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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

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

C Name of organization
CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION

Doing Business As
CENTRAL WASHINGTON HOSPITAL

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

City or town, state or province, country, and ZIP or foreign postal code
WENATCHEE, WA 988071887

D Employer identification number
91-0171250

E Telephone number
(509) 662-1515

G Gross receipts $ 234,192,284

F Name and address of principal officer
PETER RUTHERFORD
PO BOX 1887
WENATCHEE, WA 988071887

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW CWHS COM

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

L Year of formation 1978

M State of legal domicile WA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
WE ARE DEDICATED TO IMPROVING OUR PATIENTS' HEALTH BY PROVIDING SAFE, HIGH-QUALITY CARE IN A COMPASSIONATE AND COST-EFFECTIVE MANNER

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	14
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	14
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	1,657
6	Total number of volunteers (estimate if necessary)	**6**	145
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	300,299
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-89,237

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	2,823,422	1,943,515
	9 Program service revenue (Part VIII, line 2g)	201,318,751	228,677,325
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	6,674,779	1,618,600
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,218,992	982,626
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	212,035,944	233,222,066
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	107,526,429	95,258,178
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	92,222,368	128,247,009
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	199,748,797	223,505,187
	19 Revenue less expenses Subtract line 18 from line 12	12,287,147	9,716,879

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	313,772,689	331,331,036
	21 Total liabilities (Part X, line 26)	139,220,210	140,732,650
	22 Net assets or fund balances Subtract line 21 from line 20	174,552,479	190,598,386

Part II Signature Block

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

Sign Here

****** | 2014-11-13
Signature of officer | Date

PETER RUTHERFORD CEO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
ROBERT GRANNUM				P00355876

Firm's name ▶ MOSS ADAMS LLP | Firm's EIN ▶ 91-0189318

Firm's address ▶ 2707 COLBY AVE SUITE 801
EVERETT, WA 982013510 | Phone no (425) 259-7227

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

WE ARE DEDICATED TO IMPROVING OUR PATIENTS' HEALTH BY PROVIDING SAFE, HIGH-QUALITY CARE IN A COMPASSIONATE AND COST-EFFECTIVE MANNER OUR CORE VALUES (A) OUR PATIENTS ARE THE REASON FOR OUR BEING, AND THEIR NEEDS WILL DRIVE ALL OF OUR ACTIONS (B) WE WILL TREAT EVERYONE (INCLUDING PATIENTS, THEIR FAMILIES, REFERRING OFFICES AND COLLEAGUES) WITH DIGNITY, RESPECT AND COMPASSION (C) WE WILL WORK AS A TEAM, UTILIZING COLLABORATION, ACTIVE PARTICIPATION AND OPEN COMMUNICATION AMONG ALL PHYSICIANS AND STAFF (D) WE WILL CONTINUE TO INNOVATE WAYS TO IMPROVE THE DELIVERY OF EXCELLENT, HIGH VALUE CARE (E) WE WILL MEASURE SUCCESSES AND FAILURES, AND USE THE RESULTS TO DRIVE FURTHER IMPROVEMENT(F) WE WILL BE A GOOD NEIGHBOR IN THE COMMUNITIES WE SERVE WITH DONATIONS OF TIME, TALENT AND CAPITAL (G) WE WILL BE ETHICAL AND ACCOUNTABLE IN ALL OF OUR DECISIONS AND ACTIONS

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 155,578,572 including grants of $) (Revenue $ 227,440,815)

CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION, DBA CENTRAL WASHINGTON HOSPITAL (THE ASSOCIATION, IS ACCREDITED BY THE JOINT COMMISSION ON ACCREDITATION OF HEALTHCARE ORGANIZATIONS AND OPERATES A LICENSED 198-BED ACUTE CARE HOSPITAL DELIVERING A FULL RANGE OF HEALTH CARE SERVICES IN WENATCHEE, WASHINGTON, AND THE NORTH CENTRAL WASHINGTON AREA THE ASSOCIATION IS A NOT-FOR-PROFIT INSTITUTION GOVERNED BY A BOARD OF DIRECTORS, PROVIDING GENERAL INPATIENT SERVICES INCLUDING MEDICAL, SURGICAL, HOME INFUSION SERVICES, INTENSIVE CARE AND CORONARY CARE, NEONATAL INTENSIVE CARE, PEDIATRICS, OBSTETRICS, GYNECOLOGY AND ONCOLOGY THE ASSOCIATION IS A FEDERAL REGIONAL REFERRAL CENTER, AND IS DESIGNATED BY THE STATE AS A LEVEL III GENERAL TRAUMA CENTER AND LEVEL III PEDIATRIC TRAUMA CENTER, SUPPORTED BY A COMPREHENSIVE RANGE OF SURGICAL PROCEDURES IN ORTHOPEDIC, NEUROSURGERY, VASCULAR SURGERY, INTERVENTIONAL CARDIAC CATHETERIZATION, AND OPEN-HEART SURGERY THE ASSOCIATION BROKE GROUND IN 2009 ON A FIVE-STORY PATIENT TOWER THAT BECAME OCCUPIED IN MAY 2011 THE NEW PATIENT TOWER REPLACED THE MAJORITY OF THE ASSOCIATION'S EXISTING PATIENT CARE AREAS THE PROJECT INCLUDED EXPANSION OF THE CENTRAL UTILITY PLANT, RENOVATION OF AREAS WITH THE EXISTING FACILITY, AND ADDITIONAL PARKING CONFLUENCE HEALTH WAS FORMED IN 2012 AS A HEALTH SYSTEM THAT REPRESENTS AN AFFILIATION BETWEEN CENTRAL WASHINGTON HOSPITAL (A NOT-FOR-PROFIT ORGANIZATION) AND WENATCHEE VALLEY MEDICAL CENTER (WVMC) (A FOR-PROFIT ORGANIZATION) EFFECTIVE JANUARY 1, 2013, THE ASSOCIATION AFFILIATED WITH CONFLUENCE HEALTH, AND CONFLUENCE HEALTH BECAME THE SOLE MEMBER OF THE ASSOCIATION THE BOARD OF DIRECTORS OF CONFLUENCE HEALTH CONSISTS OF 9 COMMUNITY MEMBERS AND 6 PHYSICIANS OF WVMC THE ASSOCIATION HAS CONTRACTED WITH WVMC FOR PHYSICIAN SERVICES THE ASSOCIATION PROVIDES CARE TO PATIENTS WHO MEET CERTAIN CRITERIA UNDER ITS CHARITY CARE POLICY WITHOUT CHARGE OR AT AMOUNTS LESS THAN ITS ESTABLISHED RATES BECAUSE THE ASSOCIATION DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE, THEY ARE NOT REPORTED AS REVENUE THE ASSOCIATION MAINTAINS RECORDS TO IDENTIFY AND MONITOR THE LEVEL OF CHARITY CARE IT PROVIDES THESE RECORDS INCLUDE THE AMOUNT OF CHARGES FORGONE FOR SERVICES AND SUPPLIES FURNISHED UNDER ITS CHARITY CARE POLICY AND THE ESTIMATED COST OF THOSE SERVICES AND SUPPLIES CHARGES FORGONE, BASED ON ESTABLISHED RATES TOTALED $9,657,945 AND $8,697,323 IN 2013 AND 2012 RESPECTIVELY MANAGEMENT ESTIMATES CHARITY CARE COSTS BY CALCULATING A RATIO OF COST TO GROSS CHARGES, AND THEN MULTIPLYING THAT RATIO BY THE GROSS UNCOMPENSATED CHARGES ASSOCIATED WITH PROVIDING CARE TO CHARITY PATIENTS CHARITY CARE COSTS WERE $4,239,839 AND $4,026,860 FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012, RESPECTIVELY THE ASSOCIATION SERVICED 11,549 IN-PATIENTS, PROVIDED APPROXIMATELY 46,000 DAYS OF CARE AND HAD 158,360 OUT-PATIENT VISITS

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

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

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses ▶** 155,578,572

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a	Yes	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
22	Did the organization report more than $5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	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? *If so, complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**		No
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**		
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a	107		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	1,657		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)		2b	Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?		3a	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O*		3b	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b		No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b		
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?		7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8		
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?		9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		9b		
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?		12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O		13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?		14a		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*		14b		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a**	14		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	14		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**			No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**			No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**			No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request ☐ Other (explain in Schedule O)

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

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

▶ JOHN DOYLE 1201 SOUTH MILLER ST
WENATCHEE, WA 98801 (509) 662-1511

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) DAVID W PARKS CHAIRPERSON	1 00 2 00	X		X				0	0	0
(2) KENNETH J MARTIN VICE-CHAIRPERSON	1 00 2 00	X		X				0	0	0
(3) MARC C HEMINGER SECRETARY	1 00 2 00	X		X				0	0	0
(4) KRISTINE S LOOMIS TREASURER	1 00 2 00	X		X				0	0	0
(5) MALCOLM A BUTLER MD CHIEF OF STAFF	1 00	X		X				0	0	0
(6) KAREN JACKSON BOARD OF DIRECTORS	1 00 2 00	X						0	0	0
(7) FRANK J KUNTZ BOARD OF DIRECTORS	1 00 2 00	X						0	0	0
(8) JEFFERY T MONSON MD BOARD OF DIRECTORS	1 00 2 00	X						0	0	0
(9) ROBERT TRASK BOARD OF DIRECTORS	1 00 2 00	X						0	0	0
(10) LAURA MOUNTER BOARD OF DIRECTORS	1 00 2 00	X						0	0	0
(11) JOHN W GILL MD BOARD OF DIRECTORS	1 00	X						0	0	0
(12) PHILLIP JOHNSON BOARD OF DIRECTORS	1 00 2 00	X						0	0	0
(13) LINDA K SCHATZ MD BOARD OF DIRECTORS	1 00	X						0	0	0
(14) GARY K LAMMERT MD BOARD OF DIRECTORS	1 00	X						0	0	0
(15) PETER RUTHERFORD MD CHIEF EXECUTIVE OFFICER	10 00 30 00			X				0	575,824	43,143
(16) JOHN B HAMILTON FORMER CHIEF EXECUTIVE OFFICER	10 00 30 00			X				8,258	386,433	35,655
(17) JOHN T EVANS FORMER CHIEF EXECUTIVE OFFICER	40 00			X				298,965	0	0

