains a response or note to any line in this Part XI . . . . .

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12) . . . . .	<b>1</b>	213,963,351
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25) . . . . .	<b>2</b>	226,435,400
<b>3</b>	Revenue less expenses Subtract line 2 from line 1 . . . . .	<b>3</b>	-12,472,049
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . . . .	<b>4</b>	1,948,622
<b>5</b>	Net unrealized gains (losses) on investments . . . . .	<b>5</b>	
<b>6</b>	Donated services and use of facilities . . . . .	<b>6</b>	
<b>7</b>	Investment expenses . . . . .	<b>7</b>	
<b>8</b>	Prior period adjustments . . . . .	<b>8</b>	316,113
<b>9</b>	Other changes in net assets or fund balances (explain in Schedule O) . . . . .	<b>9</b>	383,788
<b>10</b>	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	<b>10</b>	-9,823,526

**Part XII Financial Statements and Reporting**

Check if Schedule O contains a response or note to any line in this Part XII . . . . .

		Yes	No
<b>1</b>	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
<b>2a</b>	Were the organization's financial statements compiled or reviewed by an independent accountant? 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 <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		No
<b>2b</b>	Were the organization's financial statements audited by an independent accountant? 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 <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	Yes	
<b>2c</b>	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? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
<b>3a</b>	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?		No
<b>3b</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		

**Additional Data**

**Software ID:**  
**Software Version:**  
**EIN:** 27-2305304  
**Name:** SWEDISH EDMONDS

**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			
Michael Holcomb Chair of the Board	10 8 60	X		X				0	60,335	0
Lucille Dean SP Director	10 9 40	X						0	0	0
Mary Conta Heid RSM Director	10 5 00	X						0	0	0
Michael A Stein Director	10 6 00	X						0	18,335	0
Eugene Al Parrish Director	10 5 00	X						0	15,335	0
Dana A Rasmussen Director	10 4 30	X						0	18,335	0
James S Roberts MD Director	10 9 00	X						0	30,835	0
Peter J Snow Director	10 5 70	X						0	20,835	0
Bob Wilson Director	10 5 00	X						0	15,335	0
Sallye Lner Director	10 4 00	X						0	15,335	0
Cheryl M Scott Director	10 4 60	X						0	15,335	0
Ellen L Wolf Director	10 7 10	X						0	15,335	0
Isiaah Crawford Director	10 4 10	X						0	15,335	0
Martha Diaz Aszkenazy Director	10 7 70	X						0	15,335	0
Kirby McDonald Director	10 4 60	X						0	15,335	0
Dave Olsen Director	10 5 50	X						0	15,335	0
Charles Chuck Watts Director	10 4 60	X						0	15,335	0
John F Koster MD - Thru 0313 President / CEO	10 53 90			X				0	3,202,727	247,248
Rod F Hochman MD - Eff 0413 President / CEO	10 64 90			X				0	1,402,907	515,903
Todd Hofheims EVP/CFO	10 59 90			X				0	570,367	90,110
Jeffrey W Rogers - Thru 513 Corporate Secretary	10 49 90			X				0	1,040,781	189,880
Cindy Strauss - Eff 613 SVP/Chief Counsel/Corp Secretary	10 59 90			X				0	955,824	248,254
David Jaffe CEO/Swedish Edmonds	60 00 0 00			X				0	421,377	100,356
Dan Harris CFO/Swedish	1 00 59 00			X				0	1,843,218	132,619
Terry L Smith SVP/Management Svcs	0 00 60 00				X			0	1,612,950	226,158

**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			
Deborah Burton	0 00				X			0	1,347,109	66,039
SVP/Chief Nrsrg Officer	65 00				X			0	1,272,743	742,629
Michael L Butler	0 00				X			0	1,055,259	219,690
President/Operations & Services	60 00				X			0	999,701	159,493
Randy Axelrod MD	0 00				X			0	855,510	158,577
EVP/Clinical & Patient Svcs	60 00				X			0	826,281	177,752
Janice J Jones	0 00				X			0	761,267	203,589
SVP/CAO	55 00				X			0	717,450	292,188
Myron Berdichewsky MD	0 00				X			0	708,798	451,637
SVP/CMQO	60 00				X			0	542,246	208,258
Jack Friedman	0 00				X			0	494,375	157,049
SVP/Account Care & Payor Rel	55 00				X			0	456,594	126,245
Ray Williams	0 00				X			0	434,606	168,959
SVP/Physicians Svcs	55 00				X			0	423,960	61,310
Cindra R Syverson	0 00				X			0	381,771	94,294
SVP/CHRO	60 00				X			0	388,044	42,632
Craig L Wright MD	0 00				X			388,044	0	42,632
SVP/Physicians Svcs	60 00				X			241,332	0	40,741
John O Mudd	0 00				X			240,026	0	34,042
SVP/Mission Leadership	55 00				X			239,833	0	38,506
Claudia Haglund	0 00				X			230,232	0	38,570
VP/Governance & Sponsorship	50 00				X			0	144,234	0
Joel S Gilbertson	0 00				X			0	173,925	0
VP/Govt & Public Affairs	55 00				X			0	0	0
David Brown	0 00				X			0	0	0
VP/Strategy & Innovation	55 00				X			0	0	0
Orest Holubec	0 00				X			0	0	0
SVP/Marketing & Communications	60 00				X			0	0	0
Gary Flaming	0 00				X			0	0	0
SVP/Chief Risk Officer	57 00				X			0	0	0
Adam Balkany	60 00							388,044	0	42,632
Physician	0 00							241,332	0	40,741
Nancy Wood	60 00							240,026	0	34,042
Nurse Exec	0 00							239,833	0	38,506
Bich Khanh Nguyen	60 00							230,232	0	38,570
Physician - Internal Medicine	0 00							0	144,234	0
Victoria Harns	60 00							0	173,925	0
Physician	0 00							0	0	0
Christopher Wilson	60 00							0	0	0
Physician	0 00							0	0	0
Michael C Carter	0 00					X		0	144,234	0
Former CAO - Edmonds	0 00						X	0	173,925	0
Richard Canning	0 00						X	0	173,925	0
Former COO/CFO - Edmonds	0 00						X	0	173,925	0

**SCHEDULE A**  
(Form 990 or 990EZ)

**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.**  
▶ **Information about Schedule A (Form 990 or 990-EZ) and its instructions is at**  
**[www.irs.gov/form990](http://www.irs.gov/form990).**

**2013**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

**Name of the organization**  
SWEDISH EDMONDS

**Employer identification number**  
27-2305304

**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?  
**(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?

	Yes	No
<b>11g(i)</b>		
<b>11g(ii)</b>		
<b>11g(iii)</b>		

**(ii)** A family member of a person described in (i) above?  
**(iii)** A 35% controlled entity of a person described in (i) or (ii) above?  
**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	
<b>Total</b>									

**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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>4 Total.</b> Add lines 1 through 3						
<b>5</b> 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)						
<b>6 Public support.</b> Subtract line 5 from line 4						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
<b>7</b> Amounts from line 4						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on						
<b>10</b> Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
<b>11 Total support</b> (Add lines 7 through 10)						
<b>12</b> Gross receipts from related activities, etc (see instructions)					<b>12</b>	
<b>13 First five years.</b> 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 <b>stop here</b> . . . . . <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f))	<b>14</b>	
<b>15</b> Public support percentage for 2012 Schedule A, Part II, line 14	<b>15</b>	
<b>16a 33 1/3% support test—2013.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization <input type="checkbox"/>		
<b>b 33 1/3% support test—2012.</b> 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 <b>stop here.</b> The organization qualifies as a publicly supported organization <input type="checkbox"/>		
<b>17a 10%-facts-and-circumstances test—2013.</b> 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 <b>stop here.</b> Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization <input type="checkbox"/>		
<b>b 10%-facts-and-circumstances test—2012.</b> 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 <b>stop here.</b> Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization <input type="checkbox"/>		
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions <input type="checkbox"/>		

**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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
<b>2</b> 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						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>6 Total.</b> Add lines 1 through 5						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons						
<b>b</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						
<b>c</b> Add lines 7a and 7b						
<b>8 Public support</b> (Subtract line 7c from line 6)						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
<b>9</b> Amounts from line 6						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
<b>c</b> Add lines 10a and 10b						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.)						
<b>14 First five years.</b> 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 <b>stop here</b> <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

<b>15</b> Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	<b>15</b>	
<b>16</b> Public support percentage from 2012 Schedule A, Part III, line 15	<b>16</b>	

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for <b>2013</b> (line 10c, column (f) divided by line 13, column (f))	<b>17</b>	
<b>18</b> Investment income percentage from <b>2012</b> Schedule A, Part III, line 17	<b>18</b>	

- 19a 33 1/3% support tests—2013.** 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—2012.** 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.** 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**

Return Reference

Explanation

SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2013

Open to Public Inspection

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. Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.

Department of the Treasury Internal Revenue Service

Name of the organization SWEDISH EDMONDS

Employer identification number

27-2305304

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.

Table with 3 columns: Line number, (a) Donor advised funds, (b) Funds and other accounts. Includes rows for total number at end of year, aggregate contributions, aggregate grants, aggregate value, and questions about donor advisement.

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

Table with 3 columns: Line number, Description, and Held at the End of the Year (2a-2d). Includes questions about conservation easement purposes, monitoring, and expenses.

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.

Table with 3 columns: Line number, Description, and Amount. Includes questions about reporting art and historical treasures.

**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
<b>1c</b>	
<b>1d</b>	
<b>1e</b>	
<b>1f</b>	

**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	(c) Two years back	(d) Three years back	(e) Four years back
<b>1a</b> Beginning of year balance . . . . .					
<b>b</b> Contributions . . . . .					
<b>c</b> Net investment earnings, gains, and losses					
<b>d</b> Grants or scholarships . . . . .					
<b>e</b> Other expenditures for facilities and programs . . . . .					
<b>f</b> Administrative expenses . . . . .					
<b>g</b> 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
<b>(i)</b> unrelated organizations . . . . .	<b>3a(i)</b>	
<b>(ii)</b> related organizations . . . . .	<b>3a(ii)</b>	
<b>b</b> If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? . . . . .	<b>3b</b>	

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

**Part VI Land, Buildings, and Equipment.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. 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
<b>1a</b> Land . . . . .				
<b>b</b> Buildings . . . . .		2,399,977	440,715	1,959,262
<b>c</b> Leasehold improvements . . . . .		1,504,835	95,218	1,409,617
<b>d</b> Equipment . . . . .		41,286,488	13,686,458	27,600,030
<b>e</b> Other . . . . .		4,920,788		4,920,788
<b>Total.</b> Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) . . . . .				35,889,697



**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return** Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

**Part XIII Supplemental Information**

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

Return Reference	Explanation
Part X, Line 2	The Health System recognizes the effect of income tax positions only if those positions are more likely than not of being sustained upon an audit by the taxing authority Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized Changes in recognition or measurement are reflected in the period in which the change in judgment occurs



SCHEDULE H (Form 990)

Hospitals

OMB No 1545-0047

2013

Open to Public Inspection

Complete if the organization answered "Yes" to Form 990, Part IV, question 20. Attach to Form 990. See separate instructions. Information about Schedule H (Form 990) and its instructions is at www.irs.gov/form990.

Department of the Treasury Internal Revenue Service

Name of the organization SWEDISH EDMONDS

Employer identification number 27-2305304

Part I Financial Assistance and Certain Other Community Benefits at Cost

1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a. 1b If "Yes," was it a written policy? 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. 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. 3a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care? 3b Did the organization use FPG as a factor in determining eligibility for providing 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"? 5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? 5b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? 5c 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 eligible for free or discounted care? 6a Did the organization prepare a community benefit report during the tax year? 6b If "Yes," did the organization make it available to the public?

7 Financial Assistance and Certain Other Community Benefits at Cost

Table with 7 columns: (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. Rows include Financial Assistance and Means-Tested Government Programs (a-f), Other Benefits (g-i), and Total (j-k).

**Part II Community Building Activities** Complete this table 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
<b>1</b> Physical improvements and housing						
<b>2</b> Economic development						
<b>3</b> Community support						
<b>4</b> Environmental improvements						
<b>5</b> Leadership development and training for community members						
<b>6</b> Coalition building						
<b>7</b> Community health improvement advocacy	0	0	285		285	0 %
<b>8</b> Workforce development						
<b>9</b> Other						
<b>10 Total</b>			285		285	

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

**Section A. Bad Debt Expense**

		Yes	No
<b>1</b> Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?	<b>1</b>	Yes	
<b>2</b> Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.	<b>2</b>		18,064,639
<b>3</b> 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.	<b>3</b>		0
<b>4</b> 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**

<b>5</b> Enter total revenue received from Medicare (including DSH and IME)	<b>5</b>	84,915,947
<b>6</b> Enter Medicare allowable costs of care relating to payments on line 5	<b>6</b>	69,789,596
<b>7</b> Subtract line 6 from line 5. This is the surplus (or shortfall)	<b>7</b>	15,126,351
<b>8</b> 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: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

**Section C. Collection Practices**

<b>9a</b> Did the organization have a written debt collection policy during the tax year?	<b>9a</b>	Yes
<b>b</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.	<b>9b</b>	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 %
<b>1</b>				
<b>2</b>				
<b>3</b>				
<b>4</b>				
<b>5</b>				
<b>6</b>				
<b>7</b>				
<b>8</b>				
<b>9</b>				
<b>10</b>				
<b>11</b>				
<b>12</b>				
<b>13</b>				

**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, primary website address, and state license number

Name, address, primary website address, and state license number	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
See Additional Data Table										

**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)

Swedish Edmonds

**Name of hospital facility or facility reporting group** \_\_\_\_\_

**If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A)** \_\_\_\_\_ 1

		Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
<b>1</b>	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 If "Yes," indicate what the CHNA report describes (check all that apply)	Yes	
<b>a</b>	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b>	<input checked="" type="checkbox"/> Demographics of the community		
<b>c</b>	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b>	<input checked="" type="checkbox"/> How data was obtained		
<b>e</b>	<input checked="" type="checkbox"/> The health needs of the community		
<b>f</b>	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b>	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b>	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b>	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
<b>j</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>2</b>	Indicate the tax year the hospital facility last conducted a CHNA <u>20 13</u>		
<b>3</b>	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests 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 . . . . .	Yes	
<b>4</b>	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	Yes	
<b>5</b>	Did the hospital facility make its CHNA report widely available to the public? . . . . . If "Yes," indicate how the CHNA report was made widely available (check all that apply)	Yes	
<b>a</b>	<input checked="" type="checkbox"/> Hospital facility's website (list url) <u>www.swedish.org</u>		
<b>b</b>	<input type="checkbox"/> Other website (list url) _____		
<b>c</b>	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
<b>d</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>6</b>	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)		
<b>a</b>	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
<b>b</b>	<input checked="" type="checkbox"/> Execution of the implementation strategy		
<b>c</b>	<input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
<b>d</b>	<input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
<b>e</b>	<input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b>	<input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
<b>g</b>	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
<b>h</b>	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>7</b>	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 . . . . .	Yes	
<b>8a</b>	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)? . . . . .		No
<b>8b</b>	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .		
<b>c</b>	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)

<b>Financial Assistance Policy</b>		<b>Yes</b>	<b>No</b>
<b>9</b>	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?	Yes	
<b>10</b>	Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>100 000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	Yes	
<b>11</b>	Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	Yes	
<b>12</b>	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)	Yes	
<b>a</b>	<input checked="" type="checkbox"/> Income level		
<b>b</b>	<input checked="" type="checkbox"/> Asset level		
<b>c</b>	<input checked="" type="checkbox"/> Medical indigency		
<b>d</b>	<input checked="" type="checkbox"/> Insurance status		
<b>e</b>	<input checked="" type="checkbox"/> Uninsured discount		
<b>f</b>	<input checked="" type="checkbox"/> Medicaid/Medicare		
<b>g</b>	<input checked="" type="checkbox"/> State regulation		
<b>h</b>	<input type="checkbox"/> Residency		
<b>i</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>13</b>	Explained the method for applying for financial assistance? . . . . .	Yes	
<b>14</b>	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	Yes	
<b>a</b>	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
<b>b</b>	<input checked="" type="checkbox"/> The policy was attached to billing invoices		
<b>c</b>	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
<b>d</b>	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
<b>e</b>	<input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
<b>f</b>	<input checked="" type="checkbox"/> The policy was available upon request		
<b>g</b>	<input type="checkbox"/> Other (describe in Part VI)		

<b>Billing and Collections</b>			
<b>15</b>	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? . . . . .	Yes	
<b>16</b>	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 individual's eligibility under the facility's FAP		
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Section C)		
<b>17</b>	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 individual's eligibility under the facility's FAP? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged		No
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Section C)		

**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 individuals regarding the individuals' bills
  - d**  Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
  - e**  Other (describe in Section C)

**Policy Relating to Emergency Medical Care**

**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? . . . . .

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)

	Yes	No
<b>19</b>	Yes	

**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 individual 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? . . . . .