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) JOHN R DOYLE CHIEF FINANCIAL OFFICER	10 00 30 00			X				0	299,166	41,363
(19) SHAUN P KOOS CHIEF OPERATIONS OFFICER	10 00 30 00			X				0	447,806	43,609
(20) TRACEY A KASNIC CHIEF NURSING OFFICER	10 00 30 00			X				5,580	260,462	39,552
(21) CHERYL NANCE DIRECTOR OF SURGERY	40 00					X		232,115	0	7,148
(22) MARK BROBERG MD MD	40 00					X		510,114	0	33,961
(23) HANK VEJVODA MD MD	40 00					X		453,219	0	33,948
(24) JEFFREY PRATT MD MD	40 00					X		298,321	0	33,963
(25) SAMUEL ORTIZ MD MD	40 00					X		255,357	0	33,789
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								2,061,929	1,969,691	346,131

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 77

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
WENATCHEE EMERGENCY PHYSICIANS PO BOX 2997 WENATCHEE WA 98807	PROF SERV MED DIRECTORS/CHIEF OF STAFF	3,607,256
WENATCHEE VALLEY MEDICAL CENTER PO BOX 4600 WENATCHEE WA 98807	EMERGENCY PHYSICANS	1,901,991
WENATCHEE ANESTHESIA ASSOC PO BOX 2008 WENATCHEE WA 98807	PHYSICIANS	701,247
NW HEART & LUNG SURGICAL ASSOC 122 W 7TH AVE S SPOKANE WA 99204	PERFUSIONIST	579,961
SACRED HEART MEDICAL CENTER PO BOX 2555 SPOKANE WA 992202555	CARDIAC SERVICES	412,500
2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 22		

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
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations . . .	1d				
	e	Government grants (contributions)	1e	1,761,438			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	182,077			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		1,943,515			
Program Service Revenue			Business Code				
	2a	DAILY PATIENT SERVICES	624100	226,933,923	226,933,923		
	b	CAFETERIA SERVICES	624100	1,260,913			1,260,913
	c	OUTPATIENT PHARMACY	624100	300,299		300,299	
	d	EMPLOYEE PHARMACY SALES	624100	137,348			137,348
	e	TRAUMA FUNDS	624100	44,842	44,842		
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		228,677,325			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		1,601,950			1,601,950
	4	Income from investment of tax-exempt bond proceeds . . ▶					
	5	Royalties . . . . . ▶					
			(i) Real / (ii) Personal				
	6a	Gross rents	1,402,627				
	b	Less rental expenses	913,086				
	c	Rental income or (loss)	489,541				
	d	Net rental income or (loss) . . . . . ▶		489,541			489,541
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	73,782				
	b	Less cost or other basis and sales expenses	57,132				
	c	Gain or (loss)	16,650				
	d	Net gain or (loss) . . . . . ▶		16,650			16,650
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from fundraising events . . ▶					
	9a	Gross income from gaming activities See Part IV, line 19 . . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . ▶					
	10a	Gross sales of inventory, less returns and allowances . a					
	b	Less cost of goods sold . . b					
	c	Net income or (loss) from sales of inventory . . ▶					
		Miscellaneous Revenue	Business Code				
	11a	MISCELLANEOUS	900099	462,499	462,499		
	b	PURCHASE DISCOUNTS	900099	31,035			31,035
	c	INCOME FROM K-1	900099	-449	-449		
	d	All other revenue					
	e	**Total.** Add lines 11a–11d . . . . . ▶		493,085			
	12	**Total revenue.** See Instructions . . . . . ▶		233,222,066	227,440,815	300,299	3,537,437

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
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21				
2 Grants and other assistance to individuals in the United States See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	312,803		312,803	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	74,861,986	66,375,902	8,486,084	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	4,589,912	4,079,117	510,795	
9 Other employee benefits	8,685,098	7,668,544	1,016,554	
10 Payroll taxes	6,808,379	6,011,487	796,892	
11 Fees for services (non-employees)				
a Management	24,069,888		24,069,888	
b Legal	409,750		409,750	
c Accounting	140,091		140,091	
d Lobbying	35,188		35,188	
e Professional fundraising services See Part IV, line 17				
f Investment management fees	72,399		72,399	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	1,585,189		1,585,189	
12 Advertising and promotion	50,691		50,691	
13 Office expenses	1,432,501		1,432,501	
14 Information technology	58,583		58,583	
15 Royalties . .				
16 Occupancy	3,168,536	2,294,183	874,353	
17 Travel	410,161		410,161	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	7,593,638		7,593,638	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	14,161,527		14,161,527	
23 Insurance	1,558,143	1,184,606	373,537	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a PATIENT SERVICES	51,611,139	51,611,139		
b GENERAL SERVICES	19,833,254	14,762,019	5,071,235	
c LICENSES AND TAXES	2,056,331	1,591,575	464,756	
d				
e All other expenses				
25 **Total functional expenses.** Add lines 1 through 24e	223,505,187	155,578,572	67,926,615	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		1,312,284	1	153,256
	2	Savings and temporary cash investments		23,063,912	2	16,017,200
	3	Pledges and grants receivable, net		3,587,248	3	3,569,446
	4	Accounts receivable, net		31,111,884	4	43,267,117
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	13,159,190
	8	Inventories for sale or use		5,889,942	8	6,270,510
	9	Prepaid expenses and deferred charges		3,098,978	9	4,238,239
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 299,734,692			
	b	Less accumulated depreciation	10b 144,178,685	165,286,696	10c	155,556,007
	11	Investments—publicly traded securities		74,541,507	11	83,157,159
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		5,880,238	15	5,942,912
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		313,772,689	16	331,331,036
Liabilities	17	Accounts payable and accrued expenses		22,495,949	17	27,405,906
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		112,190,000	20	110,380,000
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		4,534,261	25	2,946,744
	26	**Total liabilities.** Add lines 17 through 25		139,220,210	26	140,732,650
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		170,965,231	27	187,028,940
	28	Temporarily restricted net assets		3,587,248	28	3,569,446
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		174,552,479	33	190,598,386
	34	Total liabilities and net assets/fund balances		313,772,689	34	331,331,036

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	233,222,066
2	Total expenses (must equal Part IX, column (A), line 25)	2	223,505,187
3	Revenue less expenses Subtract line 2 from line 1	3	9,716,879
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	174,552,479
5	Net unrealized gains (losses) on investments	5	6,346,381
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-17,353
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	190,598,386

Part XII Financial Statements and Reporting

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

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		No
	If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
	If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☑ Both consolidated and separate basis			
c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	Yes	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**
▶ **Information about Schedule A (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION

Employer identification number
91-0171250

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

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

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

Section C. Computation of Public Support Percentage

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2012 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2013.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

17a **10%-facts-and-circumstances test—2013.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support** (Subtract line 7c from line 6)						

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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	

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.
▶ See separate instructions. ▶ Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

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

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds If none, enter -0-	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period — Calendar year (or fiscal year beginning in)	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		35,188
j	Total Add lines 1c through 1i			35,188
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

Provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1 Also, complete this part for any additional information

Return Reference	Explanation
PART II-B, LINE 1	WA STATE HOSPITAL ASSOCIATION DUES - 22 91% OF $119,644 = $27,410 AMERICAN HOSPITAL ASSOCIATION DUES - 23 65% OF $32,886 = $7,778 TOTAL $35,188

Part IV Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions. ▶ Information about Schedule D (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION

Employer identification number
91-0171250

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		(a) Current year	(b) Prior year	(b) (c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance					
b	Contributions					
c	Net investment earnings, gains, and losses					
d	Grants or scholarships					
e	Other expenditures for facilities and programs					
f	Administrative expenses					
g	End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

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

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

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

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

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

Part VI Land, Buildings, and Equipment. 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
1a Land		8,981,311		8,981,311
b Buildings		94,467,870	21,562,012	72,905,858
c Leasehold improvements		20,307,199	13,674,946	6,632,253
d Equipment		167,615,698	105,921,519	61,694,179
e Other		8,362,614	3,020,208	5,342,406
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				155,556,007

Part VII **Investments—Other Securities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶		

Part VIII **Investments—Program Related.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

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

Part IX **Other Assets.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d See Form 990, Part X, line 15

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

Part X **Other Liabilities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1 (a) Description of liability	(b) Book value
Federal income taxes	
RESERVE FOR MALPRACTICE INSURANCE CLAIMS	2,729,000
DOUGLAS COUNTY WATER ASSESSMENT DEBT	217,744
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	2,946,744

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

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

1	Total revenue, gains, and other support per audited financial statements			1	240,409,583
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	6,346,381		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d			
e	Add lines **2a** through **2d**			2e	6,346,381
3	Subtract line **2e** from line **1**			3	234,063,202
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	72,399		
b	Other (Describe in Part XIII)	4b	-913,535		
c	Add lines **4a** and **4b**			4c	-841,136
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	233,222,066

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.

1	Total expenses and losses per audited financial statements			1	224,345,874
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII)	2d			
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	224,345,874
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	72,399		
b	Other (Describe in Part XIII)	4b	-913,086		
c	Add lines **4a** and **4b**			4c	-840,687
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	223,505,187

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 ASSOCIATION IS A NOT-FOR-PROFIT CORPORATION AND HAS BEEN RECOGNIZED AS TAX EXEMPT PURSUANT TO SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE THE ASSOCIATION IS EXEMPT FROM FEDERAL INCOME TAX UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE EXCEPT TO THE EXTENT OF UNRELATED BUSINESS TAXABLE INCOME AS DEFINED UNDER IRC SECTIONS 511 THROUGH 515 ANY UNRELATED BUSINESS INCOME GENERATED IS NOT SIGNIFICANT, THEREFORE, NO PROVISION FOR INCOME TAXES HAS BEEN RECORDED THE ASSOCIATION ADOPTED ACCOUNTING FOR UNCERTAIN TAX POSITIONS THE ACCOUNTING STANDARD PRESCRIBES A RECOGNITION THRESHOLD AND MEASUREMENT PROCESS FOR UNCERTAIN TAX POSITIONS AS OF DECEMBER 31, 2013 AND 2012, THE ASSOCIATION HAD NO UNCERTAIN TAX POSITIONS REQUIRING ACCRUAL
PART XI, LINE 4B - OTHER ADJUSTMENTS	LOSS ON K-1 NOT INCLUDED IN REVENUE ON FINANCIAL STATEMENT -449 SALARY, BENEFITS AND OTHER NON-OPER EXP INCLUDED IN REVENUE ON FORM 990 -913,086
PART XII, LINE 4B - OTHER ADJUSTMENTS	SALARY, BENEFITS AND OTHER OPERATING EXP INCLUDED IN REVENUE ON FORM 990 - 913,086

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION

Employer identification number
91-0171250

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year			
	☑ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care	3a	Yes	
	☐ 100% ☐ 150% ☑ 200% ☐ Other _____ %			
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care	3b	Yes	
	☐ 200% ☐ 250% ☑ 300% ☐ 350% ☐ 400% ☐ Other _____ %			
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			5,817,730		5,817,730	2 600 %
b Medicaid (from Worksheet 3, column a)			31,429,205	21,724,939	9,704,266	4 340 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			37,246,935	21,724,939	15,521,996	6 940 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	135	325	18,375		18,375	0 010 %
f Health professions education (from Worksheet 5)	80	287	1,526,270		1,526,270	0 680 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			78,924		78,924	0 040 %
j **Total.** Other Benefits	215	612	1,623,569		1,623,569	0 730 %
k **Total.** Add lines 7d and 7j	215	612	38,870,504	21,724,939	17,145,565	7 670 %

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1		No
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount 2 9,350,432			
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit 3			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME) 5 100,840,779			
6	Enter Medicare allowable costs of care relating to payments on line 5 6 95,516,224			
7	Subtract line 6 from line 5 This is the surplus (or shortfall) 7 5,324,555			
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used			

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

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

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

Part V Facility Information

Section A. Hospital Facilities

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

	Name, address, 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)

Name of hospital facility or facility reporting group CENTRAL WASHINGTON HOSPITAL

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
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 2013			
3	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	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) WWW.CWHS.COM			
b	☐ Other website (list url)			
c	☑ Available upon request from the hospital facility			
d	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☐ Execution of the implementation strategy			
c	☐ Participation in the development of a community-wide plan			
d	☐ Participation in the execution of a community-wide plan			
e	☐ Inclusion of a community benefit section in operational plans			
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**	Yes	
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☑ State regulation			
h ☐ Residency			
i ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in 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

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

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

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care

- **a** ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- **b** ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- **c** ☑ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- **d** ☑ Other (describe in Part VI)

21 During the tax year, did the hospital facility charge any FAP-eligible 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?	**21**		No
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?	**22**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
CENTRAL WASHINGTON HOSPITAL	PART V, SECTION B, LINE 3 COMMUNITY CHOICE (A REGIONAL HEALTHCARE COLLABORATIVE ORGANIZATION) LEAD THE PLANNING AND COORDINATION OF COMPLETING THE COMMUNITY HEALTH NEEDS ASSESSMENT THE STEERING COMMITTEE INCLUDED REPRESENTATIVES FROM PUBLIC HEALTH, EDUCATION, UNITED WAY, BEHAVIORAL AND MENTAL HEALTH SERVICES, AND OTHER SOCIAL SERVICES TWO PUBLIC FORUMS WERE HELD AND AN ONLINE SURVEY WAS USED TO GATHER INPUT
CENTRAL WASHINGTON HOSPITAL	PART V, SECTION B, LINE 4 WENATCHEE VALLEY HOSPITAL
CENTRAL WASHINGTON HOSPITAL	PART V, SECTION B, LINE 20D COMPASSIONATE CARE IS GENERALLY CONSIDERED ONLY AFTER ALL OTHER FINANCIAL RESOURCES AVAILABLE TO THE PATIENT HAVE BEEN EXPLORED AND EXHAUSTED IN ORDER TO QUALIFY FOR COMPASSIONATE CARE, THE PATIENT/GUARANTOR MUST FULLY COOPERATE WITH THE ASSOCIATION IN EXPLORING AND APPLYING FOR THESE RESOURCES OTHER FINANCIAL RESOURCES INCLUDE BUT ARE NOT LIMITED TO GROUP OR INDIVIDUAL MEDICAL PLANS, SECONDARY OR SUPPLEMENTAL INSURANCE POLICIES, WORKER'S COMPENSATION, MEDICARE, MEDICAID OR MEDICAL ASSISTANCE PROGRAMS, OTHER STATE, FEDERAL, OR MILITARY PROGRAMS, THIRD PARTY LIABILITY SITUATIONS (E G AUTO ACCIDENTS OR PERSONAL INJURIES), OR ANY OTHER SITUATION IN WHICH ANOTHER PERSON OR ENTITY MAY HAVE A LEGAL RESPONSIBILITY TO PAY FOR THE COSTS OF MEDICAL SERVICES COMPASSIONATE CARE FOR NON-EMERGENT SERVICES SHALL BE LIMITED TO THOSE RESIDING WITHIN THE ASSOCIATIONS DESIGNATED SERVICE AREA, WHICH IS DEFINED AS THE COUNTIES OF CHELAN, DOUGLAS, GRANT, AND OKANOGAN AS WELL AS THE TOWN OF OTHELLO NON-EMERGENT SERVICES SHALL BE DEFINED AS THOSE SERVICES WHICH ARE NOT CONSIDERED AS AN "EMERGENCY MEDICAL CONDITION" UNDER THE POLICIES DEFINITION COMPASSIONATE CARE SHALL BE LIMITED TO "APPROPRIATE HOSPITAL (PHYSICIAN)-BASED MEDICAL SERVICES" AS DEFINED IN THE POLICY ELECTIVE OR COSMETIC PROCEDURES THAT DO NOT MEET THE DEFINITION OF APPROPRIATE AS SET FORTH IN THE WA ADMINISTRATIVE CODE (WAC) 246-453-010(7) ARE EXCLUDED AS WELL AS PROCEDURES DONE OUTSIDE OF THE ASSOCIATION IN THOSE SITUATIONS WHERE APPROPRIATE PRIMARY PAYMENT SOURCES ARE NOT AVAILABLE, OR IN CERTAIN SITUATIONS WHEN THE PRIMARY PAYMENT SOURCE LEAVES A BALANCE THAT IS THE PATIENT'S LIABILITY, PATIENTS WILL BE CONSIDERED FOR COMPASSIONATE CARE UNDER THE POLICY BASED ON THE FOLLOWING CRITERIA A COMPASSIONATE CARE WILL BE DETERMINED FOR PATIENTS/GUARANTORS WHOSE FAMILY INCOME IS 200% OR LESS THAN THE FEDERAL POVERTY GUIDELINES AND INDIVIDUAL FINANCIAL CIRCUMSTANCES WILL BE USED IN CONJUNCTION WITH FEDERAL POVERTY INCOME GUIDELINES FOR DETERMINATION OF INDIVIDUAL FINANCIAL ASSISTANCE PROGRAM ADJUSTMENT LEVELS FAMILY SIZE AND FINANCIAL SITUATION WILL DETERMINE THE PATIENTS/GUARANTOR FINANCIAL RESPONSIBILITY, WHICH IS A PERCENTAGE OF CHARGES B THE AMOUNTS BILLED TO A PATIENT/GUARANTOR FOR ALL APPLICANTS BETWEEN 200% AND 300% OF THE FEDERALPOVERTY LEVEL INCOME GUIDELINES WILL BE DISCOUNTED BASED ON HEALTH REFORM GUIDELINES IN IRC SECTION501(R)(5) THAT STATES "AMOUNT CHARGED FOR EMERGENCY OR OTHER MEDICAL NECESSARY CARE PROVIDED TO AN INDIVIDUAL ELIGIBLE FOR ASSISTANCE UNDER THE FINANCIAL ASSISTANCE POLICY TO NOT MORE THAN IS, THE AMOUNTS GENERALLY BILLED TO INDIVIDUALS WHO HAVE INSURANCE COVERING SUCH CARE" THIS AMOUNT IS CALCULATED BASED ON THE EXPECTED REIMBURSEMENT FROM MEDICARE CATASTROPHIC CHARITY - THE ASSOCIATION MAY WRITE OFF, AS COMPASSIONATE CARE, AMOUNTS FOR PATIENTS/GUARANTORS WITH FAMILY INCOME IN EXCESS OF THESE GUIDELINES, OR WRITE OFF AMOUNTS IN EXCESS OF THE ABOVE GUIDELINES WHEN CIRCUMSTANCES INDICATE SEVERE FINANCIAL HARDSHIP THE ASSOCIATION RESERVES THE RIGHT TO SOLELY DETERMINE WHETHER SEVERE FINANCIAL HARDSHIP EXISTS AND HOW MUCH WILL BE ADJUSTED AS A RESULT OF THAT HARDSHIP IN ORDER TO QUALIFY AS A SEVERE FINANCIAL HARDSHIP, THE PATIENT/GUARANTOR MUST COOPERATE WITH THE ASSOCIATION REQUESTS FOR FINANCIAL INFORMATION REQUIRED TO MAKE A REASONABLE DETERMINATION THE FINANCIAL ASSISTANCE DEPARTMENT MANAGER WILL BE RESPONSIBLE FOR APPROVAL OF ADDITIONAL ADJUSTMENT AMOUNTS UP TO FIFTY THOUSAND DOLLARS ($50,000), AN ADDITIONAL ADJUSTMENT OF MORE THAN FIFTY THOUSAND DOLLARS ($50,000) WILL REQUIRE THE APPROVAL OF A MEMBER OF THE EXECUTIVE COMMITTEE