If "Yes," explain in Part VI

**22** During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? . . . . .

If "Yes," explain in Part VI

<b>21</b>		No
<b>22</b>	Yes	



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

**Section D. 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? 5

Name and address	Type of Facility (describe)
<b>1</b> Pavilion Pharmacy 7320 216th Street SW Suite 100 Edmonds, WA 98026	Retail Pharmacy
<b>2</b> Birth and Family Clinic 21911 76th Avenue W Suite 110 Edmonds, WA 98026	Outpatient Physician Clinic
<b>3</b> Swedish Edmonds Internal Medicine 7320 216th Street SW Suite 200 Edmonds, WA 98026	Outpatient Physician Clinic
<b>4</b> Wound Healing & Hyperbarics 21911 76th Avenue W Suite 204 Edmonds, WA 98026	Outpatient Physician Clinic
<b>5</b> Swedish Edmonds Specialty Clinic 21616 76th Avenue W Suite 212 Edmonds, WA 98026	Outpatient Physician Clinic
<b>6</b>	
<b>7</b>	
<b>8</b>	
<b>9</b>	
<b>10</b>	

**Part VI Supplemental Information**

Provide the following information

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs 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

Form and Line Reference	Explanation
Part I, Line 3c	The sliding fee scale will be used to determine the amount to be written off as charity care for guarantors with income between 101% and 400% of the current federal poverty level after all funding possibilities available to the guarantor have been exhausted or denied and personal financial resources and assets have been reviewed for possible funding to pay for billing charges
Part I, Line 6a	Swedish Edmonds' community benefit information is included in the consolidated reports of both Swedish Health Services and Providence Health & Services

Form and Line Reference	Explanation
Part I, Line 7	Costs for table 7 are from actual expenses incurred
Part I, Line 7, Column (f)	The Bad Debt expense included on Form 990, Part IX, Line 25, Column (A), but subtracted for purposes of calculating the percentage in this column is \$ 18,064,639

Form and Line Reference	Explanation
Part III, Line 4	It is policy to exclude all bad debts from Community benefit information The Consolidated Audited Financial Statements do not contain a footnote specific to Bad Debt Expense Bad debt expense is reported in the audited financials as a separate line item within expenses from operations Bad debt expense represents the amount of gross charges for patients who do not have insurance and which we were unable to qualify for assistance under either government programs or our internal charity care policy
Part III, Line 8	Costing methodology is based upon Medicare cost report and Medicare PS&R report

Form and Line Reference	Explanation
Part III, Line 9b	The debt collection policy applies to self-pay individuals who have been evaluated and determined not to be eligible for financial assistance
Part VI, Line 2	<p>The needs assessment was completed on a consolidated basis with Swedish Health Services Working with a community advisory committee made up of key community partners, Swedish developed a community needs assessment tool. This instrument defined, among other things, underserved patient access to care and access for specialty health care needs. The methodology was derived from the leading health indicators for King County and was cross referenced with research done by the Washington Health Foundation, United Way of King County and Healthy People 2010. Based on this information, Swedish has developed partnerships with community agencies where we have combined our resources to impact the negative health trends in the community. To date, we have developed partnerships with the American Diabetes Association, the American Heart Association, Senior Services of King County, March of Dimes, United Way, Lifelong Aids Alliance, National Multiple Sclerosis Society and the Washington Health Foundation. Some current trends affecting the community include poverty and access to affordable healthcare, diabetes, obesity and lack of access to behavioral health. Negative local trends affecting the community assessment include prevalence of low birth weight babies, breast cancer, diabetes, HIV/Aids, hypertension, high blood cholesterol, heavy drinking and multiple sclerosis. Areas seeing improvement in King County, but still needing improvement, include incidence of stroke, colorectal cancer death, lung cancer death, suicide, smoking cessation, vaccinations, aids incidence and seatbelt use. Swedish customized and expanded its community needs assessment to each hospital within Swedish Health Services. As of January 2012, each hospital has an individualized assessment geared to the specific community it serves. In 2013 Swedish has identified 4 system wide priorities that will be our focus for the next 3 years. In addition, each Swedish campus has an implementation strategy which addresses site specific priorities. These system priorities were chosen based on public health data, recommendations from the CHNA champions at each site (using community feedback) and the Swedish CHNA Advisory Council. Our goal will be to strengthen our existing programs, create new programs and collaborate with numerous community partners to improve the health in our community. 2013-2016 priorities include * Diabetes and Obesity* Access to Care* Behavioral Health* Community Needs Advisory Council</p>

Form and Line Reference	Explanation
Part VI, Line 3	Swedish Edmonds is committed to providing health care services to all persons in need of medical attention, regardless of their ability to pay The Hospital posts notice of its financial assistance program, including who may be eligible and how to apply During the pre-registration, registration and/or financial counseling process, the hospital will attempt to identify those individuals who may need financial assistance and notify them that financial assistance is available for qualified individuals The Hospital will screen patients for potential coverage through government programs If it appears the patient may be eligible, the patient must comply with these application processes
Part VI, Line 4	The Hospital's community is defined as individuals, organizations and the public * There are 704,300 residents in Snohomish County Key demographic features of Snohomish County include * A population that has grown rapidly and become more diverse Snohomish County has grown 16.2 percent since 2000 and is expected to increase to 862,000 by 2020 Hispanics were the fastest growing ethnic group * An aging population, with middle-aged adults (45-64 years) increasing by 48 percent since 1990 * A growing population of vulnerable residents (as measured by the percent of births paid for by Medicaid and percentage of residents without health insurance) is increasing as well Communities served include Edmonds, Lynnwood, Brier, Mountlake Terrace and Woodway

Form and Line Reference	Explanation
Part VI, Line 5	<p>Swedish Edmonds integrates community benefits into its ongoing planning processes, budgeting and reporting. The Hospital uses its resources at both the local and Swedish Health System-wide levels to benefit citizens in need and to promote healing and health in its communities. Senior management ensures that resources are allocated to assess, develop and implement community benefit programs and initiatives that respond to the unmet health priorities. The Hospital participates in the assurance of community health assets and needs with special attention to geographical areas and populations with disproportionate unmet health-related needs. The Hospital budget includes financial resources to assess, plan, develop, implement, manage and report on community benefit initiatives. The Hospital's community benefit programs are developed in response to health issues identified in various assessments of the service area and disease status identified, focused on disproportionate unmet health-related needs, with emphasis on prevention and access to continuing care. The Hospital determines measurable goals, including the number of people reached, disproportionate populations visited, and education provided and gained access to care.</p>
Part VI, Line 6	<p>Swedish Edmonds is an Affiliated Member with Providence Health &amp; Services. Providence Health &amp; Services owns or operates 32 general acute care hospitals, three ambulatory care centers, five medical groups, six long-term care facilities, seven homecare and hospice entities, five assisted living facilities, a children's nursing center, a high school, a university, 13 low-income housing projects, the Health Plan, a health services contractor, two programs of all inclusive care for the elderly, and 22 controlled fundraising foundations. The Health System provides inpatient, outpatient, primary care, and home care services in Alaska, Washington, Montana, Oregon and Southern California. The Health System operates these businesses primarily in the greater metropolitan areas of Anchorage, Alaska, Everett, Seattle, Edmonds, Issaquah, Spokane and Olympia, Washington, Missoula, Montana, Portland and Medford, Oregon, and Los Angeles, California.</p>

Form and Line Reference	Explanation
Part VI, Line 7, Reports Filed With States	WA

**Schedule J**  
(Form 990)

**Compensation Information**

OMB No 1545-0047

**2013**

**Open to Public Inspection**

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

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

▶ **Attach to Form 990. ▶ See separate instructions.**

▶ **Information about Schedule J (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).**

Department of the Treasury  
Internal Revenue Service

Name of the organization  
SWEDISH EDMONDS

Employer identification number

27-2305304

**Part I Questions Regarding Compensation**

- 1a** Check the appropriate 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.
- |   |  |
|---|--|
| <input type="checkbox"/> First-class or charter travel            | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions                    | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax idemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees   |
| <input type="checkbox"/> Discretionary spending account           | <input type="checkbox"/> 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.
- 2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?

- 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.
- |  |  |
|--|--|
| <input type="checkbox"/> Compensation committee              | <input type="checkbox"/> Written employment contract                     |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study                    |
| <input type="checkbox"/> Form 990 of other organizations     | <input type="checkbox"/> 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?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?
- 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?
- b** Any related organization?
- 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?
- b** Any related organization?
- 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.
- 8** Were any amounts reported in Form 990, Part VII, paid or accrued 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.
- 9** If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
<b>1b</b>		
<b>2</b>		
<b>4a</b>	Yes	
<b>4b</b>	Yes	
<b>4c</b>		No
<b>5a</b>		No
<b>5b</b>		No
<b>6a</b>		No
<b>6b</b>		No
<b>7</b>		No
<b>8</b>		No
<b>9</b>		

**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

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

Table with 2 columns: Return Reference and Explanation. Rows include: Part I, Line 1a (Travel reimbursement policies); Part I, Lines 4a-b (Retirement plans for various employees); Part I, Lines 4a-b (Severance for Ray Williams, Richard Canning, Michael C. Carter); and FORM 990, SCHEDULE J, PART II - EXECUTIVE PERFORMANCE AWARDS PROGRAM.

**Additional Data**

**Software ID:**  
**Software Version:**  
**EIN:** 27-2305304  
**Name:** SWEDISH EDMONDS

**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				
John F Koster MD - Thru 0313 President / CEO	(i) (ii)	0 1,316,766	0 1,868,461	0 17,500	0 215,651	0 31,597	0 3,449,975	0 0
Rod F Hochman MD - Eff 0413 President / CEO	(i) (ii)	0 1,051,406	0 334,001	0 17,500	0 486,988	0 28,915	0 1,918,810	0 0
Todd Hofheins EVP/CFO	(i) (ii)	0 432,363	0 120,504	0 17,500	0 65,303	0 24,807	0 660,477	0 0
Jeffrey W Rogers - Thru 513 Corporate Secretary	(i) (ii)	0 442,462	0 529,200	0 69,119	0 168,789	0 21,091	0 1,230,661	0 0
Cindy Strauss - Eff 613 SVP/Chief Counsel/Corp Secretary	(i) (ii)	0 413,323	0 525,001	0 17,500	0 223,587	0 24,667	0 1,204,078	0 0
David Jaffe CEO/Swedish Edmonds	(i) (ii)	0 295,428	0 108,449	0 17,500	0 91,463	0 8,893	0 521,733	0 0
Dan Harris CFO/Swedish	(i) (ii)	0 419,206	0 1,424,012	0 0	0 108,789	0 23,830	0 1,975,837	0 0
Terry L Smith SVP/Management Svcs	(i) (ii)	0 639,022	0 906,428	0 67,500	0 202,105	0 24,053	0 1,839,108	0 0
Deborah Burton SVP/Chief Nrsg Officer	(i) (ii)	0 323,817	0 1,005,792	0 17,500	0 42,736	0 23,303	0 1,413,148	0 296,416
Michael L Butler President/Operations & Services	(i) (ii)	0 954,645	0 300,598	0 17,500	0 713,468	0 29,161	0 2,015,372	0 0
Randy Axelrod MD EVP/Clinical & Patient Svcs	(i) (ii)	0 613,884	0 315,700	0 125,675	0 192,796	0 26,894	0 1,274,949	0 0
Janice J Jones SVP/CAO	(i) (ii)	0 604,348	0 377,853	0 17,500	0 132,205	0 27,288	0 1,159,194	0 0
Myron Berdischewsky MD SVP/CMQO	(i) (ii)	0 527,449	0 310,561	0 17,500	0 134,979	0 23,598	0 1,014,087	0 0
Jack Friedman SVP/Account Care & Payor Rel	(i) (ii)	0 508,016	0 300,765	0 17,500	0 151,382	0 26,370	0 1,004,033	0 0
Ray Williams SVP/Physicians Svcs	(i) (ii)	0 120,595	0 200,000	0 440,672	0 179,162	0 24,427	0 964,856	0 0
Cindra R Syverson SVP/CHRO	(i) (ii)	0 404,069	0 312,381	0 1,000	0 267,888	0 24,300	0 1,009,638	0 0
Craig L Wright MD SVP/Physicians Svcs	(i) (ii)	0 509,167	0 128,777	0 70,854	0 432,646	0 18,991	0 1,160,435	0 0
John O Mudd SVP/Mission Leadership	(i) (ii)	0 368,604	0 158,842	0 14,800	0 189,558	0 18,700	0 750,504	0 0
Claudia Haglund VP/Governance & Sponsorship	(i) (ii)	0 342,176	0 134,699	0 17,500	0 136,830	0 20,219	0 651,424	0 0
Joel S Gilbertson VP/Govt & Public Affairs	(i) (ii)	0 354,361	0 84,733	0 17,500	0 103,698	0 22,547	0 582,839	0 0

**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				
David Brown VP/Strategy & Innovation	(i)	0	0	0	0	0	0	0
	(ii)	303,119	131,437	50	146,627	22,332	603,565	0
Orest Holubec SVP/Marketing & Communications	(i)	0	0	0	0	0	0	0
	(ii)	328,545	77,915	17,500	39,407	21,903	485,270	0
Gary Flaming SVP/Chief Risk Officer	(i)	0	0	0	0	0	0	0
	(ii)	266,837	97,434	17,500	75,446	18,848	476,065	0
Adam Balkany Physician	(i)	327,709	42,835	17,500	17,213	25,419	430,676	0
	(ii)	0	0	0	0	0	0	0
Nancy Wood Nurse Exec	(i)	194,345	46,987	0	16,439	24,302	282,073	0
	(ii)	0	0	0	0	0	0	0
Bich Khanh Nguyen Physician - Internal Medicine	(i)	181,384	58,642	0	9,947	24,095	274,068	0
	(ii)	0	0	0	0	0	0	0
Victoria Harris Physician	(i)	226,495	0	13,338	14,100	24,406	278,339	0
	(ii)	0	0	0	0	0	0	0
Christopher Wilson Physician	(i)	230,232	0	0	13,852	24,718	268,802	0
	(ii)	0	0	0	0	0	0	0
Michael C Carter Former CAO - Edmonds	(i)	0	0	0	0	0	0	0
	(ii)	0	0	144,234	0	0	144,234	0
Richard Canning Former COO/CFO - Edmonds	(i)	0	0	0	0	0	0	0
	(ii)	0	0	173,925	0	0	173,925	0

**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.**

**▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at  
[www.irs.gov/form990](http://www.irs.gov/form990).**

**2013**

**Open to Public  
Inspection**

Name of the organization  
SWEDISH EDMONDS

**Employer identification number**

27-2305304

Return Reference	Explanation
Form 990, Part VI, Section A, line 6	Western HealthConnect is the sole member of Swedish Edmonds

Return Reference	Explanation
Form 990, Part VI, Section A, line 7b	The following powers are reserved to and exercised exclusively by the Member A) To amend or repeal the Articles of Incorporation or Bylaws B) To approve the acquisition of assets, the incurrence of indebtedness or the lease, sale, transfer, assignment or encumbering of assets C) To approve the dissolution, liquidation, consolidation or merger with another corporation or entity D) To approve the annual operating and capital budgets of the Corporation on a consolidated region-wide basis and recommend approval of the Corporation's budget E) To appoint certified public accountants after receiving the recommendation of the Board of Directors, and to receive the annual audit report from such accountants

<b>Return Reference</b>	<b>Explanation</b>
Form 990, Part VI, Section B, line 11	The Form 990 is prepared internally by experienced accounting staff and reviewed by the Director of Taxes of Providence Health & Services and external tax advisors. The Board and signing Officer reviewed the Form 990 in detail. Once approved, an electronic copy of the Form 990 is emailed to the Board prior to filing with the IRS.

Return Reference	Explanation
Form 990, Part VI, Section B, line 12c	<p>The Board of Trustees has adopted a conflict of interest policy. Management employees are covered by the Swedish Health Services conflict of interest policy. Both policies are substantially similar and are jointly referred to herein as "the policy." Board members and covered persons are required to complete a conflict of interest questionnaire annually and disclose any affiliations, interest or relationships and/or any transactions the individual and/or his or her family members have engaged in that might give rise to an actual, apparent, or potential conflict of interest. The policy defines family members and describes what constitutes conflicts of interest. It requires individuals to report to the appropriate committee chair any further financial interest, situation, activity, interest or conduct that may develop before completion of the next annual questionnaire. Potential conflicts of interest with physician board members with financial interests in businesses that compete with Swedish Edmonds are addressed, as well as appropriate disclosures, evaluation and resolution of said conflicts. The conflict of interest questionnaire includes an annual statement that board members and covered persons (a) have received a copy of the policy, (b) have read and understood the policy, (c) agree to comply with the policy, (d) understand that the policy applies to committees and subcommittees, (e) understand that the organization is a charitable organization that must engage primarily in exempt activities, (f) agree to report to the appropriate manager or committee chair any change to matters previously disclosed on the conflict of interest questionnaire, (g) state that the information provided in the conflict of interest questionnaire is true and accurate to the best of his or her knowledge and belief. The purpose of the policy is to ensure board members and covered persons are independent and able to perform their duties in an impartial manner, free from any bias created by personal interests, to protect the interests of Swedish Edmonds, to clarify the duties and obligations of the board members and covered persons in the context of a potential conflict (and to provide a method for disclosing and resolving said conflict) and to supplement (not replace) any applicable state laws governing conflicts of interest applicable to charitable, nonprofit corporations. Swedish Edmonds will not engage in any contract, transaction or arrangement involving a potential conflict of interest unless it is determined that appropriate safeguards to protect the charitable mission of the organization have been implemented. The executive committee will review all conflict of interest questionnaires for board members. The executive committee will make a finding as to whether an actual, apparent or potential conflict of interest exists and will take actions as it deems appropriate. The conflict of interest committee governs the policy and questionnaire related to all other covered persons. The minutes of meetings will identify any person attending the meeting who has a conflict of interest with respect to any matter before the board or committee and the action taken to address the conflict of interest (e.g., the individual left the room during the discussion of the matter giving rise to the conflict of interest and the individual did not vote on such matter).</p>

Return Reference	Explanation
Form 990, Part VI, Section B, line 15	<p>The Board has delegated authority to the Swedish Health Services compensation and HR committees to review and approve compensation arrangements for the CAO of Swedish Edmonds. All members of the compensation and HR committees are independent. Compensation for executives (including the CAO) is reasonable and consistent with the executive total compensation philosophy approved by the Board of Trustees. Potential conflicts of interest are addressed in accordance with the corporation's conflict of interest policy. The Board of Trustees selects and retains an independent consultant to conduct an annual review of the compensation package, including salaries, incentives and benefits and recommend appropriate adjustments to ensure that each remains competitive and responsive to changing laws and in keeping with the organization's mission. The Board, as part of its analysis, obtains from the independent consultant appropriate comparability data, including total compensation paid by similarly situated for profit and not for profit healthcare organizations for positions that are functionally comparable. The consultant provides documentation that total compensation is at fair market value. The consultants' recommendations are reviewed and approved (or not approved) by the compensation and HR committees, which document the basis for their decision. Following approval of the annual review by the compensation and HR committees, the CEO of Swedish Health Services will approve changes in the compensation package for the CAO of Swedish Edmonds consistent with the annual review and recommendations approved by the compensation and HR committees. Salaries for non-executive employees are reviewed and approved by HR.</p>

Return Reference	Explanation
Form 990, Part VI, Section C, line 19	Copies of Swedish Edmonds' governing documents, conflict of interest policy and financial statements are available upon request

Return Reference	Explanation
Form 990, Part VII	<p>Michael Holcomb - 1801 Lind Avenue SW, Renton, WA 98057 Lucille Dean, SP - 1801 Lind Avenue SW, Renton, WA 98057 Mary Corita Heid, RSM - 1801 Lind Avenue SW, Renton, WA 98057 Michael A Stein - 1801 Lind Avenue SW, Renton, WA 98057 Eugene "Al" Parrish - 1801 Lind Avenue SW, Renton, WA 98057 Dana A Rasmussen - 1801 Lind Avenue SW, Renton, WA 98057 James S Roberts, MD - 1801 Lind Avenue SW, Renton, WA 98057 Peter J Snow - 1801 Lind Avenue SW, Renton, WA 98057 Bob Wilson - 1801 Lind Avenue SW, Renton, WA 98057 Sallye Liner - 1801 Lind Avenue SW, Renton, WA 98057 Cheryl M Scott - 1801 Lind Avenue SW, Renton, WA 98057 Ellen L Wolf - 1801 Lind Avenue SW, Renton, WA 98057 Isiaah Crawford - 1801 Lind Avenue SW, Renton, WA 98057 Martha Diaz Aszkenazy - 1801 Lind Avenue SW, Renton, WA 98057 Kirby McDonald - 1801 Lind Avenue SW, Renton, WA 98057 Dave Olsen - 1801 Lind Avenue SW, Renton, WA 98057 Charles (Chuck) Watts - 1801 Lind Avenue SW, Renton, WA 98057 John F Koster, MD - Thru 03/13 - 1801 Lind Avenue SW, Renton, WA 98057 Rod F Hochman, MD - Eff 04/13 - 1801 Lind Avenue SW, Renton, WA 98057 Todd Hofheins - 1801 Lind Avenue SW, Renton, WA 98057 Jeffrey W Rogers - Thru 5/13 - 1801 Lind Avenue SW, Renton, WA 98057 Cindy Strauss - Eff 6/13 - 1801 Lind Avenue SW, Renton, WA 98057 Terry L Smith - 1801 Lind Avenue SW, Renton, WA 98057 Deborah Burton - 1801 Lind Avenue SW, Renton, WA 98057 Michael L Butler - 1801 Lind Avenue SW, Renton, WA 98057 Randy Axelrod, MD - 1801 Lind Avenue SW, Renton, WA 98057 Janice J Jones - 1801 Lind Avenue SW, Renton, WA 98057 Myron Berdischewsky, MD - 1801 Lind Avenue SW, Renton, WA 98057 Jack Friedman - 1801 Lind Avenue SW, Renton, WA 98057 Ray Williams - 1801 Lind Avenue SW, Renton, WA 98057 Cindra R Syverson - 1801 Lind Avenue SW, Renton, WA 98057 Craig L Wright, MD - 1801 Lind Avenue SW, Renton, WA 98057 John O Mudd - 1801 Lind Avenue SW, Renton, WA 98057 Claudia Haglund - 1801 Lind Avenue SW, Renton, WA 98057 Joel S Gilbertson - 1801 Lind Avenue SW, Renton, WA 98057 David Brown - 1801 Lind Avenue SW, Renton, WA 98057 Orest Holubec - 1801 Lind Avenue SW, Renton, WA 98057 Gary Flaming - 1801 Lind Avenue SW, Renton, WA 98057</p>

Return Reference	Explanation
Form 990, Part XI, line 9	Recipient Organization Adjustment 383,790 Rounding -2

Return Reference	Explanation
FORM 990, PART XII, LINE 2C - AUDIT & COMPLIANCE	The Audit and Compliance Committee assists the Board of Directors with the oversight of the integrity of the financial statements and reporting, the audit process and the internal financial controls and policies, compliance with ethical, legal and regulatory standards and requirements, the independence, qualifications and performance of the internal and external auditors, the investment committee, and informs the Board of Directors of critical risk areas and recommended mitigation

Return Reference	Explanation
FORM 990, PART I, LINE 6 - VOLUNTEERS	<p>The volunteers at Swedish Edmonds provide assistance to the staff in many areas from clerical support to patient care areas. They are an extension of the staff in Edmonds striving to uphold our mission, vision and values. The volunteer hours contributed equated to 29 FTEs in 2013, the average hours worked by each volunteer being close to 6 hours per assignment. We offer different volunteer opportunities based on interest, education requirements and community outreach.</p> <p><b>ED Volunteer Program</b> Our pre-nursing/pre-med volunteers help out in the ED. This program is for students going into the medical field to fulfill specific course requirements and also supports the staff in ways that allow them to focus on patient care and not restocking supplies. This gives students valuable insight into the medical field that they are training to one day be a part of.</p> <p><b>ACV Program</b> Our senior project program or ACV (Advanced Care Volunteer) is for high school seniors ages 17-18 that are interested in the medical field. This program offers students the opportunity to volunteer on the nursing floors providing assistance to the nursing staff while experiencing the healthcare environment to support their career goals of going into healthcare.</p> <p><b>Courtesy Desk Volunteers</b> Our courtesy desk volunteers provide support to the surgical families, visitors, staff and anyone that may need direction when coming to visit Swedish/Edmonds. They are trained on Epic in order to deliver status updates to waiting families, as well as provide information for visitors on where to find loved ones or where to find their appointment location. They deliver gifts and flowers to patients and also discharge patients from several different floors to assist the nursing staff.</p> <p><b>Breast Center Volunteers</b> in the breast imaging center assist staff in getting patients ready for their exams by showing them to the dressing area and explaining the dressing instructions. Volunteers also assist staff by resetting the dressing area for the next patient. They inform the technologist that the patient is ready and waiting also noting the time in the log. The volunteers make reminder calls for patients' appointments and help restock the supply areas.</p> <p><b>Clerical Support Volunteers</b> assist staff with filing paperwork, scanning, copying, data entry projects, archiving information and any other support projects as needed. This position can be done in any area that has a need.</p> <p><b>Companionship Care Program Volunteers</b> in this program provide comfort, support and companionship to patients by playing games, reading to the patient, delivering books or magazines for the patient to read on their own, playing a musical instrument or by just being a good listener. Volunteers are trained to identify patient problems and report them to the charge nurse immediately.</p> <p><b>Center for Wound Healing &amp; Hyperbaric Volunteers</b> assist the staff by reviewing charts and entering data into excel spreadsheets, processing files for discharged patients, revising clinical forms, filing paperwork, and any administrative projects as needed and directed by staff.</p> <p><b>Employee Health Volunteers</b> assist the staff with data entry, archiving information and filing. They must be detail oriented and have good computer skills.</p> <p><b>Gift Shop Volunteers</b> provide customer service to patients, visitors and staff of the hospital. They must have cash handling experience, ability to accurately run the cash register and credit card machines, take phone orders accurately, restock shelves as needed, and any additional duties as directed by staff.</p> <p><b>Health Information Management</b> Assist staff in preparing folders for permanent filing, alphabetizing accurately, purging records, copying and sorting files by data and alpha order. Must be able to work independently and have good accuracy.</p> <p><b>Patient Access ER and Outpatient Admitting</b> Assist staff with greeting walk-ins and visitors in a timely and professional manner. Able to use all computer functions to assist staff in locating patient information. Locates and retrieves wheelchairs for patient use as needed, walking charts to and from triage as needed.</p> <p><b>Print Center</b> Assist staff with assembling printing projects or other projects as needed. Assist with mail delivery around the hospital campus. Stocking shelves and any other projects or tasks as assigned.</p> <p><b>Rehab/OT/PT</b> Assist staff with filing charts, making copies, assembling handout packets, changing out rooms between patients, restocking supplies and general straightening of waiting area.</p> <p><b>Volunteer Services</b> Assist staff with data entry, filing and other administrative office duties as well as gift shop office duties including labeling and processing product for the gift shop.</p>

**SCHEDULE R  
(Form 990)**

**Related Organizations and Unrelated Partnerships**

OMB No 1545-0047

**2013**

**Open to Public  
Inspection**

- ▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.**
- ▶ **Attach to Form 990.** ▶ **See separate instructions.**
- ▶ **Information about Schedule R (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).**

Department of the Treasury  
Internal Revenue Service

Name of the organization  
SWEDISH EDMONDS

**Employer identification number**

27-2305304

**Part I Identification of Disregarded Entities** Complete if the organization answered "Yes" on 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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
See Additional Data Table							

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

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

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

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

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

**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 organization 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
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)
  
- f** Dividends from related organization(s)
- g** Sale of assets to related organization(s)
- h** Purchase of assets from related organization(s)
- i** Exchange of assets with related organization(s)
- j** Lease of facilities, equipment, or other assets to related organization(s)
  
- k** Lease of facilities, equipment, or other assets from related organization(s)
- l** Performance of services or membership or fundraising solicitations for related organization(s)
- m** Performance of services or membership or fundraising solicitations by related organization(s)
- n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o** Sharing of paid employees with related organization(s)
  
- p** Reimbursement paid to related organization(s) for expenses
- q** Reimbursement paid by related organization(s) for expenses
  
- r** Other transfer of cash or property to related organization(s)
- s** Other transfer of cash or property from related organization(s)

	Yes	No
<b>1a</b>		No
<b>1b</b>		No
<b>1c</b>	Yes	
<b>1d</b>		No
<b>1e</b>	Yes	
<b>1f</b>		No
<b>1g</b>		No
<b>1h</b>		No
<b>1i</b>		No
<b>1j</b>	Yes	
<b>1k</b>	Yes	
<b>1l</b>	Yes	
<b>1m</b>	Yes	
<b>1n</b>		No
<b>1o</b>	Yes	
<b>1p</b>	Yes	
<b>1q</b>	Yes	
<b>1r</b>		No
<b>1s</b>		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 related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved



**Part VII Supplemental Information**

Provide additional information for responses to questions on Schedule R (see instructions)

**Return Reference****Explanation**

**Additional Data**

**Software ID:**  
**Software Version:**  
**EIN:** 27-2305304  
**Name:** SWEDISH EDMONDS

**Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations**

(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	No
(1) Providence Health & Services - Washington 1801 Lind Avenue SW 9016 Renton, WA 980579016 51-0216586	Healthcare System	WA	501( c)(3)	Line 3	Providence Health & Services		No
(1) Providence Health & Services - Oregon 1801 Lind Avenue SW 9016 Renton, WA 980579016 51-0216587	Healthcare System	OR	501( c)(3)	Line 3	Providence Health & Services		No
(2) Providence Health System - So California 1801 Lind Avenue SW 9016 Renton, WA 980579016 51-0216589	Healthcare System	CA	501( c)(3)	Line 3	Providence Health & Services		No
(3) Everett Transitional Care Services PO Box 5128 Everett, WA 982065128 94-3264605	Transitional Care	WA	501( c)(3)	Line 9	N/A		No
(4) Providence Oregon Management Corporation 1801 Lind Avenue SW 9016 Renton, WA 980579016 93-0813977	Shell Corporation	OR	501( c)(3)	Line 1	PH & S - Oregon		No
(5) Providence Plan Partners 4400 NE Halsey Bldg 2 Portland, OR 97213 91-1861964	Healthcare Services	OR	501( c)(4)	N/A	PH & S - Oregon		No
(6) Providence Health Plan 4400 NE Halsey Bldg 2 Portland, OR 97213 93-0863097	Health Service Contractor	OR	501( c)(4)	N/A	Providence Plan Partners		No
(7) Providence Health Assurance 4400 NE Halsey Bldg 2 Portland, OR 97213 55-0828701	Medicaid Healthcare Provider	OR	501( c)(4)	N/A	Providence Health Plan		No
(8) Providence Medical Institute 4101 Torrance Blvd Torrance, CA 90503 33-0283773	Healthcare	CA	501( c)(3)	Line 11/Type I	PHS - So California		No
(9) Little Company of Mary Ancillary Services Corporation 4101 Torrance Blvd Torrance, CA 90503 33-0844408	Imaging Services	CA	501( c)(3)	Line 9	PHS - So California		No
(10) Providence TrinityCare Hospice 5315 Torrance Blvd Suite B1 Torrance, CA 90503 95-3264139	Hospice	CA	501( c)(3)	Line 9	PHS - So California		No
(11) Providence Blanchet Association 1700 Providence Pl Centralia, WA 98531 91-1789266	Housing	WA	501( c)(3)	Line 7	PH & S - Washington		No
(12) St Luke Association 350 Washington Ave SE Chehalis, WA 98352 94-3176618	Housing	WA	501( c)(3)	Line 7	PH & S - Washington		No
(13) Providence Rossi Association 1700 Providence Pl Centralia, WA 98531 31-1584166	Housing	WA	501( c)(3)	Line 9	PH & S - Washington		No
(14) Lundberg Association 5921 E Burnside Portland, OR 97215 91-1562797	Housing	OR	501( c)(3)	Line 7	PH & S - Oregon		No
(15) Providence St Francis Association 3415 12th Avenue NE Olympia, WA 98506 94-3244854	Housing	WA	501( c)(3)	Line 7	PH & S - Washington		No
(16) Providence Peter Claver Association 7101 38th Avenue South Seattle, WA 98118 31-1629656	Housing	WA	501( c)(3)	Line 7	PH & S - Washington		No
(17) Providence St Elizabeth House Association 3201 SW Graham St Seattle, WA 98126 91-2171539	Housing	WA	501( c)(3)	Line 7	PH & S - Washington		No
(18) Providence Gamelin House Association 4515 MLK Jr Way S Ste 200 Seattle, WA 98108 31-1744654	Housing	WA	501( c)(3)	Line 7	PH & S - Washington		No
(19) The Gamelin Association 312 North Fourth St Yakima, WA 98901 91-1180824	Housing	WA	501( c)(3)	Line 7	PH & S - Washington		No