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? **1**

	Name and address	Type of Facility (describe)
1	CONFLUENCE HEALTH 1201 SOUTH MILLER STREET WENATCHEE, WA 98801	ADMINISTRATIVE AND SHARED FUNCTIONS FOR THE HEALTH SYSTEM
2		
3		
4		
5		
6		
7		
8		
9		
10		

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, LN 7 COL(F)	NET PATIENT SERVICE REVENUE - THE ASSOCIATION HAS AGREEMENTS WITH THIRD-PARTY PAYORS THAT PROVIDE FOR PAYMENTS TO THE ASSOCIATION AT AMOUNTS DIFFERENT FROM ITS ESTABLISHED RATES PAYMENT ARRANGEMENTS INCLUDE PROSPECTIVELY DETERMINED RATES PER DISCHARGE, REIMBURSED COSTS, DISCOUNTED CHARGES, AND PER DIEM PAYMENTS NET PATIENT SERVICE REVENUE IS REPORTED AT ESTIMATED NET REALIZABLE AMOUNTS FROM PATIENTS, THIRD PARTY PAYORS, AND OTHERS FOR SERVICES RENDERED, INCLUDING ESTIMATED RETROACTIVE ADJUSTMENTS UNDER REIMBURSEMENT AGREEMENTS WITH THIRD-PARTY PAYORS RETROACTIVE ADJUSTMENTS ARE ACCRUED ON AN ESTIMATED BASIS IN THE PERIOD THE RELATED SERVICES ARE RENDERED AND ADJUSTED IN FUTURE PERIODS AS FINAL SETTLEMENTS ARE DETERMINED PATIENT ACCOUNTS RECEIVABLE - FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS (WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL), THE ASSOCIATION RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE THE DIFFERENCE BETWEEN THE STANDARD RATES (OR THE DISCOUNTED RATES IF NEGOTIATED) AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS
PART III, LINE 4	ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS IN EVALUATING THE COLLECTIBILITY OF ACCOUNTS RECEIVABLE, THE ASSOCIATION ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYOR SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR BAD DEBTS MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYOR SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY COVERAGE, THE ASSOCIATION ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS AND A PROVISION FOR BAD DEBTS, IF NECESSARY (FOR EXAMPLE, FOR EXPECTED UNCOLLECTIBLE DEDUCTIBLES AND COPAYMENTS ON ACCOUNTS FOR WHICH THE THIRD-PARTY PAYOR HAS NOT YET PAID, OR FOR PAYORS WHO ARE KNOWN TO BE HAVING FINANCIAL DIFFICULTIES THAT MAKE THE REALIZATION OF AMOUNTS DUE UNLIKELY) FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS (WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL), THE ASSOCIATION RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE THE DIFFERENCE BETWEEN THE STANDARD RATES (OR THE DISCOUNTED RATES IF NEGOTIATED) AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS THE ASSOCIATION'S ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR SELF-PAY PATIENTS CHANGED FROM 56% OF SELF-PAY ACCOUNTS RECEIVABLE AT DECEMBER 31, 2012, TO 60% OF SELF-PAY ACCOUNTS RECEIVABLE AT DECEMBER 31,2013 IN ADDITION, THE ASSOCIATION'S SELF-PAY WRITE-OFFS CHANGED FROM $6,210,000 FOR FISCAL YEAR 2012 TO $9,350,000 FOR FISCAL YEAR 2013

Form and Line Reference	Explanation
PART III, LINE 8	MEDICARE - INPATIENT ACUTE CARE SERVICES RENDERED TO MEDICARE PROGRAM BENEFICIARIES ARE PAID AT PROSPECTIVELY DETERMINED RATES THESE RATES VARY ACCORDING TO A PATIENT CLASSIFICATION SYSTEM THAT IS BASED ON CLINICAL, DIAGNOSTIC, AND OTHER FACTORS THE ASSOCIATION QUALIFIES FOR DISPROPORTIONATE SHARE PAYMENTS FROM MEDICARE THE DISPROPORTIONATE SHARE PAYMENT RATE IS ADDED ON TO THE PROSPECTIVE RATE PAID ON MEDICARE INPATIENTS THE ASSOCIATION IS ELIGIBLE FOR A HIGHER DISPROPORTIONATE SHARE PAYMENT RATE ESTIMATED AT 13 39% IN 2013 AND 2012 THE ASSOCIATION MET THE CRITERIA FOR THIS ADDITIONAL PAYMENT AS A RESULT OF THE HIGH NUMBER OF LOW-INCOME PATIENTS SERVICED EXCEEDING THE ELIGIBILITY THRESHOLD OF QUALIFIED PATIENT DAYS AS A PERCENTAGE OF TOTAL PATIENT DAYS THE MAJORITY OF OUTPATIENT SERVICES ARE REIMBURSED ON A PROSPECTIVE PAYMENT SYSTEM OR FEE SCHEDULE THE ASSOCIATION'S MEDICARE COST REPORTS HAVE BEEN AUDITED BY THE MEDICARE FISCAL INTERMEDIARY THROUGH 2012, WITH EXCEPTION TO THE 2011 COST REPORT THE ASSOCIATION'S CLASSIFICATION OF PATIENTS UNDER THE MEDICARE PROGRAM AND THE APPROPRIATENESS OF THEIR ADMISSION ARE SUBJECT TO AN INDEPENDENT REVIEW BY A PEER REVIEW ORGANIZATION
PART III, LINE 9B	IT IS THE POLICY TO WORK WITH PATIENT TO OBTAIN PAYMENT IN FULL, SECURE FINANCIAL ASSISTANCE, OR ESTABLISH APPROPRIATE PAYMENT ARRANGEMENTS ON PATIENT BALANCES WITHIN 30 DAYS OF THE INITIAL STATEMENT DATE 1 WHEN POSSIBLE THE SCHEDULER, AND/OR RECEPTIONS, WILL ALERT THE PATIENT OF ANY SELF-PAY DEPOSIT, PRE-PAYMENT OR INSURANCE CO-PAYMENT, WHICH MAY BE REQUESTED AT THE TIME OF SERVICE 2 PAYMENT IN FULL ON ALL SELF-PAY BALANCES IS EXPECTED WITHIN 30 DAYS OF RECEIPT OF THE FIRST STATEMENT A THE RESPONSIBILITY FOR PAYMENT REMAINS WITH THE GUARANTOR THE ASSOCIATION DOES NOT BECOME INVOLVED IN DISPUTES THAT OCCUR AS A RESULT OF DIVORCE SETTLEMENTS, CHILD CUSTODY, AND ACCIDENTAL INJURY OR THIRD PARTY LITIGATION 3 WORKING WITH THE GUARANTOR, THE ASSOCIATION WILL ESTABLISH PAYMENT ARRANGEMENTS WHEN PAYMENT IN FULL CANNOT BE MADE COLLECTION EFFORTS ARE SUSPENDED WHEN THE GUARANTOR REQUESTS A FINANCIAL ASSISTANCE APPLICATION THIS SUSPENSION IS IN EFFECT FOR 30 CALENDAR DAYS GIVING THE APPROPRIATE PARTY TIME TO COMPLETE THE APPLICATION AND PROVIDE THE REQUIRED DOCUMENTATION COLLECTION EFFORTS REMAIN SUSPENDED UNTIL THE FINAL DETERMINATION OF QUALIFICATION IS COMPLETED 4 ALL TRANSACTIONS ARE REQUIRED TO AGE A MINIMUM OF 120 DAYS, ALLOWING FOR 4 STATEMENTS AND AT LEAST 1 LETTER, BEFORE BEING CONSIDERED FOR TRANSFER TO AN OUTSIDE COLLECTION AGENCY 5 IF AN ACCOUNT HAS A MAIL RETURN STATUS AND ALL STEPS TAKEN TO FIND THE ADDRESS WERE UNSUCCESSFUL THE ACCOUNT MAY BE TURNED TO COLLECTION FOR FURTHER RESEARCH