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations							
(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	No
(21) The Gamelin Oregon Association 5520 NE Glisan Portland, OR 97213 91-1214491	Housing	OR	501(c)(3)	Line 9	PH & S - Oregon		No
(1) The Gamelin California Association 540 23rd St Oakland, CA 94612 91-1293869	Housing	CA	501(c)(3)	Line 9	PHS - So California		No
(2) Gamelin Washington Association 1423 First Avenue Seattle, WA 98101 20-1910170	Housing	WA	501(c)(3)	Line 7	PH & S - Washington		No
(3) Providence Foundation 1801 Lind Avenue SW 9016 Renton, WA 980579016 94-3078543	Support PH&S Institutions	WA	501(c)(3)	Line 11/Type I	PH & S - Washington		No
(4) Providence Alaska Foundation 3300 Providence Drive - B Tower2 Anchorage, AK 99508 92-0093565	Support PHS-Alaska	AK	501(c)(3)	Line 11/Type I	PH & S - Washington		No
(5) Providence St Peter Foundation 413 Lilly Road NE Olympia, WA 985065166 91-1097056	Support Affiliated Tax-Exempt Organization	WA	501(c)(3)	Line 7	PH & S - Washington		No
(6) Providence Health Care Foundation (Centralia) 914 S Scheuber Road Centralia, WA 98531 91-1433382	Support Providence Centralia Hospital	WA	501(c)(3)	Line 7	PH & S - Washington		No
(7) Providence Mount St Vincent Foundation 4831 - 35th Avenue SW Seattle, WA 981262799 91-1188119	Support Providence Mount St Vincent	WA	501(c)(3)	Line 7	PH & S - Washington		No
(8) Providence Marianwood Foundation 3725 Providence Point Drive SE Issaquah, WA 980297219 93-1554288	Support Providence Marianwood	WA	501(c)(3)	Line 11/Type I	PH & S - Washington		No
(9) Providence Newberg Health Foundation 1001 Providence Drive Newberg, OR 97132 93-0889144	Support Providence Newberg Medical Center	OR	501(c)(3)	Line 7	PH & S - Oregon		No
(10) Providence Seaside Hospital Foundation 725 S Wahanna Rd Seaside, OR 97138 93-0927320	Support Providence Seaside Hospital	OR	501(c)(3)	Line 7	PH & S - Oregon		No
(11) Providence Community Health Foundation 1111 Crater Lake Ave Medford, OR 97504 93-0692907	Support Providence Medford Medical Center	OR	501(c)(3)	Line 7	PH & S - Oregon		No
(12) Providence Benedictine Nursing Center Foundation 540 South Main St Mt Angel, OR 973629532 91-1940286	Support Providence Benedictine Nursing Center	OR	501(c)(3)	Line 7	PH & S - Oregon		No
(13) Providence Portland Medical Foundation 4805 NE Glisan St Portland, OR 972132967 93-1231494	Support Providence Portland Medical Center	OR	501(c)(3)	Line 7	PH & S - Oregon		No
(14) Providence St Vincent Medical Foundation 9205 SW Barnes Rd Portland, OR 97225 93-0575982	Support Providence St Vincent Medical Center	OR	501(c)(3)	Line 7	PH & S - Oregon		No
(15) Providence Milwaukie Foundation 10150 SE 32nd Milwaukie, OR 97222 94-3079515	Support Providence Milwaukie Hospital	OR	501(c)(3)	Line 7	PH & S - Oregon		No
(16) Providence Child Center Foundation 830 NE 47th Portland, OR 97213 93-0800140	Support Providence Child Center	OR	501(c)(3)	Line 7	PH & S - Oregon		No
(17) Providence TrinityCare Hospice Foundation 5315 Torrance Blvd Suite B1 Torrance, CA 90503 33-0261016	Support TrinityCare Hospice	CA	501(c)(3)	Line 7	PHS - So California		No
(18) Providence Little Company of Mary Foundation 4101 Torrance Blvd Torrance, CA 90503 51-0224944	Support Little Company of Mary Service Area	CA	501(c)(3)	Line 7	PHS - So California		No
(19) PH&S FoundationSFVSA & SCVSA 501 S Buena Vista Street Burbank, CA 91505 95-3544877	Support Program & Activities of SFVSA & SCVSA	CA	501(c)(3)	Line 7	PHS - So California		No

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations							
(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	No
(41) Providence Hospice of Seattle Foundation 425 Pontius Avenue North 300 Seattle, WA 981095452 91-2077378	Support Hospice of Seattle	WA	501(c)(3)	Line 11/Type I	PH & S - Washington		No
(1) Providence Health & Services - Western Washington 1801 Lind Avenue SW 9016 Renton, WA 980579016 91-1303277	Healthcare	WA	501(c)(3)	Line 3	Providence MinistriesWHC		No
(2) Providence Health & Services 1801 Lind Avenue SW 9016 Renton, WA 980579016 91-1549796	Shell Corporation	WA	501(c)(3)	Line 11/Type I	N/A		No
(3) Providence Health & Services - Montana 500 W Broadway PO Box 4587 Missoula, MT 598064587 81-0231793	Healthcare	MT	501(c)(3)	Line 3	PH & S - Washington		No
(4) Providence St Joseph Medical Center PO Box 1010 Polson, MT 598601010 81-0463482	Healthcare	MT	501(c)(3)	Line 3	PH & S - Washington		No
(5) St Thomas Child and Family Center 1710 Benefis Court Great Falls, MT 59405 81-0233495	Early Childhood Education	MT	501(c)(3)	Line 1	PH & S - Washington		No
(6) Sisters of Providence of Montana Corporation 1801 Lind Avenue SW 9016 Renton, WA 980579016 26-2612415	Shell Corporation	MT	501(c)(3)	Line 1	PH & S - Washington		No
(7) Providence Health Care Foundation - Eastern Washington 101 W 8th Ave Spokane, WA 99204 32-0014330	Support PH&S-WA Ministries in E WA	WA	501(c)(3)	Line 7	PH & S - Washington		No
(8) St Patrick Hospital Foundation 500 West Broadway PO Box 4587 Missoula, MT 598064587 23-7056976	Support Healthcare in W Montana	MT	501(c)(3)	Line 7	PH & S - Washington		No
(9) University of Great Falls 1301 20th Street South Great Falls, MT 59405 81-0231777	Post Secondary Education	MT	501(c)(3)	Line 2	PH & S - Washington		No
(10) E WA & MT Unemployment Compensation Insurance Trust 1801 Lind Avenue SW 9016 Renton, WA 980579016 91-1082119	Unemployment Benefits	WA	501(c)(3)	Line 11/Type I	PH & S - Washington		No
(11) Providence Willamette Falls Medical Foundation 1500 Division Street Oregon City, OR 97045 93-1003750	Support Willamette Falls Hospital	OR	501(c)(3)	Line 11/Type I	PH & S - Oregon		No
(12) Providence Hood River Memorial Hospital Foundation Inc 811 13th St Hood River, OR 97031 93-0921990	Support Providence Hood River Memorial Hospital	OR	501(c)(3)	Line 7	PH & S - Oregon		No
(13) Providence Hospice and Home Care Foundation 2731 Wetmore Avenue Suite 500 Everett, WA 98201 27-2552749	Support Program & Ministries of PHHC	WA	501(c)(3)	Line 7	PH & S - Washington		No
(14) Providence St Mary Foundation 401 W Poplar St Walla Walla, WA 99362 45-2841492	Support Program & Ministries of SMMC	WA	501(c)(3)	Line 7	PH & S - Washington		No
(15) Facey Medical Foundation 15451 San Fernando Mission Blvd 200 Mission Hills, CA 913451420 95-4322584	Support Facey Medical Group	CA	501(c)(3)	Line 7	PHS - So California		No
(16) Swedish Health Services 747 Broadway Seattle, WA 98122 91-0433740	Healthcare	WA	501(c)(3)	Line 3	Western HealthConnect		No
(17) Swedish Medical Center Foundation 747 Broadway Seattle, WA 98122 91-0983214	Support Swedish Health Services	WA	501(c)(3)	Line 7	Swedish Health Services		No
(18) Global To Local Health Initiative 747 Broadway Seattle, WA 98122 27-3133200	Healthcare	WA	501(c)(3)	Line 7	Swedish Health Services		No
(19) Swedish MJM Holdings 747 Broadway Seattle, WA 98122 27-3139262	Holding Company	WA	501(c)(3)	Line 11/Type I	Swedish Health Services		No

**Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations**

(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	No
(61) Marsha Rivkin Center for Ovarian Cancer Research  747 Broadway Seattle, WA 98122 91-2054035	Ovarian Cancer Research	WA	501(c )(3)	Line 7	Swedish Health Services		No
(1) Western HealthConnect  747 Broadway Seattle, WA 98122 45-4171900	Shell Corporation	WA	501(c )(3)	Line 11/Type I	PH&S Western Washington		No
(2) Inland Northwest Health Services  601 W 1st Avenue Spokane, WA 99201 91-1307555	Healthcare	WA	501( c )(3)	Line 3	PH&S - Washington		No
(3) PHN Holdings  20555 Earl Street Torrance, CA 90503 46-1814184	Strategic/Planning services for PHN	CA	501( c )(4)	Pending	PHS - So California		No
(4) Providence Health Network  20555 Earl Street Torrance, CA 90503 80-0886966	Prepaid Healthcare	CA	501( c )(4)	Pending	PHN Holdings		No





**Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust**

(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
Providence Health Ventures Inc 4101 Torrance Blvd Torrance, CA 90503 33-0122216	Investment	CA	N/A	C					No
Caron Health Corporation 510 W Front St Missoula, MT 59802 81-0486082	Medical Physician Service	MT	N/A	C					No
Providence Health Care Ventures Inc 101 W 8th Ave TAF C-9 Spokane, WA 99204 90-0155714	Clinical/Medical Lab	WA	N/A	C					No
Providence Physician Services Co 101 W 8th Ave TAF C-9 Spokane, WA 99204 91-1216033	Clinical/Medical Lab	WA	N/A	C					No
Yakima Medical Arts Inc 611 N Perry 100 Spokane, WA 99202 91-0787963	Rental Real Estate	WA	N/A	C					No
Bourget Health Services Inc PO Box 2687 Spokane, WA 99220 91-1354431	Clinical/Medical Lab	WA	N/A	C					No
1221 Madison Street Owners Assoc 747 Broadway Seattle, WA 98122 20-1954319	Owners' Association	WA	N/A	C					No
Washington Cancer Centers PC 1560 N 115th G-16 Seattle, WA 98133 91-1792791	Cancer Treatment	WA	N/A	C					No
Western HealthConnect Ventures Inc 1801 Lind Ave SW 9016 Renton, WA 98057 80-0953654	Investment	WA	N/A	C					No



**PROVIDENCE HEALTH & SERVICES**  
Combined Financial Statements  
December 31, 2013 and 2012  
(With Independent Auditors' Report Thereon)



**KPMG LLP**  
Suite 2900  
1918 Eighth Avenue  
Seattle, WA 98101

## **Independent Auditors' Report**

The Board of Directors  
Providence Health & Services

We have audited the accompanying combined financial statements of Providence Health & Services, which comprise the combined balance sheets as of December 31, 2013 and 2012, and the related combined statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the combined financial statements.

### **Management's Responsibility for the Combined Financial Statements**

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly in all material respects, the financial position of Providence Health & Services as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.



**Other Matter**

Our audit was performed for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental information, included on pages 40 and 41 is presented for the purpose of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

*KPMG LLP*

Seattle, Washington  
March 26, 2014

**PROVIDENCE HEALTH & SERVICES**

Combined Balance Sheets

December 31, 2013 and 2012

(In thousands of dollars)

Assets	<u>2013</u>	<u>2012</u>
Current assets		
Cash and cash equivalents	\$ 852,965	706,664
Short-term management-designated investments	189,545	452,082
Assets held under securities lending	9,386	51,220
Accounts receivable, less allowance for bad debts of \$358,966 in 2013 and \$371,097 in 2012	1,336,803	1,261,094
Other receivables, net	293,737	271,133
Supplies inventory	171,833	155,736
Other current assets	87,574	108,150
Current portion of funds held by trustee	93,473	87,366
Total current assets	<u>3,035,316</u>	<u>3,093,445</u>
Assets whose use is limited		
Management-designated cash and investments	4,173,407	3,541,564
Gift annuities, trusts, and other	53,836	50,345
Funds held by trustee	119,510	125,146
Assets whose use is limited, net of current portion	<u>4,346,753</u>	<u>3,717,055</u>
Property, plant, and equipment, net	6,204,617	6,236,213
Other assets	382,711	367,005
Total assets	<u>\$ 13,969,397</u>	<u>13,413,718</u>

**PROVIDENCE HEALTH & SERVICES**

Combined Balance Sheets

December 31, 2013 and 2012

(In thousands of dollars)

<b>Liabilities and Net Assets</b>	<b>2013</b>	<b>2012</b>
Current liabilities		
Current portion of long-term debt	\$ 160,383	63,376
Master trust debt classified as short-term	32,075	480,201
Accounts payable	436,622	423,307
Accrued compensation	620,029	581,645
Payable to contractual agencies	127,882	131,761
Liabilities under securities lending	11,307	52,708
Retirement plan obligations	184,065	171,520
Current portion of self-insurance liability	100,834	96,445
Other current liabilities	255,244	233,058
Total current liabilities	<u>1,928,441</u>	<u>2,234,021</u>
Long-term debt, net of current portion	3,498,246	2,943,152
Other long-term liabilities		
Self-insurance liability, net of current portion	261,317	238,408
Pension benefit obligation	812,528	1,192,650
Other liabilities	151,380	131,779
Total other long-term liabilities	<u>1,225,225</u>	<u>1,562,837</u>
Total liabilities	<u>6,651,912</u>	<u>6,740,010</u>
Net assets		
Unrestricted		
Controlling interest	6,964,906	6,319,188
Noncontrolling interest	44,718	73,857
Temporarily restricted	223,548	201,961
Permanently restricted	84,313	78,702
Total net assets	<u>7,317,485</u>	<u>6,673,708</u>
Total liabilities and net assets	<u>\$ 13,969,397</u>	<u>13,413,718</u>

See accompanying notes to combined financial statements

**PROVIDENCE HEALTH & SERVICES**

Combined Statements of Operations

Years ended December 31, 2013 and 2012

(In thousands of dollars)

	<b>2013</b>	<b>2012</b>
Operating revenues		
Net patient service revenues	\$ 9,357,529	9,055,945
Provision for bad debts	(299,791)	(389,890)
Net patient service revenues less provision for bad debts	9,057,738	8,666,055
Premium and capitation revenues	1,445,107	1,333,584
Other revenues	633,835	608,610
Total operating revenues	11,136,680	10,608,249
Operating expenses		
Salaries and wages	4,748,873	4,430,130
Employee benefits	1,161,130	1,170,276
Purchased healthcare	767,161	733,975
Professional fees	463,838	390,427
Supplies	1,533,092	1,473,398
Purchased services	944,487	802,418
Depreciation	596,623	584,609
Interest and amortization	134,489	120,096
Other	749,316	698,834
Total operating expenses	11,099,009	10,404,163
Excess of revenues over expenses from operations	37,671	204,086
Net nonoperating gains		
Contribution from Swedish affiliation	—	766,252
Contribution from Facey affiliation	—	38,546
Loss on extinguishment of debt	(1,671)	(53,596)
Investment income, net	247,572	290,884
Pension settlement costs and other	(30,302)	(29,656)
Total net nonoperating gains	215,599	1,012,430
Excess of revenues over expenses	253,270	1,216,516
Net assets released from restriction for capital	10,786	17,460
Change in noncontrolling interests in consolidated joint ventures	(29,139)	11,232
Pension related changes	385,702	(2,862)
Contributions, grants, and other	(4,040)	(28,280)
Increase in unrestricted net assets	\$ 616,579	1,214,066

See accompanying notes to combined financial statements

**PROVIDENCE HEALTH & SERVICES**

Combined Statements of Changes in Net Assets

Years ended December 31, 2013 and 2012

(In thousands of dollars)

	<b>Unrestricted: controlling interest</b>	<b>Unrestricted: noncontrolling interest</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total net assets</b>
Balance, December 31, 2011	\$ 5,116,354	62,625	151,886	69,832	5,400,697
Excess of revenues over expenses	1,216,516	—	—	—	1,216,516
Restricted contribution from Swedish affiliation	—	—	37,377	6,670	44,047
Contributions, grants, and other	(28,280)	—	66,791	2,200	40,711
Net assets released from restriction	17,460	—	(54,093)	—	(36,633)
Change in noncontrolling interests in consolidated joint ventures	—	11,232	—	—	11,232
Pension related changes	(2,862)	—	—	—	(2,862)
Increase in net assets	<u>1,202,834</u>	<u>11,232</u>	<u>50,075</u>	<u>8,870</u>	<u>1,273,011</u>
Balance, December 31, 2012	<u>6,319,188</u>	<u>73,857</u>	<u>201,961</u>	<u>78,702</u>	<u>6,673,708</u>
Excess of revenues over expenses	253,270	—	—	—	253,270
Contributions, grants, and other	(4,040)	—	78,519	5,611	80,090
Net assets released from restriction	10,786	—	(56,932)	—	(46,146)
Change in noncontrolling interests in consolidated joint ventures	—	(29,139)	—	—	(29,139)
Pension related changes	385,702	—	—	—	385,702
Increase (decrease) in net assets	<u>645,718</u>	<u>(29,139)</u>	<u>21,587</u>	<u>5,611</u>	<u>643,777</u>
Balance, December 31, 2013	\$ <u>6,964,906</u>	<u>44,718</u>	<u>223,548</u>	<u>84,313</u>	<u>7,317,485</u>