Form and Line Reference	Explanation
PART VI, LINE 2	CENTRAL WASHINGTON HOSPITAL PARTICIPATED IN A COMMUNITY WIDE NEEDS ASSESSMENT IN COOPERATION WITH COMMUNITY CHOICE, COLUMBIA VALLEY COMMUNITY HEALTH, CHELAN-DOUGLAS PUBLIC HEALTH, AND OTHER REGIONAL HOSPITALS
PART VI, LINE 3	COMMUNICATIONS TO THE PUBLIC THE ASSOCIATION'S COMPASSIONATE CARE POLICY SHALL BE MADE PUBLICLY AVAILABLE AS FOLLOWS 1 A NOTICE ADVISING PATIENTS THAT THE ASSOCIATION PROVIDES COMPASSIONATE CARE SHALL BE POSTED IN KEY PUBLIC AREAS OF THE FACILITY 2 THE ASSOCIATION WILL DISTRIBUTE A WRITTEN NOTICE ABOUT THE AVAILABILITY OF COMPASSIONATE CARE OT ALL PATIENTS AT THE TIME OF NEW PATIENT REGISTRATION THROUGH THE EMERGENCY DEPARTMENT AND DURING ADMISSIONS THIS INFORMATION WILL ALSO BE AVAILABLE ON THE WEBSITE, WITH EACH BILLING STATEMENT, AND IN ANY COLLECTION LETTERS SENT BY THE ASSOCIATION 3 THE WRITTEN NOTICE SHALL BE AVAILABLE IN ANY LANGUAGE SPOKEN BY MORE THAN TEN PERCENT OF THE POPULATION IN THE ASSOCIATION'S SERVICE AREA, AND INTERPRETED FOR OTHER NON-ENGLISH SPEAKING OR LIMITED-ENGLISH SPEAKING PATIENTS AND FOR OTHER PATIENTS WHO CANNOT UNDERSTAND THE WRITING AND/OR EXPLANATION THE ASSOCIATION'S SERVICE AREA IS DEFINED AS, CHELAN, DOUGLAS, OKANOGAN AND GRANT COUNTIES THE ASSOCIATION FINDS THAT FOLLOWING NO-ENGLISH TRANSLATION(S) OF THE NOTICE SHALL BE MADE AVAILABLE SPANISH 4 THE ASSOCIATION WILL REFER ALL COMPASSIONATE CARE INQUIRIES TO THE FINANCIAL ASSISTANCE DEPARTMENT OR WHEN POSSIBLE DIRECTLY TO THE COMPASSIONATE CARE COORDINATOR SO THAT ALL CONCERNS CAN BE ADDRESSED IN A TIMELY MANNER 5 WRITTEN NOTICE ABOUT THE ASSOCIATION'S COMPASSIONATE CARE POLICY SHALL BE MADE AVAILABLE TO ANY PERSON WHO REQUESTS THE INFORMATION, EITHER BY MAIL, BY TELEPHONE OR IN PERSON THE ASSOCIATION'S COMPASSIONATE CARE SLIDING SCALE DISCOUNT TABLE SHALL ALSO BE MADE AVAILABLE UPON REQUEST

Form and Line Reference	Explanation
PART VI, LINE 4	THE ASSOCIATION IS ACCREDITED BY THE JOINT COMMISSION ON ACCREDITATION OF HEALTHCARE ORGANZIATIONS AND OPERATES A LICENSED 198-BED ACUTE CARE HOSPITAL DELIVERING A FULL RANGE OF HEALTH CARE SERVICES IN WENATCHEE, WASHINGTON, AND THE NORTH CENTRAL WASHINGTON AREA THE ASSOCIATION IS A NOT-FOR-PROFIT INSTITUTION GOVERNED BY A BOARD OF DIRECTORS, PROVIDING GENERAL INPATIENT SERVICES INCLUDING MEDICAL, SURGICAL, HOME INFUSION SERVICES, INTENSIVE CARE AND CORONARY CARE, NEONATAL INTENSIVE CARE, PEDIATRICS, OBSTETRICS, GYNECOLOGY, AND ONCOLOGY THE ASSOCIATION IS A FEDERAL REGIONAL REFERRAL CENTER, AND IS DESIGNATED BY THE STATE AS A LEVEL III GENERAL TRAUMA CENTER AND LEVEL III PEDIATRIC TRAUMA CENTER, SUPPORTED BY A COMPREHENSIVE RANGE OF SURGICAL PROCEDURES IN ORTHOPEDIC, NEUROSURGERY, VASCULAR SURGERY, INTERVENTIONAL CARDIAC CATHETERIZATION, AND OPEN-HEART SURGERY WENATCHEE, WASHINGTON IS APPROXIMATELY 150 MILES EAST OF SEATTLE, WASHINGTON AND 170 MILES WEST OF SPOKANE, WASHINGTON CHELAN AND DOUGLAS COUNTIES COMPRISE THE ASSOCIATION'S PRIMARY SERVICE AREA WHILE GRANT AND OKANOGAN COUNTIES REPRESENT SECONDARY SERVICE AREAS APPROXIMATELY 96% OF THE ASSOCIATION'S PATIENT ADMISSIONS ARE FROM THE PRIMARY AND SECONDARY SERVICE AREAS THE SERVICE AREAS POPULATION IS HEAVILY WEIGHTED IN THE 65+ AGE COHORT AS WELL AS MEDICARE/MEDICAID ELIGIBLE, WHICH REPRESENTS APPROXIMATELY 69% OF THE ASSOCIATION'S PATIENTS IN ADDITION, THE ASSOCIATION HAS A HIGH CONCENTRATION OF FARM AND AGRICULTURE RELATED EMPLOYERS/EMPLOYEES
PART VI, LINE 5	CENTRAL WA HOSPITAL'S GOVERNING BOARD IS COMPRISED OF LOCAL AREA RESIDENTS THE HOSPITAL EXTENDS ITS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY CWH USES ITS INCOME TO UPDATE EQUIPMENT, TECHNOLOGY AND FACILITIES TO IMPROVE PATIENT CARE THE HOSPITAL OFFERS EDUCATION FOR AREA PHYSICIANS AND COMMUNITY MEMBERS ALSO AVAILABLE TO PHYSICIANS AND THE COMMUNITY IS THE HEMINGER HEALTH LIBRARY WE COLLABORATE WITH MANY LOCAL AND STATE COLLEGES, UNIVERSITIES, AND OUR LOCAL HIGH SCHOOL IN SUPPORT OF STUDENT LEARNING OPPORTUNITIES IN 2010 AN ELECTRONIC MEDICAL RECORD WAS IMPLEMENTED THE SYSTEM GIVES OUR PROVIDERS ALL THE MEDICAL INFORMATION NEEDED TO MAKE THE BEST DECISIONS IN THE CARE OF OUR PATIENTS THE HOSPITAL IS A FEDERAL REGIONAL REFERRAL CENTER AND A LEVEL III GENERAL AND PEDIATRIC TRAUMA CENTER

Form and Line Reference	Explanation
PART VI, LINE 6	CONFLUENCE HEALTH WAS FORMED IN 2012 AS A HEALTH SYSTEM THAT REPRESENTS AN AFFILIATION BETWEEN THE ASSOCIATION AND WENATCHEE VALLEY MEDICAL CENTER (A FOR-PROFIT ORGANIZATION) EFFECTIVE JANUARY 1, 2013, THE ASSOCIATION AFFILIATED WITH CONFLUENCE HEALTH, AND CONFLUENCE HEALTH BECAME THE SOLE MEMBER OF THE ASSOCIATION THE BOARD OF DIRECTORS OF CONFLUENCE HEALTH CONSISTS OF 9 COMMUNITY MEMBERS AND 6 PHYSICIANS OF WENATCHEE VALLEY MEDICAL CENTER THE MISSION STATEMENT OF CONFLUENCE HEALTH IS WE ARE DEDICATED TO IMPROVING OUR PATIENT'S HEALTH BY PROVIDING SAFE, HIGH-QUALITY CARE IN A COMPASSIONATE AND COST EFFECTIVE MANNER
FORM 990, PART VI, LINE 7	WA

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 23.**
▶ **Attach to Form 990.** ▶ **See separate instructions.**
▶ **Information about Schedule J (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION

Employer identification number
91-0171250

Part I Questions Regarding Compensation

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

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

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 91-0171250
Name: CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION

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				
PETER RUTHERFORD MD CHIEF EXECUTIVE OFFICER	(I) (II)	0 525,824	0 50,000	0 0	0 29,325	0 13,818	0 618,967	0 0
JOHN B HAMILTON FORMER CHIEF EXECUTIVE OFFICER	(I) (II)	8,258 386,433	0 0	0 0	0 25,500	0 10,155	8,258 422,088	0 0
JOHN T EVANS FORMER CHIEF EXECUTIVE OFFICER	(I) (II)	298,965 0	0 0	0 0	0 0	0 0	298,965 0	298,965 0
JOHN R DOYLE CHIEF FINANCIAL OFFICER	(I) (II)	0 279,166	0 20,000	0 0	0 25,500	0 15,863	0 340,529	0 0
SHAUN P KOOS CHIEF OPERATIONS OFFICER	(I) (II)	0 394,486	0 53,320	0 0	0 29,325	0 14,284	0 491,415	0 0
TRACEY A KASNIC CHIEF NURSING OFFICER	(I) (II)	5,580 260,462	0 0	0 0	0 25,500	0 14,052	5,580 300,014	0 0
CHERYL NANCE DIRECTOR OF SURGERY	(I) (II)	232,115 0	0 0	0 0	7,148 0	0 0	239,263 0	0 0
MARK BROBERG MD MD	(I) (II)	510,114 0	0 0	0 0	25,500 0	8,461 0	544,075 0	0 0
HANK VEJVODA MD MD	(I) (II)	453,219 0	0 0	0 0	25,500 0	8,448 0	487,167 0	0 0
JEFFREY PRATT MD MD	(I) (II)	298,321 0	0 0	0 0	25,500 0	8,463 0	332,284 0	0 0
SAMUEL ORTIZ MD MD	(I) (II)	255,357 0	0 0	0 0	25,500 0	8,289 0	289,146 0	0 0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION

Employer identification number
91-0171250

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	WASHINGTON HEALTH CARE FACILITIES AUTHORITY	91-1108929	93978E4M1	08-12-2009	114,560,771	CONSTRUCTION OF HEALTHCARE FACILITY		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds legally defeased	16,535,000			
3	Total proceeds of issue	116,535,000			
4	Gross proceeds in reserve funds	14,160,599			
5	Capitalized interest from proceeds	7,667,467			
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	2,145,873			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	80,834,547			
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2011			