See accompanying notes to combined financial statements

**PROVIDENCE HEALTH & SERVICES**

Combined Statements of Cash Flows

Years ended December 31, 2013 and 2012

(In thousands of dollars)

	<b>2013</b>	<b>2012</b>
Cash flows from operating activities		
Increase in net assets	\$ 643,777	1,273,011
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Contribution from Swedish affiliation	—	(810,299)
Contribution from Facey affiliation	—	(38,546)
Depreciation and amortization	601,823	588,630
Provision for bad debt	299,791	389,890
Loss on extinguishment of debt	1,671	53,596
Equity income from joint ventures	(37,732)	(37,394)
Restricted contributions and investment income received	(70,953)	(69,411)
Net realized and unrealized gains on investments	(172,629)	(214,616)
Distributions from joint ventures	27,121	32,933
Changes in certain current assets and current liabilities	(306,641)	(189,059)
Change in certain long-term assets and liabilities	(337,612)	(2,591)
Net cash provided by operating activities	648,616	976,144
Cash flows from investing activities		
Property, plant, and equipment additions	(574,551)	(726,365)
Proceeds from disposal of property, plant, and equipment	12,387	5,427
Purchases of investments	(3,703,909)	(3,680,180)
Proceeds from sales of investments	3,503,741	3,650,523
Change in securities lending collateral	41,834	35,767
Change in other long-term assets and other	(8,267)	41,389
Change in funds held by trustee, net	(471)	(46,718)
Net cash used in investing activities	(729,236)	(720,157)
Cash flows from financing activities		
Proceeds from restricted contributions and restricted income	70,953	69,411
Debt borrowings	1,464,771	2,216,664
Debt payments	(1,262,511)	(2,168,727)
Change in securities lending payable	(41,401)	(36,475)
Payment of deferred financing costs and other	(4,891)	(8,717)
Net cash provided by financing activities	226,921	72,156
Increase in cash and cash equivalents	146,301	328,143
Cash and cash equivalents, beginning of year	706,664	378,521
Cash and cash equivalents, end of year	\$ 852,965	706,664
Supplemental disclosure of cash flow information		
Cash paid for interest (net of amounts capitalized)	\$ 117,540	89,193

See accompanying notes to combined financial statements

## PROVIDENCE HEALTH & SERVICES

### Notes to Combined Financial Statements

December 31, 2013 and 2012

#### (1) Organization

##### (a) *Sisters of Providence*

Sisters of Providence (the Congregation), a religious congregation of Roman Catholic women, was founded in 1843. The religious congregation's central headquarters is in Montreal, Quebec, Canada. Sisters of Providence – Mother Joseph Province (the Province) was formed in 2000 through the combination of the Sacred Heart Province (founded in 1856) and the St. Ignatius Province (founded in 1891). The activities of the Province include apostolic works in healthcare, social services, and education. Members of the Province serve in these works through related and unrelated organizations. The Province is compensated for the services of its members. The Province has 134 professed members and maintains provincial administration offices in Renton, Washington. The members of the Province represent the Congregation in the following:

- Archdiocese of Los Angeles, California
- Archdiocese of Port-au-Prince, Haiti
- Archdiocese of Portland, Oregon
- Archdiocese of Seattle, Washington
- Diocese of Baker, Oregon
- Diocese of Boise, Idaho
- Diocese of Cubao, Philippines
- Diocese of Great Falls – Billings, Montana
- Diocese of Orlando, Florida
- Diocese of Spokane, Washington
- Diocese of Yakima, Washington
- Diocese of Montreal, Canada
- Diocesis Santiago de Maria, El Salvador

##### (b) *Providence Health & Services*

The Public Juridic Person, Providence Ministries, is the sole Member of Providence Health & Services and controls certain aspects of the various corporations comprising Providence Health & Services through certain reserved rights.

Providence Ministries SPONSORS various corporations comprising Providence Health & Services including:

- Providence Health & Services – Washington
- Providence Health & Services – Oregon

## PROVIDENCE HEALTH & SERVICES

### Notes to Combined Financial Statements

December 31, 2013 and 2012

- Providence Health System – Southern California (cosponsored by the Congregation and the American Province of the Little Company of Mary Sisters)
- Providence Health & Services – Montana
- Providence St Joseph Medical Center
- St Thomas Child and Family Center Corporation
- University of Great Falls
- Providence Plan Partners
- Providence Health Plan (the Health Plan)
- Providence Health Assurance
- Providence Health System Housing, The St Luke Association, The Lundberg Association, Providence St Francis Association, Providence Blanchet Association, Providence Rossi Association, Providence Peter Claver Association, The Gamelin Association, The Gamelin Oregon Association, The Gamelin California Association, Providence St Elizabeth House Association, Gamelin Washington Association, Providence Gamelin House Association
- Providence Oregon Management Corporation
- Providence Ventures, Inc
- Providence Assurance, Inc
- Inland Northwest Health Services

Providence Ministries and Western HealthConnect (as defined below) are co-Members of Providence Health & Services – Western Washington

The Health System (as defined below) owns or operates 32 general acute care hospitals, three ambulatory care centers, five medical groups, six long-term care facilities, seven homecare and hospice entities, five assisted living facilities, a high school, a university, 13 low-income housing projects, the Health Plan, a health services contractor, two programs of all inclusive care for the elderly, and 22 controlled fundraising foundations

The Health System provides inpatient, outpatient, primary care, and home care services in Alaska, Washington, Montana, Oregon, and Southern California. The Health System operates these businesses primarily in the greater metropolitan areas of Anchorage, Alaska, Everett, Seattle, Edmonds, Issaquah, Spokane, and Olympia, Washington, Missoula, Montana, Portland and Medford, Oregon, and Los Angeles, California

#### *(c) Organizational Changes*

##### **Swedish Health Services Affiliation**

On February 1, 2012, Providence Health & Services (Providence) and Swedish Health Services (Swedish) (Providence and Swedish are collectively referred to as the Health System) effected an Affiliation Agreement, which financially, clinically, and operationally integrated the two health

## PROVIDENCE HEALTH & SERVICES

### Notes to Combined Financial Statements

December 31, 2013 and 2012

systems Pursuant to the Affiliation, Western HealthConnect, which as mentioned above, is a co-Member (with Providence Ministries) of Providence Health & Services – Western Washington, became Swedish's sole Member. Additionally, the Affiliation requires that respective Boards of Directors and corporate officers of Providence, Western HealthConnect, Swedish, and Providence Health & Services – Western Washington are comprised of the same individuals to facilitate co-governance and management oversight of these fully integrated entities. Providence and Swedish have affiliated to create a fully integrated, nonprofit, charitable health care system serving communities throughout Western Washington.

Swedish provides comprehensive inpatient, outpatient, and emergency healthcare services through five acute care hospitals, a network of primary care medical clinics, two emergency service centers, and other medical organizations, primarily in Seattle and the surrounding Washington area. Swedish also operates the Swedish Medical Center Foundation to provide fundraising to further the charitable, educational, healthcare, and scientific activities of Swedish. The results of operations of these entities have been included in the combined statements of operations of the Health System since the February 1, 2012 effective date of the Affiliation.

This transaction was accounted for as an acquisition under Accounting Standards Codification (ASC) 958-805, *Not-for-Profit Entities – Business Combinations*. No consideration was paid by the Health System to acquire the net assets of Swedish. The affiliation resulted in an excess of assets acquired over liabilities assumed, reported as a contribution from Swedish to the Health System of \$810,299,000. The unrestricted portion of the contribution of \$766,252,000 is included in net nonoperating gains in the accompanying combined statement of operations. The remaining \$44,047,000 of the contribution was restricted and is recorded in restricted net assets in the combined statement of changes in net assets.

The following table summarizes the fair value estimates of the Swedish assets acquired and liabilities assumed as of February 1, 2012 (in thousands of dollars).

Cash and cash equivalents	\$	68,184
Accounts receivable		286,571
Other receivables		28,884
Other current assets		35,085
Property, plant, and equipment		1,435,836
Management designated investments		579,885
Intangible assets		61,439
Other assets		53,787
Other current liabilities		(288,987)
Long-term debt, net of current portion		(978,965)
Pension benefit obligation		(392,538)
Self-insurance liability		(37,551)
Other liabilities		(41,331)
Total identifiable net assets assumed/contribution	\$	<u>810,299</u>

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The following are the financial results of Swedish included in the Health System's 2012 combined statement of operations during the eleven-month period from the date of the affiliation through December 31, 2012 (in thousands of dollars)

Total operating revenues	\$	1,759,045
Excess of revenues over expenses from operations		44,014
Excess of revenues over expenses		330,219

The following pro forma combined financial information presents the Health System's results as if the affiliation had been reported as of the beginning of the Health System's fiscal year (in thousands of dollars)

	2012		
	Actual	Pro forma	
Total operating revenues	\$ 10,608,249	10,743,408	(1)
Excess of revenues over expenses from operations	204,086	198,924	(1)
Excess of revenues over expenses	1,216,516	465,685	(2)

(1) Includes the historical results of Swedish for the one-month period ended January 31, 2012 prior to the affiliation, including the impact of purchase accounting adjustments

(2) Actual results includes the net contribution from the affiliation

**Facey Medical Foundation and Facey Medical Group Affiliation**

Effective July 1, 2012, Providence Health System – Southern California entered into an affiliation agreement with Facey Medical Foundation and Facey Medical Group. The Facey Medical Foundation is a nonprofit medical foundation, which operates ten clinics in the North San Fernando, Santa Clarita, San Gabriel and Simi Valleys. These sites are staffed by the Facey Medical Group physicians pursuant to a professional services agreement. No cash or other purchase consideration was transferred to effect the affiliation. The results of operations of these entities have been included in the combined statements of operations of the Health System effective as of the date of affiliation. The affiliation resulted in an excess of assets acquired over liabilities assumed, or a contribution from Facey to the Health System of \$38,546,000.

*(d) Affiliated Transactions*

**Inter-affiliate Borrowings**

The Health System has a policy to loan funds among its affiliates at various interest rates. These transactions eliminate upon consolidation.

## PROVIDENCE HEALTH & SERVICES

### Notes to Combined Financial Statements

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#### **Self-Insurance Liability**

The Health System has established self-insurance programs for professional and general liability and workers' compensation insurance coverage. These programs provide insurance coverage for healthcare institutions associated with the Health System. The Health System also operates an insurance captive, Providence Assurance, Inc., to self-insure or re-insure certain layers of professional and general liability risk.

#### **(2) Summary of Significant Accounting Policies**

##### ***(a) Basis of Presentation***

The financial statements of the Health System are presented on a combined basis due to the operational interdependence of the organization and because the respective Boards of Directors and corporate officers of Providence and Swedish are comprised of the same individuals. All significant transactions and accounts between divisions and combined affiliates of the Health System have been eliminated. The Health System has performed an evaluation of subsequent events through March 26, 2014, which is the date these combined financial statements were issued.

##### ***(b) Use of Estimates***

The preparation of the combined 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### ***(c) Cash and Cash Equivalents***

Cash and cash equivalents include investments in highly liquid debt instruments with an original or remaining maturity of three months or less when acquired.

##### ***(d) Supplies Inventory***

Supplies inventory is stated at the lower of cost (first-in, first-out) or market.

##### ***(e) Property, Plant, and Equipment***

Property, plant, and equipment are stated at cost. Improvements and replacements of plant and equipment are capitalized. Maintenance and repairs are expensed. The cost of the property, plant, and equipment sold or retired and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is recognized at the time of disposal.

The Health System assesses potential impairment to their long-lived assets when there is evidence that events or changes in circumstances have made recovery of the carrying value of the assets unlikely. An impairment loss, equal to the excess, if any, of the carrying value over the fair value less disposal costs, is recognized when the sum of the expected future undiscounted net cash flows from the use and disposal of the asset is less than the carrying amount of the asset.

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**(f) Depreciation**

The provision for depreciation is determined by the straight-line method, which allocates the cost of tangible property equally over its estimated useful life or lease term

**(g) Capitalized Interest**

Interest capitalized on amounts expended during construction is a component of the cost of additions to be allocated to future periods through the provision for depreciation. Capitalization of interest ceases when the addition is substantially complete and ready for intended use. The Health System capitalized \$13,073,000 and \$19,274,000 of interest costs during the years ended December 31, 2013 and 2012, respectively.

**(h) Financing Costs**

Financing costs are recorded in other assets and are amortized using the effective-interest method over the term of the related debt, or to the earliest date at which a creditor can demand payment.

**(i) Goodwill and Indefinite Lived Intangible Assets**

Goodwill and indefinite lived intangible assets, which are not amortized as they are considered to have an indefinite life, are recorded in other assets as the excess of cost over fair value of the acquired net assets. Goodwill and indefinite lived intangible assets are tested at least annually for impairment. As a result of the Swedish affiliation transaction in 2012, approximately \$56,406,000 was assigned to indefinite lived intangible assets.

**(j) Assets Whose Use Is Limited**

The Health System has designated all of its investments in debt and equity securities as trading. All investments in debt and equity securities are reported on the combined balance sheets at fair value.

Assets whose use is limited primarily include assets held by trustees under indenture agreements, self-insurance funds, funds held for the payment of health plan medical claims, assets held by related foundations, and designated assets set aside by the management of Providence Health & Services for future capital improvements and other purposes, over which management retains control.

**(k) Net Assets**

Unrestricted net assets are those that are not subject to donor imposed stipulations. Amounts related to the Health System's noncontrolling interests in certain joint ventures are included in unrestricted net assets. Temporarily restricted net assets are those whose use by the Health System has been limited by donors to a specific time period and/or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Health System in perpetuity. Unless specifically stated by donors, gains and losses on temporarily and permanently restricted net assets are recorded as temporarily restricted.

**(l) Donor-Restricted Gifts**

Unconditional promises to give cash and other assets to the Health System are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give

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are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted contributions if they are received with donor stipulations that limit the use of the donated assets. When the terms of a donor restriction are met, temporarily restricted net assets are reclassified as unrestricted net assets and reported as other revenues in the combined statements of operations or changes in net assets as net assets released from restriction.

**(m) Net Patient Service Revenues**

The divisions of the Health System have agreements with governmental and other third-party payors that provide for payments to the divisions at amounts different from the Health System's established charges. Payment arrangements for major third-party payors may be based on prospectively determined rates, reimbursed cost, discounted charges, per diem payments, predetermined rates per HMO enrollee per month, or other methods.

Net patient service revenues are reported at the estimated net realizable amounts due from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with governmental payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as appropriate. Adjustments from finalization of prior years' cost reports and other third-party settlement estimates resulted in an increase in net patient service revenues of \$8,176,000 and \$11,017,000 for the years ended December 31, 2013 and 2012, respectively. During 2012, the Health System received \$36,805,000 related to a settlement from Centers for Medicare & Medicaid Services (CMS).

The composition of significant third-party payors for the years ended December 31, 2013 and 2012, as a percentage of net patient service revenues, is as follows:

	<b>2013</b>	<b>2012</b>
Commercial and other insurance	52%	53%
Medicare	33	31
Medicaid	12	12
Self-pay	3	4
	100%	100%

**(n) Provision for Bad Debts**

The Health System provides for an allowance against patient accounts receivable for amounts that could become uncollectible. The Health System estimates this allowance based on the aging of accounts receivable, historical collection experience by payor, and other relevant factors. There are various factors that can impact the collection trends, such as changes in the economy, which in turn have an impact on unemployment rates and the number of uninsured and underinsured patients, the increased burden of 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 Health System. The Health System records a provision for bad debts in the period of services on the basis of past experience, which has

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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 December 31, 2013 and 2012 are summarized below:

	<b>2013</b>	<b>2012</b>
	(In thousands)	of dollars)
Changes in allowance for doubtful accounts		
Allowance for doubtful accounts at beginning of year	\$ 371,097	214,433
Write-off of uncollectible accounts, net of recoveries	(311,922)	(233,226)
Provision for bad debts	299,791	389,890
Allowance for doubtful accounts at end of year	\$ 358,966	371,097

**(o) Premium Revenues, Premiums Receivable, Unearned Premiums, and Capitation Revenues**

Health plan revenues consist of premiums paid by employers, individuals, and agencies of the federal and state governments for healthcare services. Health plan revenues are received on a prepaid basis and are recognized as revenue during the month for which the enrolled member is entitled to healthcare services. Premiums received for future months are recorded as unearned premiums. Capitation revenues consist of payments made at the beginning of the period and obligate the Health System to render covered services during the period.

**(p) Meaningful Use**

The Health Information Technology for Economic and Clinical Health Act, part of the American Recovery and Reinvestment Act of 2009, created an incentive program, beginning in 2011, to promote the "meaningful use" of Electronic Health Records (EHR). To qualify, providers must attest that they are using certified EHR in a "meaningful" way by meeting objectives at established thresholds, as defined by CMS. Meaningful use revenues are recognized as grant revenue. Grant revenue is recognized when there is reasonable assurance that the grant will be received and that the organization will comply with the conditions attached to the grant. \$60,560,000 and \$54,542,000 in meaningful use revenues were recognized for the years ended December 31, 2013 and 2012, respectively, and are included in other operating revenues in the accompanying combined statements of operations. The amount recognized is based on management's best estimate and is subject to audit and potential retrospective adjustments.

**(q) Other Operating Revenues**

Other operating revenues include rental revenue, equity earnings from joint ventures, contributions released from restrictions, cafeteria revenue, and other miscellaneous revenue.

**(r) Charity and Un-sponsored Community Benefit Costs**

The divisions of the Health System have policies that provide for serving those without the ability to pay. The policies also provide for discounted sliding scale payments based on the income and assets of the person responsible for the bill. In addition to uncompensated care, the Health System's divisions also provide services that benefit the poor and others in the communities they serve.

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Information for the Health System for the years ended December 31, 2013 and 2012 is summarized below

	<b>2013</b>	<b>2012</b>
	(In thousands of dollars)	
Cost of charity care provided	\$ 312.839	272.460
Unpaid cost of Medicaid services	404.138	344.601
Education and research programs, net cost	115.554	89.809
Nonbilled services, net cost	42.231	40.249
Negative margin services and other, net cost	75.905	75.875
Un-sponsored community benefit costs	\$ 950.667	822.994
Percentage of total operating expenses, excluding purchased healthcare	9.2%	8.5%

The cost of charity care provided is calculated based on each division's aggregate relationship of costs to charges. The unpaid cost of Medicaid services is the cost of treating Medicaid patients in excess of government payments. Education includes the unpaid cost of training health professionals, such as medical residents in excess of payments received from Medicare and Medicaid for Graduate Medical Education programs. Research programs include the unpaid cost of controlled studies of therapeutic protocols and development of new treatment protocols. Nonbilled services include the cost of services for which neither the patient or insurance is billed or for which a nominal fee has been assessed. Negative margin services include programs for which net patient service revenue is less than cost incurred to provide the service to meet a need in the community. Unpaid cost of Medicaid services, education and research programs, nonbilled services, and negative margin services are net of revenues of \$952,137,000 and \$1,134,189,000 for the years ended December 31, 2013 and 2012, respectively.

**(s) Net Nonoperating Gains**

Net nonoperating gains primarily include investment income from trading securities, income from recipient organizations, and other income. Additionally, contributions from affiliations with Swedish and Facey are included in net nonoperating gains in 2012.

**(t) Excess of Revenues over Expenses**

Excess of revenues over expenses includes all changes in unrestricted net assets, except for net assets released from restriction for the purchase of property, certain changes in funded status of postretirement benefit plans, net changes in noncontrolling interests in combined joint ventures, and other.

**(u) Income and Other Taxes**

The Health System and substantially all of the various corporations within the Health System have been recognized as exempt from federal income taxes, except on unrelated business income, under Section 501(c)(3) of the Internal Revenue Code (IRC).

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The Health System recognizes the effect of income tax positions only if those positions are more likely than not of being sustained upon an audit by the taxing authority. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

Various states in which the Health System operates have instituted a provider tax on certain patient service revenues at qualifying hospitals to increase funding from other sources and obtain additional Federal funds to support increased payments to providers for Medicaid services. These taxes are included in other expenses in the accompanying combined statements of operations. These programs resulted in enhanced payments from these states in the way of lump sum payments and per claim increases. These enhanced payments are included in net patient service revenues in the accompanying combined statements of operations.

Providence Plan Partners, Providence Health Plan, and Providence Health Assurance are not-for-profit entities and have been recognized as exempt from federal income taxes, except on unrelated business income, as social welfare organizations under Section 501(c)(4) of the IRC.

#### (v) *Recently Issued or Adopted Accounting Standards*

In 2012, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, which provides 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 require health care entities to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) on their statement of operations. This standard was effective for the Health System beginning in 2012.

#### (iv) *Reclassifications*

Certain reclassifications have been made to prior year amounts to conform to the current year presentation to more consistently present financial information between years.

### (3) Fair Value of Financial Instruments

ASC Topic 820 (Topic 820), *Fair Value Measurements and Disclosures*, establishes 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 measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

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The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair value of management-designated cash and investments, funds held for long-term purposes, and funds held by trustee, which are the amounts reported in the combined balance sheets, are estimated based on quoted market prices. For long-term debt, the fair value is based on Level 2 inputs, such as the discounted value of the future cash flows using current rates for debt with the same remaining maturities, considering the existing call premium and protection. The carrying value and fair value of long-term debt, including accrued interest, was \$3,725,358,000 and \$3,789,289,000, respectively, as of December 31, 2013, and \$3,517,746,000 and \$3,758,316,000, respectively, as of December 31, 2012.

Other financial instruments of the Health System include cash and cash equivalents and other receivables. The carrying amount of these instruments approximates fair value because these items mature in less than one year. The carrying amount of other long-term investments approximates fair value.

#### *(a) Collective Investment Funds*

Collective investment funds include investments that are held by a trust company that handles a pooled group of trust accounts. The Health System holds seven funds and has no unfunded commitments or provisions significantly impacting liquidity at December 31, 2013. The underlying holdings of these funds are primarily comprised of publicly traded domestic equity and debt securities, whose fair value is readily determinable.

The fair value estimates of the collective investment funds are estimates determined by management using various information sources, including information provided by the fund managers. The collective investment funds classified in Level 2 consist of shares or units in the investment funds as opposed to direct interests in the fund's underlying holdings, which are marketable securities. Because the net asset value reported by each fund is used as a practical expedient to estimate the fair value of the Health System's interest therein, its classification in Level 2 is based on the Health System's ability to redeem its interest at or near the balance sheet date. The classification in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

#### *(b) Securities Lending Agreements*

The Health System has securities lending agreements with financial institutions that serve as the lending agent. These agreements authorize the lending agents to lend securities owned by the Health System to an approved list of borrowers. Under the agreements, the lending agents are responsible for negotiating each loan for an unspecified term while retaining the power to terminate the loan at any time. At the time each loan is made, the lending agents require collateral equal to 102% of the market value of the loaned securities and accrued interest. While any securities are loaned, the Health System retains all rights of ownership, except it waives its right to vote such securities. The collateral related to the securities loaned totaled \$9,386,000 and \$51,220,000 at December 31, 2013 and 2012, respectively. In connection with securities lending activities the Health System has recognized a net investment loss of \$333,000 and a net investment gain of \$831,000, for the years ended December 31, 2013 and 2012, respectively. Net investment gains and losses are included in net nonoperating gains in the accompanying combined statements of operations.

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Notes to Combined Financial Statements

December 31, 2013 and 2012

The following table presents assets (other than management-designated cash and investments and funds held by trustee) and liabilities that are measured at fair value on a recurring basis (including items that are required to be measured at fair value) at December 31, 2013

	<b>December 31, 2013</b>	<b>Fair value measurements at reporting date using</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
		(In thousands of dollars)		
<b>Assets</b>				
Assets under securities lending	\$ 9,386	3,612	5,774	—
Gift annuities, trusts and other	53,836	25,996	6,493	21,347
<b>Liabilities</b>				
Liabilities under securities lending	\$ 11,307	—	11,307	—

The following table presents assets (other than management-designated cash and investments and funds held by trustee) and liabilities that are measured at fair value on a recurring basis (including items that are required to be measured at fair value) at December 31, 2012

	<b>December 31, 2012</b>	<b>Fair value measurements at reporting date using</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
		(In thousands of dollars)		
<b>Assets</b>				
Assets under securities lending	\$ 51,220	48,675	2,545	—
Gift annuities, trusts and other	50,345	22,316	7,260	20,769
<b>Liabilities</b>				
Liabilities under securities lending	\$ 52,708	37,127	15,581	—

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The following table presents the Health System's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined in Topic 820 for the years ended December 31, 2013 and 2012 (in thousands of dollars)

	<b>Gift annuities, trusts, and other</b>	<b>Management designated cash and investments (Note 4)</b>
	<u>                    </u>	<u>                    </u>
Balance at December 31, 2011	\$ 11,002	—
Total realized and unrealized gains (losses), net	312	(1,639)
Total purchases	12,584	3,465
Total sales	(3,518)	—
Transfers into Level 3	389	2,699
	<u>20,769</u>	<u>4,525</u>
Balance at December 31, 2012	20,769	4,525
Total realized and unrealized gains (losses), net	(862)	81
Total purchases	2,932	—
Total sales	(1,745)	(3)
Transfers into Level 3	253	—
	<u>21,347</u>	<u>4,603</u>
Balance at December 31, 2013	\$ <u>21,347</u>	<u>4,603</u>

There were no significant transfers between assets classified as Level 1 and Level 2 during the years ended December 31, 2013 and 2012

Level 3 assets include charitable remainder trusts and real property. Fair values of charitable remainder trusts were estimated using an income approach. Fair values of real property were estimated using a market approach.

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**(4) Investments**

*(a) Management-Designated Cash and Investments and Funds Held by Trustee*

The composition of management-designated cash and investments and funds held by trustee at December 31, 2013 is set forth in the following tables. Investments are stated at fair value.

	December 31, 2013	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
		(In thousands of dollars)		
Management-designated cash and investments				
Cash and cash equivalents	\$ 263,085	263,085	—	—
Domestic equity securities				
Mutual funds				
Large capitalization	464,348	464,348	—	—
Med-small capitalization	116,927	116,927	—	—
Other	313,526	313,526	—	—
Capital goods	54,126	54,126	—	—
Consumer services	83,169	83,169	—	—
Energy	35,019	35,019	—	—
Financial services	62,818	62,818	—	—
Technology	55,948	55,948	—	—
Healthcare and other	57,132	57,132	—	—
Foreign equity securities				
Mutual funds	359,341	359,341	—	—
Other industries	42,341	42,341	—	—
Collective investment funds	401,059	—	401,059	—
Debt securities – U S Treasury and agency	983,841	773,463	210,378	—
Debt securities – State Treasury	29,477	—	29,477	—
Domestic corporate debt securities	603,186	—	603,186	—
Foreign corporate debt securities	196,347	—	196,347	—
Mortgage-backed securities				
Commercial	57,147	—	57,147	—
Residential	87,219	—	87,219	—
Collateralized debt obligations	74,087	—	74,087	—
Other	22,809	464	17,742	4,603
Total	<u>\$ 4,362,952</u>	<u>2,681,707</u>	<u>1,676,642</u>	<u>4,603</u>

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	December 31, 2013	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
		(In thousands of dollars)		
Funds held by trustee				
Cash and cash equivalents	\$ 44.835	44.835	—	—
Domestic equity securities				
Mutual funds	33.346	33.346	—	—
Other industries	170	170	—	—
Foreign equity securities				
Mutual funds	2.894	2.894	—	—
Other industries	9	9	—	—
Debt securities – U S Treasury	67.955	67.955	—	—
Domestic corporate debt securities	33.503	—	33.503	—
Foreign corporate debt securities	15.508	—	15.508	—
Mortgage-backed securities	7.728	—	7.728	—
Other	7.035	94	6.941	—
Total	\$ 212.983	149.303	63.680	—

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The composition of management-designated cash and investments and funds held by trustee at December 31, 2012 is set forth in the following tables. Investments are stated at fair value.

	<u>December 31, 2012</u>	<u>Fair value measurements at reporting date using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
		(In thousands of dollars)		
Management-designated cash and investments				
Cash and cash equivalents	\$ 179,814	179,814	—	—
Domestic equity securities				
Mutual funds				
Large capitalization	351,108	351,108	—	—
Med-small capitalization	95,818	95,818	—	—
Other	347,919	347,919	—	—
Capital goods	33,602	33,602	—	—
Consumer services	85,563	85,563	—	—
Energy	31,720	31,720	—	—
Financial services	48,984	48,984	—	—
Technology	47,758	47,758	—	—
Healthcare and other	46,428	46,428	—	—
Foreign equity securities				
Mutual funds	321,792	321,792	—	—
Other industries	26,059	26,059	—	—
Collective investment funds	378,646	—	378,646	—
Debt securities – U.S. Treasury and agency	983,836	624,831	359,005	—
Debt securities – State Treasury	36,773	1,415	35,358	—
Domestic corporate debt securities	600,114	—	600,114	—
Foreign corporate debt securities	193,237	—	193,237	—
Mortgage-backed securities				
Commercial	42,511	—	42,511	—
Residential	62,379	—	62,379	—
Collateralized debt obligations	60,116	—	60,116	—
Other	19,469	1,702	13,242	4,525
Total	<u>\$ 3,993,646</u>	<u>2,244,513</u>	<u>1,744,608</u>	<u>4,525</u>

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	December 31, 2012	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
		(In thousands of dollars)		
Funds held by trustee				
Cash and cash equivalents	\$ 45.574	45.574	—	—
Domestic equity securities				
Mutual funds	30.957	30.957	—	—
Debt securities – U S Treasury	67.465	67.465	—	—
Domestic corporate debt securities	34.046	—	34.046	—
Foreign corporate debt securities	17.526	—	17.526	—
Mortgage-backed securities	9.775	—	9.775	—
Other	7.169	2.812	4.357	—
Total	\$ 212.512	146.808	65.704	—

The Health System's funds held by trustee are segregated from other cash and investments for various purposes. Included in funds held by trustee as of December 31, 2013 and 2012, respectively, are \$4,177,000 and \$3,052,000 obtained from borrowings under the Health System's master trust indenture for construction and other ongoing projects. The Health System also includes in funds held by trustee \$189,075,000 and \$192,299,000 at December 31, 2013 and 2012, respectively, related to the self-insurance and pension trusts. Within the self-insured trusts, the balance is based on management's assessment of annual need. Any additional investments are considered management-designated.

Investment income from management-designated cash and investments and funds held by trustee are included in net nonoperating gains and are comprised of the following for the years ended December 31, 2013 and 2012:

	2013	2012
	(In thousands of dollars)	
Interest income	\$ 82.921	82.124
Net realized gains on sale of investments	117.062	128.744
Net unrealized gains on trading securities	47.589	80.016
Total	\$ 247.572	290.884

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Notes to Combined Financial Statements

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**(5) Property, Plant, and Equipment**

Property, plant, and equipment and the total accumulated depreciation at December 31, 2013 and 2012 are shown below

	<u>Approximate useful life (years)</u>	<u>2013</u>	<u>2012</u>
(In thousands of dollars)			
Land	—	\$ 586,659	570,026
Buildings and improvements	5–60	5,061,647	4,870,030
Equipment			
Fixed	5–25	932,531	894,992
Major movable and minor	3–20	3,662,617	3,283,715
Rental property	15–40	875,310	866,229
Construction in progress	—	552,211	648,574
		<u>11,670,975</u>	<u>11,133,566</u>
Less accumulated depreciation		<u>5,466,358</u>	<u>4,897,353</u>
Property, plant, and equipment, net		<u>\$ 6,204,617</u>	<u>6,236,213</u>

Construction in progress primarily represents renewal and replacement of various facilities in the Health System's operating divisions, as well as costs capitalized related to software development

**(6) Other Assets**

Other assets at December 31, 2013 and 2012 are as follows

	<u>2013</u>	<u>2012</u>
(In thousands of dollars)		
Unamortized financing costs, net	\$ 34,035	29,144
Investment in nonconsolidated joint ventures	102,508	88,597
Interest in noncontrolled foundations	21,779	20,655
Notes receivable	51,473	54,353
Long-term reinsurance receivable	40,325	26,500
Goodwill and intangibles	118,367	125,660
Other	14,224	22,096
Total other assets	<u>\$ 382,711</u>	<u>367,005</u>

The Health System participates in various joint ventures for the purpose of furthering its healthcare mission. These joint ventures exist in all geographic locations in which the Health System operates. The primary purposes of the ventures are to provide outpatient services such as laboratory, outpatient surgery, and medical imaging. Various joint ventures, throughout the Health System, are controlled and

## PROVIDENCE HEALTH & SERVICES

### Notes to Combined Financial Statements

December 31, 2013 and 2012

consequently are combined in the financial statements of the Health System. All other joint ventures are accounted for under the equity method of accounting. The Health System recorded earnings from equity method investees of \$37,732,000 and \$37,394,000 for the years ended December 31, 2013 and 2012, respectively, the majority of which are included in other operating revenues in the accompanying combined statements of operations.