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

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

Part IV Arbitrage

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

Part IV Arbitrage *(Continued)*

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

Part V Procedures To Undertake Corrective Action

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?		X						

Part VI Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Return Reference	Explanation
FORM 990, SCHEDULE K, PART III, LINE 9	THE ORGANIZATION HAS ESTABLISHED PROCEDURES TO ENSURE THAT ANY NONQUALIFIED BONDS ARE REMEDIATED IN ACCORDANCE WITH REQUIREMENTS THE ORGANIZATION IS CURRENTLY IN THE PROCESS OF FORMALLY PUTTING THESE PROCEDURES IN WRITING
FORM 990, SCHEDULE K, PART IV, LINE 5B AND 5C, COLUMN A	NAME OF PROVIDER OF GIC, LINE 5B 1 TRINITY FUNDING COMPANY 2 RBC CAPITAL MARKETS LINE 5C 1 14 MONTHS 2 3 YEARS AND 5 YEARS

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION

Employer identification number
91-0171250

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11	
FORM 990, PART VI, SECTION B, LINE 12C	BOARD MEMBERS, EXECUTIVE TEAM MEMBERS, AND DIRECTORS ARE REQUIRED TO REVIEW THE CURRENT CO NFLICT OF INTEREST POLICY AND COMPLETE AN ANNUAL QUESTIONNAIRE. THE NOMINATING COMMITTEE O F THE BOARD REVIEWS QUESTIONNAIRES OF EXISTING AND NEW MEMBERS FOR POTENTIAL CONFLICTS OF INTEREST. ANY POTENTIAL CONFLICTS OF INTEREST ARE RESOLVED BY THE NOMINATING COMMITTEE. TH E EXECUTIVE TEAM REVIEWS QUESTIONNAIRES SUBMITTED BY EXECUTIVE TEAM MEMBERS AND DIRECTORS FOR POTENTIAL CONFLICTS OF INTEREST. POTENTIAL CONFLICTS OF INTEREST ARE RESOLVED BY THE E XECUTIVE TEAM IN COLLABORATION WITH THE CORPORATE COMPLIANCE OFFICER
FORM 990, PART VI, SECTION B, LINE 15	THE COMPENSATION COMMITTEE OF THE GOVERNING BOARD REVIEWS INDEPENDENT SALARY SURVEY INFORM ATION AND RECOMMENDS A SALARY AND/OR A SALARY INCREASE FOR THE CEO TO THE GOVERNING BOARD. THROUGHOUT THE YEAR OF 2013, THE OTHER OFFICERS RECEIVE AN ANNUAL PERCENT INCREASE WHICH N ON-CONTRACTUAL EMPLOYEES RECEIVE UNLESS THE CEO AWARDS A DIFFERENT PERCENTAGE. THE AMOUNT IS, TYPICALLY, BASED ON CURRENT CPI, MARKET AND SALARY SURVEY INFORMATION
FORM 990, PART VI, SECTION C, LINE 19	CENTRAL WASHINGTON HOSPITAL'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST
FORM 990, PART XI, LINE 9	LOSS ON K-1 NOT INCLUDED IN REVENUE ON FINANCIAL STATEMENT 449 OTHER TEMPORARILY RESTRICTED NET ASSET CHANGES -17,802
FORM 990, PART XII, LINE 2C	NO CHANGE FROM PRIOR YEAR

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" 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.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION

Employer identification number
91-0171250

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	(g) No
(1) CONFLUENCE HEALTH 617 WASHINGTON STREET WENATCHEE, WA 98801 45-4789950	HEALTH SYSTEM	WA	501(C)(3)	LINE 11B, III	N/A		No
(2) WENATCHEE VALLEY HOSPITAL 617 WASHINGTON STREET WENATCHEE, WA 98801 45-5563741	HOSPITAL	WA	501(C)(3)	LINE 3	CONFLUENCE HEALTH		No

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

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

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** Complete if the organization answered "Yes" 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

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

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

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) CONFLUENCE HEALTH	M	24,067,830	CASH VALUE
(2) CONFLUENCE HEALTH	P	22,760,474	CASH VALUE
(3) WENATCHEE VALLEY HOSPITAL	E	13,159,190	CASH VALUE

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

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

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

Part VII Supplemental Information

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

Return Reference	Explanation

CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION
dba

CENTRAL WASHINGTON HOSPITAL
1201 SOUTH MILLER STREET
WENATCHEE, WASHINGTON 98801

2013
ANNUAL REPORT
WITH
REPORT OF INDEPENDENT AUDITORS
YEARS ENDED DECEMBER 31, 2013 AND 2012

CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION

OFFICERS AND MEMBERS
OF THE BOARD OF DIRECTORS
FOR THE YEAR ENDED DECEMBER 31, 2013

OFFICERS

Chairperson	David W. Parks, D.M.D.
Vice-Chairperson	Kenneth J. Martin
Secretary	Marc Heminger
Treasurer	Kristine Loomis
Chief of Staff	Malcolm A. Butler, M.D.

MEMBERS

Karen Jackson	Gary K. Lammert, M.D.
John W. Gill, M.D.	Laura Mounter
Phillip Johnson	Frank J. Kuntz
Linda K. Schatz, M.D.	Robert Trask, Jr.

EXECUTIVE MANAGEMENT TEAM
FOR THE YEAR ENDED DECEMBER 31, 2013

Peter Rutherford, MD, Chief Executive Officer
Stuart Freed, MD, Chief Medical Officer
Shaun Koos, Chief Operating Officer Outpatient
John Hamilton, Chief Operating Officer Inpatient
Tracey Kasnic, Chief Nursing Officer
John Doyle, Chief Financial Officer

CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION

MEDICAL STAFF OFFICERS AND CHAIRPERSONS
FOR THE YEAR ENDED DECEMBER 31, 2013

OFFICERS

Chief of Staff	Malcolm Butler, M.D.
Chief of Staff-Elect	Edwin Carmack, M.D.
Vice Chief of Staff	Brenda Baumeister, M.D.

CHAIRPERSONS

Department	Anesthesia	Jeb Sorom, M.D.
	Cardiology	Gregory Eberhart, M.D.
	Emergency	Scott Stroming, M.D.
	Hospitalist	Jim Murray, M.D.
	OB/GYN	Kevin Pitts, M.D.
	Orthopedics	Hank Vejvoda, M.D.
	Pathology	Paul Furmanczyk, M.D.
	Pediatrics	Teodor Butiu, M.D.
	Primary Care	Louise Simons, M.D.
	Sub Specialty	
	Internal Medicine	Greg Morper, M.D.
	Family Medicine	Louise Simons, M.D.
	Radiology	Brian Eifert, M.D.
	Specialty Medicine	Mandy Robertson, M.D.
	Surgery	John Rowles, M.D.
	Sub Specialty	
	General Surgeons	Thomas Tuszynski, M.D.
Committee	Cardiovascular Quality	Gregory Eberhart, M.D.
	Clinical Performance	Randal Moseley, M.D.
	Credentials	Brenda Baumeister, M.D.
	Infection Control	Brent Barber, Ph.D.
	Medical Executive	Malcolm Butler, M.D.
	Physician's Practice Excellence	Edwin Carmack, M.D.
	Physician's Health Information Technology	Keary Kunz, M.D.
	Pharmacy and Therapeutics	Michael Johnson, M.D.
	Orthopedics Quality	Edward Farrar, M.D.
	Radiation Safety	Brian Eifert, M.D.
	Trauma Services	Jeffrey Monson, M.D.

Report of Independent Auditors
and Financial Statements
with Supplementary Information for

Central Washington Health Services Association dba Central Washington Hospital

December 31, 2013 and 2012

MOSS-ADAMS LLP

CONTENTS

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

REPORT OF INDEPENDENT AUDITORS

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

Report on Financial Statements

We have audited the accompanying financial statements of Central Washington Health Services Association, dba Central Washington Hospital (the Association), which comprise the balance sheets as of December 31, 2013 and 2012, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association, as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Association's financial statements. The information on pages 23 through 30 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information on pages 23 through 30 has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying information on pages 23 through 30 is fairly stated in all material respects in relation to the financial statements as a whole. The per adjusted patient day and per adjusted admission information in the summary of operations within the information on pages 23 through 30 has not been subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we express no opinion on them.