#### **(7) Short-Term and Long-Term Debt**

The Health System has borrowed Master Trust debt issued through the following:

- California Health Facilities Financing Authority (CHFFA)
- Alaska Industrial Development and Export Authority (AIDEA)
- Hospital Facilities Authority of Multnomah County (HFAMC)
- Washington Health Care Facilities Authority (WHCFA)
- Montana Facility Finance Authority (MFFA)
- Oregon Facilities Authority (OFA)

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Short-term and long-term unpaid principal at December 31, 2013 and 2012 consists of the following

	<u>Maturing through</u>	<u>Coupon rates</u>	<u>Unpaid principal</u>	
			<u>2013</u>	<u>2012</u>
(In thousands of dollars)				
Master trust debt				
Fixed				
Series 1996, CHFFA Revenue Bonds	2016	4.00 – 6.00%	\$ 2,975	3,865
Series 1997, Direct Obligation Notes	2017	7.70%	2,690	3,245
Series 2003H, AIDEA Revenue Bonds	2015	4.63 – 5.25%	8,500	18,500
Series 2004, HFAMC Revenue Bonds	2024	3.00 – 5.50%	—	84,355
Series 2005, Direct Obligation Notes	2030	4.31 – 5.39%	48,120	49,855
Series 2006A, WHCFA Revenue Bonds	2036	4.50 – 5.00%	210,555	210,555
Series 2006B, MFFA Revenue Bonds	2026	4.00 – 5.00%	62,380	65,175
Series 2006C, WHCFA Revenue Bonds	2033	5.25%	69,425	69,425
Series 2006D, WHCFA Revenue Bonds	2033	5.25%	69,275	69,275
Series 2006E, WHCFA Revenue Bonds	2033	5.25%	26,350	26,350
Series 2006H, AIDEA Revenue Bonds	2036	5.00%	54,355	54,355
Series 2008C, CHFFA Revenue Bonds	2038	3.00 – 6.50%	272,725	276,725
Series 2009A, Direct Obligation Notes	2019	5.05 – 6.25%	250,000	250,000
Series 2009B, CHFFA Revenue Bonds	2039	5.50%	150,000	150,000
Series 2010A, WHCFA Revenue Bonds	2039	4.88 – 5.25%	174,240	174,240
Series 2011A, AIDEA Revenue Bonds	2041	5.00 – 5.50%	122,720	122,720
Series 2011B, WHCFA Revenue Bonds	2021	2.00 – 5.00%	75,785	83,345
Series 2011C, OFA Revenue Bonds	2026	3.50 – 5.00%	22,355	22,355
Series 2012A, WHCFA Revenue Bonds	2042	2.00 – 5.00%	509,165	511,370
Series 2012B, WHCFA Revenue Bonds	2042	4.00 – 5.00%	100,000	100,000
Series 2013A, OFA Revenue Bonds	2024	2.00 – 5.00%	78,190	—
Series 2013D, Direct Obligation Notes	2023	4.38%	252,285	—
Total fixed			2,562,090	2,345,710
Variable				
Series 2003D, E. F. G. HFACC Revenue Bonds	2033	0.14%	—	200,200
Series 2012C, WHCFA Revenue Bonds	2042	0.11%	80,000	80,000
Series 2012D, WHCFA Revenue Bonds	2042	0.17%	80,000	80,000
Series 2012E, Direct Obligation Notes	2042	0.23%	237,785	239,760
Series 2013C, OFA Revenue Bonds	2022	0.76%	161,675	—
Series 2013E, Direct Obligation Notes	2017	1.05%	322,250	—
Total variable			881,710	599,960
Commercial Paper, Series 2008A	2013	0.17%	—	194,000
U.S. Bank Credit Facility	2013	0.55%	—	86,001
Unpaid principal, master trust debt			3,443,800	3,225,671
Premiums and discounts, net			59,455	57,399
Master trust debt, including premiums and discounts, net			3,503,255	3,283,070
Other long-term debt			187,449	203,659
Total debt			\$ 3,690,704	3,486,729

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	<b>2013</b>	<b>2012</b>
	(In thousands of dollars)	
Current portion of long-term debt	\$ 160,383	63,376
Long-term debt subject to short-term remarketing agreements	—	200,200
Short-term master trust debt	32,075	280,001
Long-term debt, classified as a long-term liability	3,498,246	2,943,152
Total debt	\$ 3,690,704	3,486,729

Members of the Obligated Group are jointly and severally responsible for all borrowings under the master trust indenture of the Obligated Group. The master trust indenture and bond trust indentures for each debt issue require the Obligated Group to meet certain financial covenants. Providence Health & Services – Washington, Providence Health & Services – Western Washington, Western HealthConnect, Swedish Health Services, Providence Health & Services – Oregon (exclusive of Providence Plan Partners), Providence Health System – Southern California (exclusive of Medical Institute of Little Company of Mary, Lifecare Ventures, Inc., TrinityCare Hospice, and Facey), Providence St. Joseph Medical Center, and Providence Health & Services – Montana, exclusive of related housing projects financed by the U.S. Department of Housing and Urban Development and foundations, are the members of an Obligated Group formed for issuing debt under a master trust indenture.

In September 2013, the Health System issued \$239,865,000 of OFA comprised of fixed rate bonds and variable rate bonds, and \$574,535,000 direct obligation notes comprised of a fixed rate issue and a variable rate issue. The proceeds were used to redeem Series 2003D-G HFACC bonds, advance refund the Series 2004 HFAMC bonds, redeem and cancel the outstanding Series 2008A Commercial Paper Notes and repay the outstanding US Bank Revolving Credit Facility. The Series 2013C bonds were initially issued in Index Floating Rate Mode which will be subject to mandatory purchase on the day following the end of the Initial Index Floating Rate Period as more fully described in the respective Official Statement. The Obligated Group is unconditionally obligated to pay the purchase price of the Series 2013C bonds if remarketing proceeds are insufficient to make such payment. The remarketing provision is not supported by a stand-by bond purchase agreement and accordingly the amount subject to the mandatory tender provision has resulted in short-term classification on the accompanying combined balance sheets.

In July 2012, the Health System issued \$1,011,130,000 of WHCFA fixed rate and variable rate bonds. A portion of the proceeds were used to redeem \$821,844,000 of existing Swedish debt. In connection with these redemptions, Swedish Health Services (exclusive of Swedish Edmonds and the Swedish Medical Center Foundation), became a member of the Obligated Group. The Series 2012C, D, and E bonds are variable rate bonds and bear interest at weekly rates. These bonds are supported by stand-by bond purchase agreements, the terms of which define material adverse changes and mitigate subjectivity and provide liquidity beyond one year, and accordingly result in long-term classification on the accompanying combined balance sheets.

In connection with the Series 2013A-E issuances and the Series 2012A-E issuances, the Health System recorded losses due to extinguishment of debt of \$1,671,000 and \$53,596,000 in 2013 and 2012, respectively, which were recorded in net nonoperating gains in the accompanying combined statement of operations.

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### Notes to Combined Financial Statements

December 31, 2013 and 2012

(a) *Master Trust Debt Classified as Short-Term*

**Oregon Facilities Authority (OFA) Revenue Bonds, Series 2013C**

The Series 2013C bonds were issued in September 2013 as variable rate debt with a mandatory tender provision that requires the Health System to fund any shortfall upon remarketing of bonds at intervals defined by the offering statement. As a result \$32,075,000 subject to the mandatory tender has been reclassified to short-term debt as the balance could become due and payable in 2014.

**Hospital Facility Authority of Clackamas County, Oregon Revenue Bonds, Series 2003D, E, F, and G**

The Series 2003D, E, F, and G bonds were issued in May 2003 as auction rate bonds. In October 2008, the bonds were converted to a unit pricing mode pursuant to the Series 2003 D, E, F, and G Trust Indenture. Under the unit pricing mode, the interest reset period varies with each remarketing and ranges between one and 270 days. In connection with the revised terms under the unit pricing mode, the remaining balance was reclassified to short-term debt due to the reset periods and remarketing. In September 2013 the Series 2003D, E, F and G bonds were redeemed through the issuance of the Series 2013 C and E bonds.

**Commercial Paper, Series 2008A**

The Health System participated in a commercial paper program through September 2013. The commercial paper program was redeemed through the issuance of the Series 2013 E direct obligation bonds.

**U.S. Bank Credit Facility**

The Health System had a \$150,000,000 Credit Facility with U S Bank, of which \$86,001,000 in borrowings was outstanding at December 31, 2012. The outstanding balance of the U S Bank Credit Facility was repaid through the issuance of the Series 2013 E direct obligation bonds.

(b) *Other Long-Term Debt*

Other long-term debt primarily includes capital leases, notes payable, and bonds that are not under the master trust indenture. Other long-term debt at December 31, 2013 and 2012 consists of the following:

	<u>2013</u>	<u>2012</u>
	(In thousands of dollars)	
Capital leases	\$ 124,237	136,371
Notes payable	52,335	55,000
Bonds not under master trust indenture and other	10,877	12,288
Total other long-term debt	<u>\$ 187,449</u>	<u>203,659</u>

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Scheduled principal payments of long-term debt, considering all obligations under the master trust indenture as due according to their long-term amortization schedule, for the next five years and thereafter are as follows

	<b>Master trust</b>	<b>Other</b>	<b>Total</b>
	(In thousands of dollars)		
2014	\$ 136,710	23,673	160,383
2015	162,700	21,686	184,386
2016	203,790	23,598	227,388
2017	157,395	12,022	169,417
2018	59,375	7,104	66,479
Thereafter	2,691,755	99,366	2,791,121
Scheduled principal payments of long-term debt	3,411,725	\$ 187,449	3,599,174
Short-term master trust debt	32,075		
Total master trust debt	\$ 3,443,800		

**Leases**

The Health System leases various medical and office equipment and buildings under operating leases. Future minimum lease commitments under noncancelable operating leases for the next five years and thereafter are as follows (in thousands of dollars)

2014	\$	111,703
2015		90,566
2016		75,344
2017		61,646
2018		53,580
Thereafter		541,088
	\$	933,927

Rental expense was \$181,239,000 and \$166,407,000 for the years ended December 31, 2013 and 2012, respectively, and is included in other expenses in the accompanying combined statements of operations

**(8) Retirement Plans**

*(a) Defined Benefit Plans*

**Cash Balance Retirement Plan**

The Health System had a noncontributory cash balance plan covering substantially all Providence employees called the Providence Health & Services Cash Balance Retirement Plan Trust (the Cash Balance Plan). The plan was frozen effective December 31, 2009. The plan benefits are based on

## PROVIDENCE HEALTH & SERVICES

### Notes to Combined Financial Statements

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defined average compensation and years of service. The plan has a five year cliff vesting schedule. The Health System's funding policy is based on the actuarially determined cost method, and includes normal service cost and prior service costs amortized over a 20-year period. Under the Cash Balance Plan, each employee carries an individual account balance. The Health System makes an annual contribution and provides an annual interest credit to each employee's account.

#### **Supplemental Executive Retirement Plan**

The Health System has a noncontributory supplemental executive retirement plan (the SERP) covering certain employees who were employed in certain key positions or pay grades or that have been designated by the Health System. The plan was frozen effective December 31, 2009. The plan benefits were based on defined average compensation and years of service. The vesting period for the plan requires an executive attain age 55 with at least five years of eligible service. The Health System's funding policy is based on the actuarially determined cost method, and includes normal service cost and prior service costs amortized over a 20-year period. Under the SERP, each employee carries an individual account balance. The Health System makes an annual contribution and provides an annual interest credit to each employee's account.

#### **Swedish Health Services Pension Plan**

The Swedish Health Services Pension Plan (the Plan) is a noncontributory plan covering a majority of Swedish employees, and provides benefits based on number of years of credited service and compensation earned during the participation in the Pension Plan. The Pension Plan is frozen to all former and existing nonrepresented employees and to all new participants. Only represented employees that were active in the plan on December 31, 2009 remain in the plan actively accruing benefits. Swedish makes annual contributions to the Pension Plan.

#### **Willamette Falls Pension Plan**

The Willamette Falls Pension Plan is also a noncontributory plan covering a majority of employees at Providence Willamette Falls. The plan was frozen effective February 2008. The plan benefits are based on years of service and compensation during an employee's period of employment. The funding policy is based on the actuarially determined cost method, and includes normal service cost and prior service costs amortized over a 20-year period. Under the Willamette Falls Pension Plan, each employee carries an individual monthly annuity benefit.

The Cash Balance Plan, the SERP, the Pension Plan, and the Willamette Falls Pension Plan are collectively "the defined benefit plans."

The Health System's contributions to these defined benefit plans for the years ended December 31, 2013 and 2012 were \$87,647,000 and \$89,983,000, respectively.

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The measurement dates for the defined benefit plans are December 31, 2013 and 2012, respectively. A rollforward of the change in benefit obligation and change in the fair value of plan assets for the defined benefit plans is as follows:

	<u>2013</u>	<u>2012</u>
	(In thousands of dollars)	
Change in projected benefit obligation		
Projected benefit obligation at beginning of year	\$ 2,896,017	1,884,190
Swedish affiliation	—	891,599
Service cost	32,042	24,149
Interest cost	114,765	126,393
Plan amendments	(1,310)	—
Actuarial (gain) loss	(247,903)	147,887
Benefits paid and other	(200,994)	(178,201)
	<u>2,592,617</u>	<u>2,896,017</u>
Change in fair value of plan assets		
Fair value of plan assets at beginning of year	1,696,137	1,107,543
Swedish affiliation	—	499,061
Actual return on plan assets	190,838	177,751
Employer contributions	87,647	89,983
Benefits paid and other	(200,994)	(178,201)
	<u>1,773,628</u>	<u>1,696,137</u>
Funded status	(818,989)	(1,199,880)
Unrecognized net actuarial loss	191,541	574,703
Unrecognized prior service cost	7,530	10,070
Net amount recognized	<u>\$ (619,918)</u>	<u>(615,107)</u>
Amounts recognized in the consolidated balance sheets consist of		
Current liabilities	\$ (6,461)	(7,230)
Noncurrent liabilities	(812,528)	(1,192,650)
Unrestricted net assets	199,071	584,773
Net amount recognized	<u>\$ (619,918)</u>	<u>(615,107)</u>
Weighted average assumptions		
Discount rate	5.00%	4.10%
Rate of increase in compensation levels	4.00	3.09
Long-term rate of return on assets	7.00	7.00

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Net periodic pension cost for the defined benefit plans for 2013 and 2012 includes the following components

	<b>2013</b>	<b>2012</b>
	(In thousands of dollars)	
Components of net periodic pension cost		
Service cost	\$ 32.042	24.149
Interest cost	114.765	126.393
Expected return on plan assets	(114.501)	(106.509)
Amortization of prior service cost	1.231	1.259
Recognized net actuarial loss	33.094	38.553
Settlement expense	25.826	33.971
Net periodic pension cost	\$ 92.457	117.816

Total expense for all of the Health System's defined benefit plans for the years ended December 31, 2013 and 2012 was \$92,457,000 and \$117,816,000, respectively. Included in the total expense is \$25,826,000 and \$33,971,000 of settlement costs that were incurred in 2013 and 2012, respectively, related to settlements that were greater than the sum of the service cost and interest cost components of net periodic pension cost. This settlement expense is included in net nonoperating gains in the accompanying combined statements of operations. The remaining expense is included in employee benefits in the accompanying combined statements of operations.

The accumulated benefit obligation was \$2,543,426,000 and \$2,833,430,000 at December 31, 2013 and 2012, respectively.

The following pension benefit payments reflect expected future service. Payments expected to be paid over the next 10 years are as follows (in thousands of dollars):

2014	\$ 188.802
2015	190.322
2016	193.642
2017	198.291
2018 – 2023	1,149.277
	\$ 1,920.334

The Health System expects to contribute approximately \$80,955,000 to the defined benefit plans in 2014.

The expected long-term rate of return on plan assets is the expected average rate of return on the funds invested currently and on funds to be invested in the future in order to provide for the benefits included in the projected benefit obligation. The Health System used 7.0% in calculating the 2013 and 2012 expense amounts. This assumption is based on capital market assumptions and the plan's target asset allocation.

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The Health System continues to monitor the expected long-term rate of return. If changes in those parameters cause 7.0% to be outside of a reasonable range of expected returns, or if actual plan returns over an extended period of time, suggest that general market assumptions are not representative of expected plan results, the Health System may revise this estimate prospectively.

Target asset allocation and expected long-term rate of return on assets (ELTRA) at December 31 was as follows:

	<b>2013 and 2012 Target</b>	<b>2013 ELTRA</b>	<b>2012 ELTRA</b>
Cash and cash equivalents	5%	0.5% – 2%	0.5% – 2%
Equity securities	35	5% – 8%	5% – 8%
Debt securities	50	3% – 4%	3% – 4%
Other securities	10	7% – 10%	7% – 10%
Total	<u>100%</u>	<u>7.00%</u>	<u>7.00%</u>

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Notes to Combined Financial Statements

December 31, 2013 and 2012

The following table presents the Health System's defined benefit plan assets measured at fair value at December 31, 2013

	December 31, 2013	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
		(In thousands of dollars)		
Assets				
Cash and cash equivalents	\$ 142,092	142,092	—	—
Domestic equity securities				
Mutual funds				
Large capitalization	250,076	250,076	—	—
Medium-small cap and other	2,148	2,148	—	—
Capital goods	37,169	37,169	—	—
Consumer services	29,281	29,281	—	—
Technology	69,407	69,407	—	—
Other	95,266	95,266	—	—
Foreign equity securities				
Mutual funds				
Large capitalization	120,681	120,681	—	—
Capital goods	7,839	7,839	—	—
Consumer services	39,702	39,702	—	—
Energy	18,928	18,928	—	—
Financial services	23,402	23,402	—	—
Healthcare	12,691	12,691	—	—
Technology and other	15,571	15,571	—	—
Debt securities – state and government	240,654	—	240,654	—
Foreign securities – state and government	56,180	—	56,180	—
Domestic corporate debt securities	135,806	—	135,806	—
Foreign corporate debt securities	22,572	—	22,572	—
Mortgage-backed securities				
Commercial	11,963	—	11,963	—
Residential	93,660	—	93,660	—
Asset-backed securities	9,463	—	9,463	—
Hedge funds	158,681	—	158,681	—
Collective investment funds	180,396	—	180,396	—
Total	\$ 1,773,628	864,253	909,375	—

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December 31, 2013 and 2012

The following table presents the Health System's defined benefit plan assets measured at fair value at December 31, 2012

	<b>December 31, 2012</b>	<b>Fair value measurements at reporting date using</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
		(In thousands of dollars)		
Assets				
Cash and cash equivalents	\$ 53,774	53,774	—	—
Domestic equity securities				
Mutual funds				
Large capitalization	280,326	280,326	—	—
Medium-small cap and other	1,635	1,635	—	—
Capital goods	46,574	46,574	—	—
Consumer services	45,601	45,601	—	—
Technology	36,065	36,065	—	—
Other	65,597	65,597	—	—
Foreign equity securities				
Mutual funds				
Large capitalization	96,270	96,270	—	—
Capital goods	40,885	40,885	—	—
Consumer services	17,626	17,626	—	—
Energy	23,309	23,309	—	—
Financial services	16,912	16,912	—	—
Healthcare	15,041	15,041	—	—
Technology and other	9,814	9,814	—	—
Debt securities – state and government	138,185	—	138,185	—
Domestic corporate debt securities	305,820	—	305,820	—
Foreign corporate debt securities	20,488	—	20,488	—
Mortgage-backed securities				
Commercial	15,601	—	15,601	—
Residential	106,266	—	106,266	—
Asset-backed securities	14,240	—	14,240	—
Hedge funds	165,667	—	165,667	—
Collective investment funds	177,100	—	177,100	—
Other	3,341	3,341	—	—
Total	<u>\$ 1,696,137</u>	<u>752,770</u>	<u>943,367</u>	<u>—</u>

The fair value estimates of certain funds are estimates determined by management using various information sources, including information provided by the fund managers. Certain funds classified in Level 2 consist of shares or units in the investment funds as opposed to direct interests in the fund's underlying holdings, which are marketable securities. Because the net asset value reported by each fund is used as a practical expedient to estimate the fair value of the Health System's interest therein, its classification in Level 2 is based on the Health System's ability to redeem its interest at or

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near the balance sheet date. The classification in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

#### **(b) Defined Contribution Plans**

##### **401(a) Service Plan**

The Health System sponsors the Providence Health & Services 401(a) Service Plan (the Service Plan). The Service Plan covers substantially all Providence employees, with contributions based on defined eligible compensation and years of service. The plan has a five year cliff vesting schedule. The Health System contributed \$140,038,000 to the Service Plan in 2013 related to 2012, and has accrued a liability of \$150,640,000 as of December 31, 2013 related to contributions, which has been included in the current portion of retirement plan obligations on the accompanying combined balance sheets.

##### **403(b) Value Plan**

The Health System also sponsors the Providence Health & Services 403(b) Value Plan (the Value Plan). The plan is a defined contribution plan, which includes a qualified cash or deferred arrangement, for the benefit of eligible employees. Vesting is immediate. Total Value Plan expense, primarily related to contributions, was \$63,290,000 and \$57,585,000 in 2013 and 2012, respectively, and is included in employee benefits expense in the accompanying combined statements of operations.

##### **Providence, Swedish, PAML Multiple Employer 401(k) Plan**

The Health System sponsors the Providence, Swedish, PAML Multiple Employer 401(k) Plan which covers certain Providence affiliates unable to participate in the Service Plan and the Value Plan. The plan is a defined contribution plan with contributions based on defined eligible compensation. The plan has a four year cliff vesting schedule. Total plan expense, primarily related to contributions, was \$37,164,000 and \$33,074,000 in 2013 and 2012, respectively, and is included in employee benefits expense in the accompanying combined statements of operations.

#### **(9) Self-Insurance Liability**

The Health System accrues estimated self-insured professional and general liability and workers' compensation insurance claims based on management's estimate of the ultimate costs for both reported claims and actuarially determined estimates of claims incurred-but-not-reported. Insurance coverage in excess of the per occurrence self-insured retention, has been secured with insurers or reinsurers for specified amounts for professional, general and workers' compensation liabilities. Decisions relating to the limit and scope of the self-insured layer and the amounts of excess insurance purchased are reviewed each year, subject to management's analysis of actuarial loss projections and the price and availability of acceptable commercial insurance.

At December 31, 2013 and 2012, the estimated liability for future costs of professional and general liability claims was \$214,881,000 and \$190,934,000, respectively. At December 31, 2013 and 2012, the estimated workers' compensation obligation was \$147,270,000 and \$143,919,000, respectively, in the accompanying

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### Notes to Combined Financial Statements

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combined balance sheets At December 31, 2013 and 2012, \$261,317,000 and \$238,408,000, respectively, of these amounts were included as self-insurance liability, net of current portion, with the remainder included within current portion of self-insurance liability, in the accompanying combined balance sheets

#### (10) Commitments

Firm purchase commitments, primarily related to construction, software, and supplies, at December 31, 2013, are approximately \$101,189,000

#### (11) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
	(In thousands of dollars)	
Program support	\$ 145,291	135,119
Low-income housing	35,050	26,612
Capital acquisition and other	43,207	40,230
Total temporarily restricted net assets	<u>\$ 223,548</u>	<u>201,961</u>

The Health System's fundraising foundations have obtained contributions to support the various programs offered by the Health System Many of these contributions remain temporarily restricted as of December 31, 2013 and 2012 because the time or purpose restrictions stipulated by the donor have not been met Total fundraising expenses were \$10,523,000 and \$10,742,000 for the years ended December 31, 2013 and 2012, respectively Generally, program support consists of items that will defray the cost of operating certain patient care activities of the Health System

Other revenues included \$34,549,000 and \$36,633,000 of assets released from restriction for operations for the years ended December 31, 2013 and 2012, respectively

Permanently restricted net assets are restricted to investments in perpetuity, the income of which is expendable primarily for program support

#### (12) Litigation and Contingencies

The healthcare industry is subject to numerous laws and regulations from federal, state, and local governments Compliance with these laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time Government monitoring and enforcement activity continues with respect to investigations and allegations concerning possible violations by healthcare providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of patient services previously billed Institutions within the Health System are subject to similar regulatory reviews

Management is aware of certain asserted and unasserted legal claims and regulatory matters arising in the course of business After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Health System's combined financial statements

**PROVIDENCE HEALTH & SERVICES**

Notes to Combined Financial Statements

December 31, 2013 and 2012

**(13) Functional Expenses**

The Health System provides healthcare services to residents within its geographic service areas. Expenses related to providing these services for the years ended December 31, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
	(In thousands of dollars)	
Healthcare expenses	\$ 8,425,223	7,772,883
Purchased healthcare expenses	767,161	733,975
General and administrative expenses	<u>1,906,625</u>	<u>1,897,305</u>
Total operating expenses	<u>\$ 11,099,009</u>	<u>10,404,163</u>

**PROVIDENCE HEALTH & SERVICES**  
Supplemental Schedule – Balance Sheet Information  
December 31, 2013 (with combined totals for 2012)  
(In thousands of dollars)

Assets	Alaska	Washington	Montana	Oregon	Providence Plan Partners	Southern California	System office, eliminations, and other	2013 Total Health System	2012 Total Health System
<b>Current assets</b>									
Cash and cash equivalents	\$ 38,529	274,236	5,013	151,794	49,828	125,255	208,310	852,965	706,664
Short-term management-designated investments	—	—	—	—	—	18,952	170,593	189,545	452,082
Assets held under securities lending	—	—	—	—	—	—	9,386	9,386	51,220
Accounts receivable, net	149,957	659,687	50,746	324,362	—	226,341	(74,290)	1,336,803	1,261,094
Other receivables, net	20,919	368,142	49,356	83,153	22,183	93,034	(343,050)	293,737	271,133
Supplies inventory	13,897	70,043	6,463	35,438	—	22,984	23,008	171,833	155,736
Other current assets	987	26,766	375	20,615	2,597	8,160	28,074	87,574	108,150
Current portion of funds held by trustee	105	2,958	2	1,464	—	80	88,864	93,473	87,366
<b>Total current assets</b>	<b>224,394</b>	<b>1,401,832</b>	<b>111,955</b>	<b>616,826</b>	<b>74,608</b>	<b>494,806</b>	<b>110,895</b>	<b>3,035,316</b>	<b>3,093,445</b>
<b>Assets whose use is limited</b>									
Management-designated cash and investments	458,591	1,186,851	47,508	1,023,296	549,634	216,071	691,456	4,173,407	3,541,564
Gift annuities, trusts, and other	442	9,002	2,339	26,193	—	13,031	2,829	53,836	50,345
Funds held by trustee	—	—	—	1,493	15,791	300	101,926	119,510	125,146
<b>Assets whose use is limited, net</b>	<b>459,033</b>	<b>1,195,853</b>	<b>49,847</b>	<b>1,050,982</b>	<b>565,425</b>	<b>229,402</b>	<b>796,211</b>	<b>4,346,753</b>	<b>3,717,055</b>
Property, plant, and equipment, net	619,183	2,684,578	93,310	1,115,563	75,159	817,742	799,082	6,204,617	6,236,213
Other assets	46,825	177,519	19,584	69,504	999	89,830	(21,550)	382,711	367,005
<b>Total assets</b>	<b>\$ 1,349,435</b>	<b>5,459,782</b>	<b>274,696</b>	<b>2,852,875</b>	<b>716,191</b>	<b>1,631,780</b>	<b>1,684,638</b>	<b>13,969,397</b>	<b>13,413,718</b>
<b>Liabilities and Net Assets</b>									
<b>Current liabilities</b>									
Current portion of long-term debt	\$ 22,026	77,151	5,082	22,785	—	31,121	2,218	160,383	63,376
Master trust debt classified as short-term	—	—	—	32,075	—	—	—	32,075	480,201
Accounts payable	16,238	173,976	12,877	76,510	3,719	91,654	61,648	436,622	423,307
Accrued compensation	34,376	228,121	11,322	133,030	—	69,404	143,776	620,029	581,645
Payable to contractual agencies	10,456	62,447	1,770	28,762	9,548	14,899	—	127,882	131,761
Liabilities under securities lending	—	—	—	—	—	—	11,307	11,307	52,708
Retirement plan obligations	366	1,295	—	1,855	—	1,160	179,389	184,065	171,520
Current portion of self-insurance liability	—	12,789	—	—	—	—	88,045	100,834	96,445
Other current liabilities	8,226	487,806	56,535	55,903	172,264	55,255	(580,745)	255,244	233,058
<b>Total current liabilities</b>	<b>91,688</b>	<b>1,043,585</b>	<b>87,586</b>	<b>350,920</b>	<b>185,531</b>	<b>263,493</b>	<b>(94,362)</b>	<b>1,928,441</b>	<b>2,234,021</b>
Long-term debt, net of current portion (1)	305,192	1,940,095	60,860	269,604	—	553,264	369,231	3,498,246	2,943,152
Other long-term liabilities	15,882	326,763	6,828	36,220	999	32,583	805,950	1,225,225	1,562,837
<b>Total liabilities</b>	<b>412,762</b>	<b>3,310,443</b>	<b>155,274</b>	<b>656,744</b>	<b>186,530</b>	<b>849,340</b>	<b>1,080,819</b>	<b>6,651,912</b>	<b>6,740,010</b>
<b>Net assets</b>									
Unrestricted	924,417	2,040,904	114,332	2,118,867	529,661	724,943	556,500	7,009,624	6,393,045
Temporarily restricted	9,647	87,127	4,117	46,691	—	35,820	40,146	223,548	201,961
Permanently restricted	2,609	21,308	973	30,573	—	21,677	7,173	84,313	78,702
<b>Total net assets</b>	<b>936,673</b>	<b>2,149,339</b>	<b>119,422</b>	<b>2,196,131</b>	<b>529,661</b>	<b>782,440</b>	<b>603,819</b>	<b>7,317,485</b>	<b>6,673,708</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,349,435</b>	<b>5,459,782</b>	<b>274,696</b>	<b>2,852,875</b>	<b>716,191</b>	<b>1,631,780</b>	<b>1,684,638</b>	<b>13,969,397</b>	<b>13,413,718</b>

(1) The Obligated Group debt is joint and several for the Obligated Group members; however, the balance sheets of the individual entities only include their allocated portions.

See accompanying independent auditors' report.

## PROVIDENCE HEALTH &amp; SERVICES

Supplemental Schedule – Statement of Operations Information

December 31, 2013 (with combined totals for 2012)

(In thousands of dollars)

	Alaska	Washington	Montana	Oregon	Providence Plan Partners	Southern California	System office, eliminations, and other	2013 Total Health System	2012 Total Health System
Operating revenues									
Net patient service revenues	\$ 760,655	4,668,386	288,908	2,430,174	—	1,647,280	(437,874)	9,357,529	9,055,945
Provision for bad debts	(41,949)	(158,803)	(2,722)	(43,065)	—	(48,600)	(4,652)	(299,791)	(389,890)
Net patient service revenues less provision for bad debts	718,706	4,509,583	286,186	2,387,109	—	1,598,680	(442,526)	9,057,738	8,666,055
Premium and capitation revenues	—	32,379	—	77,167	1,137,182	198,965	(586)	1,445,107	1,333,584
Other revenues	52,308	251,274	25,742	218,560	52,436	65,332	(31,817)	633,835	608,610
Total operating revenues	771,014	4,793,236	311,928	2,682,836	1,189,618	1,862,977	(474,929)	11,136,680	10,608,249
Operating expenses									
Salaries and wages	261,856	2,003,301	114,439	1,064,713	(1,027)	695,251	610,340	4,748,873	4,430,130
Employee benefits	75,423	506,545	32,541	350,374	1,392	184,509	10,346	1,161,130	1,170,276
Purchased healthcare	—	19,791	—	25,736	1,015,480	47,886	(341,732)	767,161	733,975
Professional fees	12,931	141,806	13,187	70,913	10,282	173,737	40,982	463,838	390,427
Supplies	108,179	738,528	55,443	382,419	317	226,875	21,331	1,533,092	1,473,398
Purchased services	132,961	713,467	63,846	410,069	120,200	258,663	(754,719)	944,487	802,418
Depreciation	54,586	253,971	11,892	113,987	1,314	80,766	80,107	596,623	584,609
Interest and amortization	13,825	75,886	3,424	6,126	—	37,853	(2,625)	134,489	120,096
Other	32,266	274,922	18,083	196,669	17,502	184,422	25,452	749,316	698,834
Total operating expenses	692,027	4,728,217	312,855	2,621,006	1,165,460	1,889,962	(310,518)	11,099,009	10,404,163
Excess (deficit) of revenues over expenses from operations	78,987	65,019	(927)	61,830	24,158	(26,985)	(164,411)	37,671	204,086
Net nonoperating gains	34,665	131,644	1,386	52,158	(1,928)	16,132	(18,458)	215,599	1,012,430
Excess of revenues over expenses	113,652	196,663	459	113,988	22,230	(10,853)	(182,869)	253,270	1,216,516
Net assets released from restriction	311	8,319	6	1,704	—	(594)	1,040	10,786	17,460
Change in noncontrolling interests in consolidated joint ventures	35	(27,575)	—	(86)	—	(811)	(702)	(29,139)	11,232
Pension related changes	—	—	—	—	—	—	385,702	385,702	(2,862)
Interdivision transfers	(15,248)	(52,235)	(9,029)	(66,121)	(3,000)	(29,915)	175,548	—	—
Contributions, grants, and other	(124)	81,682	(189)	7,748	—	4,077	(97,234)	(4,040)	(28,280)
Increase (decrease) in unrestricted net assets	\$ 98,626	206,854	(8,753)	57,233	19,230	(38,096)	281,485	616,579	1,214,066

See accompanying independent auditors' report