Moss Adams LLP

Everett, Washington
May 23, 2014

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CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION
dba CENTRAL WASHINGTON HOSPITAL
BALANCE SHEETS

ASSETS

	December 31, 2013	December 31, 2012
CURRENT ASSETS		
Cash and cash equivalents	$ 16,170,456	$ 23,150,196
Receivables		
Patient accounts, net of allowance for doubtful accounts of $6,297,000 in 2013 and $5,432,000 in 2012	38,701,956	28,655,581
Estimated third-party payor settlements	1,426,668	706,834
Other	3,754,359	1,749,468
Medical supplies	6,270,510	5,889,942
Prepaid expenses	4,238,239	3,098,978
Assets limited as to use that are required for current liabilities	4,803,709	4,729,472
Total current assets	75,365,897	67,980,471
ASSETS LIMITED AS TO USE		
By Board for malpractice costs	2,729,000	4,302,000
By Board for workers' compensation deposit	1,736,000	1,644,000
By Board for capital improvements and other purposes	63,914,847	55,734,298
Held by trustee under Series 2009 Revenue Bond financing indenture agreement, net of amounts required for current liabilities	9,357,737	9,357,737
	77,737,584	71,038,035
TEMPORARILY RESTRICTED RECEIVABLE	3,569,446	3,587,248
PROPERTY AND EQUIPMENT, net	155,556,007	165,286,697
OTHER ASSETS		
Deferred financing costs	3,681,060	3,824,478
Note receivable from affiliate	13,159,190	-
Other	2,261,852	2,055,761
	19,102,102	5,880,239
Total assets	$ 331,331,036	$ 313,772,690

LIABILITIES AND NET ASSETS

	December 31, 2013	December 31, 2012
CURRENT LIABILITIES		
Accounts payable	$ 9,308,134	$ 4,907,446
Accrued liabilities		
Payroll and related liabilities	8,098,088	7,183,594
Paid leave	3,902,168	4,567,575
Interest	3,771,678	3,814,803
Other	501,322	283,014
Current portion of long-term debt	1,824,516	1,739,516
Total current liabilities	27,405,906	22,495,948
ESTIMATED MEDICAL MALPRACTICE COSTS	2,729,000	4,302,000
LONG-TERM DEBT, net of current portion	110,597,744	112,422,261
Total liabilities	140,732,650	139,220,209
NET ASSETS		
Unrestricted	187,028,940	170,965,233
Temporarily restricted	3,569,446	3,587,248
Total net assets	190,598,386	174,552,481
Total liabilities and net assets	$ 331,331,036	$ 313,772,690

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

	Years Ended December 31,	
	2013	2012
UNRESTRICTED REVENUE AND OTHER SUPPORT		
Net patient service revenue (net of contractual allowances and discounts)	$ 237,693,360	$ 206,117,859
Provision for bad debts	(9,350,432)	(6,210,372)
Net patient service revenue less provision for bad debts	228,342,928	199,907,487
Other revenue	4,191,023	5,083,823
Total revenue and other support	232,533,951	204,991,310
EXPENSES		
Professional care of patients	143,206,973	123,094,117
General services	10,466,054	13,923,353
Financial and administrative services	43,416,425	35,180,756
Other employee benefits	3,787,407	2,283,189
Medical malpractice costs	1,194,065	2,515,266
Depreciation and amortization	14,681,314	14,854,404
Interest	7,593,638	7,662,255
Total expenses	224,345,876	199,513,340
INCOME FROM OPERATIONS	8,188,075	5,477,970
OTHER INCOME		
Investment income	1,226,482	918,190
Gain on sale of patient service center	-	5,817,454
Other	302,769	147,798
	1,529,251	6,883,442
EXCESS OF REVENUE OVER EXPENSES	9,717,326	12,361,412
NET UNREALIZED GAIN ON INVESTMENTS	6,346,381	4,863,859
NET ASSETS RELEASED FROM RESTRICTIONS USED FOR PURCHASE OF PROPERTY AND EQUIPMENT	-	250,000
CHANGE IN UNRESTRICTED NET ASSETS	$ 16,063,707	$ 17,475,271

See accompanying notes.

CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION
dba CENTRAL WASHINGTON HOSPITAL
STATEMENTS OF CHANGES IN NET ASSETS - RELEASE FROM RESTRICTIONS

	Years Ended December 31,	
	2013	2012
UNRESTRICTED NET ASSETS		
Excess of revenue over expenses	$ 9,717,326	$ 12,361,412
Net unrealized gain on investments	6,346,381	4,863,859
Net assets released from restrictions used for purchase of property and equipment	-	250,000
Change in unrestricted net assets	16,063,707	17,475,271
TEMPORARILY RESTRICTED NET ASSETS		
Other temporarily restricted net assets changes	(17,802)	42,436
Net assets released from restrictions	-	(250,000)
Change in temporarily restricted net assets	(17,802)	(207,564)
INCREASE IN NET ASSETS	16,045,905	17,267,707
NET ASSETS, beginning of year	174,552,481	157,284,774
NET ASSETS, end of year	$ 190,598,386	$ 174,552,481

See accompanying notes.

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

	Years Ended December 31,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in unrestricted net assets	$ 16,063,707	$ 17,475,271
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	15,082,402	15,287,855
Amortization	143,418	143,418
Loss on disposal of equipment	8,954	170,079
Provision for bad debts	9,350,432	6,210,372
Provision for estimated medical malpractice costs	(1,573,000)	1,478,000
Net unrealized gain on investments	(6,346,381)	(4,863,859)
Increase (decrease) in cash due to changes in assets and liabilities		
Patient accounts receivable	(19,396,807)	(6,482,003)
Estimated third-party payor settlements	(719,834)	916,809
Other receivables	(2,004,891)	(705,861)
Medical supplies	(380,568)	(18,626)
Prepaid expenses	(1,139,261)	431,010
Other assets	(206,091)	187,355
Accounts payable	4,572,219	1,075,046
Accrued liabilities	424,270	(680,718)
Net cash from operating activities	13,878,569	30,624,148
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(5,532,197)	(5,461,982)
Proceeds from sale of property and equipment	-	487,087
Proceeds from sale of assets limited as to use	2,552,428	2,552,428
Purchase of assets limited as to use	(2,979,833)	(6,239,024)
Note receivable from affiliate	(13,159,190)	-
Net cash from investing activities	(19,118,792)	(8,661,491)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(1,739,517)	(924,516)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,979,740)	21,038,141
CASH AND CASH EQUIVALENTS, beginning of year	23,150,196	2,112,055
CASH AND CASH EQUIVALENTS, end of year	$ 16,170,456	$ 23,150,196

SUPPLEMENTAL SCHEDULE OF INVESTING AND FINANCING ACTIVITIES

The Association paid interest of $7,593,638 and $7,662,255 during the years ended December 31, 2013 and 2012, respectively.

See accompanying notes.

Note 1 - Organization

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

The Association is a not-for-profit integrated health care delivery system with a skilled nursing facility, primary care clinic, orthopedic clinic, outpatient dialysis center, women's health care services, home health services, hospice services, and participation in a physician-hospital-community health organization. The outpatient dialysis center and the women's health care services were closed in 2012.

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

Confluence Health was formed in 2012 as a health system that represents an affiliation between Central Washington Hospital (a not-for-profit organization) and Wenatchee Valley Medical Center (WVMC) (a for-profit organization). Effective January 1, 2013, the Association affiliated with Confluence Health, and Confluence Health became the sole member of the Association. The Board of Directors of Confluence Health consists of 9 community members and 6 physicians of Wenatchee Valley Medical Center.

Confluence Health provides the administrative and shared functions for the health system. It plans to be a separate 501(c)(3) organization. Confluence Health has submitted the application to the IRS for 501(c)(3) not-for-profit tax exempt status. Confluence Health began operations on January 1, 2013, and now employs approximately 600 employees.

The mission statement of Confluence Health is:

> *We are dedicated to improving our patient's health by providing safe, high-quality care in a compassionate and cost-effective manner.*

The affiliation was completed in 2013, at which time WVMC transferred its remaining nonphysician employees and its operations to Wenatchee Valley Hospital (a not-for-profit organization). Confluence Health is the sole member of Wenatchee Valley Hospital. The three affiliated entities, the Association, Wenatchee Valley Hospital, and Confluence Health, are referred to collectively as Confluence Health. The three entities have contracted with WVMC for physician services.

Note 2 - Summary of Significant Accounting Policies

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

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

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

The Association's allowance for doubtful accounts for self-pay patients changed from 56% of self-pay accounts receivable at December 31, 2012, to 60% of self-pay accounts receivable at December 31, 2013. In addition, the Association's self-pay write-offs changed from $6,210,000 for fiscal year 2012 to $9,350,000 for fiscal year 2013.

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

Assets limited as to use - Assets limited as to use primarily include assets held by trustees under indenture agreements and designated assets set aside by the board of trustees for future capital improvements, over which the board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities of the Association have been reclassified from assets limited as to use to current liabilities in the balance sheets at December 31, 2013 and 2012.

Note 2 - Summary of Significant Accounting Policies (continued)

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

Property and equipment - Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset, which ranges from 3 to 40 years, and is computed on the straight-line method. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

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

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

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

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

The Association is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code except to the extent of unrelated business taxable income as defined under IRC Sections 511 through 515. Any unrelated business income generated is not significant; therefore, no provision for income taxes has been recorded. The Association adopted accounting for uncertain tax positions. The accounting standard prescribes a recognition threshold and measurement process for uncertain tax positions. As of December 31, 2013 and 2012, the Association had no uncertain tax positions requiring accrual.

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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

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

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of operations as net assets released from donor restrictions. Temporarily restricted net assets include assets restricted for a construction project. The associated receivable due from Central Washington Hospital Foundation was $3,569,446 and $3,587,248 for the years ended December 31, 2013 and 2012, respectively, and is expected to be received within five years.

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

The Association has evaluated subsequent events through May 23, 2014, which is the date the financial statements are issued, and concluded that there were no events or transactions that need to be disclosed.

Note 3 - Net Patient Service Revenue

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

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The Association qualifies for disproportionate share payments from Medicare. The disproportionate share payment rate is added on to the prospective rate paid on Medicare inpatients. The Association is eligible for a higher disproportionate share payment rate estimated at 13.39% in 2013 and 2012. The Association met the criteria for this additional payment as a result of the high number of low-income patients served exceeding the eligibility threshold of qualified patient days as a percentage of total patient days. The majority of outpatient services are reimbursed on a prospective payment system or fee schedule. The Association's Medicare cost reports have been audited by the Medicare fiscal intermediary through 2012, with exception to the 2011 cost report. The Association's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization. Net revenue billed under the Medicare program totaled approximately $103,679,000 in 2013 and $92,208,000 in 2012.

Medicaid - Inpatient acute care services rendered to Medicaid program beneficiaries are paid on a prospective payment system similar to Medicare. Outpatient services to Medicaid beneficiaries are paid prospectively based on ambulatory payment classifications. Net revenue billed under the Medicaid program totaled approximately $22,053,000 and $19,625,000 for 2013 and 2012, respectively.

Note 3 - Net Patient Service Revenue (continued)

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

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

	Third-Party Payors	Self-Pay	Total All Payors
Patient service revenue (net of contractual allowances and discounts) for the year ended December 31, 2013	$ 229,425,565	$ 8,267,795	$ 237,693,360
Patient service revenue (net of contractual allowances and discounts) for the year ended December 31, 2012	$ 198,437,649	$ 7,680,210	$ 206,117,859

Note 4 - Charity Care

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

	2013	2012
Charges forgone, based on established rates	$ 9,657,945	$ 8,697,323

Management estimates charity care costs by calculating a ratio of cost to gross charges, and then multiplying that ratio by the gross uncompensated charges associated with providing care to charity patients. Charity care costs were $4,239,839 and $4,026,860 for the years ended December 31, 2013 and 2012, respectively.

Note 5 - Assets Limited as to Use

The composition of assets limited as to use at December 31, 2013 and 2012, is set forth in the following table. Investments are stated at fair value.

	2013	2012
By board designated for malpractice costs		
Pooled funds and mutual funds	$ 2,729,000	$ 4,302,000
By board for workers' compensation deposit		
Cash and cash equivalents and treasury notes	$ 1,736,000	$ 1,644,000
By board for capital improvements and other purposes, net of amounts required for current liabilities		
Cash and cash equivalents	$ 12,053,302	$ 14,220,382
Pooled funds and mutual funds	51,861,545	41,513,916
	$ 63,914,847	$ 55,734,298
Under indenture agreement held by trustee		
Cash and cash equivalents	$ 4,803,709	$ 4,729,473
Guaranteed investment contracts	9,357,737	9,357,737
	14,161,446	14,087,210
Less current portion of indenture agreement held by trustee required for current liabilities	4,803,709	4,729,472
Noncurrent portion	$ 9,357,737	$ 9,357,738

Investment income and gains for assets limited as to use, cash equivalents, and other investments are composed of the following for the years ending December 31, 2013 and 2012:

	2013	2012
Investment income		
Interest and dividend income	$ 45,190	$ 29,555
Investment fees	(72,399)	(69,572)
Realized net gain on sales of securities	1,253,691	958,207
	$ 1,226,482	$ 918,190

Note 6 - Property and Equipment

A summary of property and equipment at December 31, 2013 and 2012, follows:

	2013	2012
Land and land improvements	$ 13,272,976	$ 13,272,976
Buildings and building improvements	114,775,069	114,234,341
Fixed equipment	73,359,544	73,333,264
Major movable and minor equipment	94,256,154	91,596,537
	295,663,743	292,437,118
Less accumulated depreciation and amortization	144,178,685	129,254,029
	151,485,058	163,183,089
Construction in progress	4,070,949	2,103,608
	$ 155,556,007	$ 165,286,697

Note 7 - Long-Term Debt

A summary of long-term debt at December 31, 2013 and 2012, follows:

	2013	2012
Series 2009 - Washington Health Care Facilities Authority Revenue Bonds, due through July 1, 2039, in principal payments ranging from $1,725,000 to $8,745,000 annually and interest ranging from 5% to 7%.	$ 112,190,000	$ 113,915,000
Utility Local Improvement District No. 2 - loan payable due in 2028, payable in annual installments of principal with interest. The interest rate is fixed at 2.9%.	232,260	246,777
	112,422,260	114,161,777
Less current portion	1,824,516	1,739,516
	$ 110,597,744	$ 112,422,261

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

Note 7 - Long-Term Debt (continued)

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

The Bond Loan and Security Agreement and the Trust Indenture contain restrictive covenants that require, among other matters, that the Association maintain minimum debt service coverage, excess margin, and cushion ratios. The Association is in compliance with these financial covenants at December 31, 2013.

Principal maturities of long-term debt are as follows:

2014	$ 1,825,000
2015	1,915,000
2016	2,030,000
2017	2,140,000
2018	2,275,000
Thereafter	102,237,260
	$ 112,422,260

A summary of interest cost on borrowed funds held by the trustee under the Series 2009 Revenue Bond indentures during the years ended December 31, 2013 and 2012, follows:

	2013	2012
Interest expense	$ 7,593,638	$ 7,662,255

Note 8 - Estimated Medical Malpractice Costs

The Association is insured as a part of Confluence Health through a contract with an insurance company that provides coverage on a claims-made basis. In general, the Association is self-insured for hospital medical malpractice insurance claims up to $1,000,000 or $2,000,000 per incident with $3,000,000 or $5,000,000 in aggregate. In addition, as a part of Confluence Health, the Association maintains excess malpractice insurance coverage on a claims-made basis up to $25,000,000 per incident and in aggregate on both hospital and insured physician claims.

The Association recognizes expenses associated with unasserted medical malpractice claims in the period in which the incidents are expected to have occurred rather than when a claim is asserted. Expenses associated with these incidents are estimated and based on actuarial assumptions of current settlement costs. In calculating the 2013 estimated malpractice liability, the Association's actuaries used an undiscounted 90% confidence level for determining the present value of future claims.

Note 9 - Retirement Plan

The Association has a defined contribution retirement plan for qualified employees. The Association contributes an amount equal to a specified percentage of the employees' effective compensation as defined by the plan. In 2013, the Association's defined contribution retirement plan for qualified employees changed for those employees not part of a collective bargaining unit, to a 401(k) plan under Confluence Health. The plan is a safe harbor plan where the Association contributes a specified percentage of the employees' effective contribution based on the contribution made by the employee. Employees are eligible to participate in the plan after one year of continuous service. Plan benefits are fully vested to employees upon entry into the plan. The Association as part of Confluence Health may also make a discretionary contribution to the plan. There is a six-year vesting schedule for the discretionary contributions to the plan. The Association made a discretionary contribution in 2013. Retirement plan costs charged to operations were approximately $4,653,000 and $4,484,000 in 2013 and 2012, respectively. It is the Association's policy to fund retirement plan costs accrued.

Note 10 - Self-Insured Plans

Liabilities related to self-insured plans in the amount of $2,207,196 and $2,452,890 at December 31, 2013 and 2012, respectively, was included in the accrued liabilities on the balance sheets.

Health - The Association has a self-funded employee health care plan. The plan is funded from the Association's unrestricted cash and cash equivalents. The Association has stop-loss coverage through an insurance company that provides coverage for employee claims in excess of $300,000 for individual claims. Payments by the Association for health insurance expense were approximately $7,547,000 and $7,928,000 in 2013 and 2012, respectively.

Workers' compensation - The Association has a self-insured workers' compensation plan for its employees. The Association pays its share of actual injury claims, maintenance of reserves, administrative expenses, and reimbursement premiums. Costs of the Association for workers' compensation expense were approximately $1,006,000 and $955,000 in 2013 and 2012, respectively.

Unemployment - The Association has a self-insured unemployment plan for its employees. The Association pays its share of actual unemployment claims and administrative expenses. Payments by the Association for unemployment expense were approximately $151,000 and $321,000 in 2013 and 2012, respectively.

Note 11 - Concentrations of Credit Risk

The Association grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at December 31, 2013 and 2012, was as follows:

	2013	2012
Medicare	41%	39%
Medicaid	16%	17%
Other payors	18%	16%
Premera	11%	12%
Commercial	14%	16%
	100%	100%

Note 12 - Commitments and Contingencies

Operating leases - The Association leases various equipment and facilities under operating leases. These operating leases are not long-term commitments. Total rental expense in 2013 and 2012 for all operating leases was $1,481,980 and $1,613,122, respectively.

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

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

Note 13 - Central Washington Hospital Foundation

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

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

Summarized financial information as of and for the years ended December 31, 2013 and 2012, relating to the Foundation is as follows:

	2013	2012
Assets, primarily cash and investments	$ 12,868,000	$ 11,515,000
Payable to Central Washington Hospital	$ 3,568,000	$ 3,587,000
Other liabilities	859,000	886,000
	4,427,000	4,473,000
Net assets	8,441,000	7,042,000
	$ 12,868,000	$ 11,515,000
Increase in net assets	$ 1,399,000	$ 890,000

Note 14 - Fair Value of Assets

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

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

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

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments without quoted market prices, but for which all significant inputs are observable, either directly or indirectly.

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

Note 14 - Fair Value of Assets (continued)

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

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

		Fair Value Measurements Using		
December 31, 2013	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 18,593,011	$ 18,593,011	$ -	$ -
Mutual funds				
Large Blend	8,437,881	8,437,881	-	-
Large Value	10,724,415	10,724,415	-	-
Mid Cap Growth	4,050,985	4,050,985	-	-
Foreign Large Value	3,343,154	3,343,154	-	-
Foreign Large Blend	3,559,748	3,559,748	-	-
Fixed income				
Bond funds	22,830,363	22,830,363	-	-
Certificates of deposit	1,644,000	-	1,644,000	-
Guaranteed investment contracts	9,357,736	-	9,357,736	-
	$ 82,541,293	$ 71,539,557	$ 11,001,736	$ -
December 31, 2012				
Cash and cash equivalents	$ 20,593,855	$ 20,593,855	$ -	$ -
Mutual funds				
Large Blend	6,327,635	6,327,635	-	-
Large Value	7,630,440	7,630,440	-	-
Mid Cap Growth	3,039,167	3,039,167	-	-
Foreign Large Value	2,782,461	2,782,461	-	-
Foreign Large Blend	2,818,178	2,818,178	-	-
Fixed income				
Bond funds	21,247,034	21,247,034	-	-
Certificates of deposit	1,971,000	-	1,971,000	-
Guaranteed investment contracts	9,357,737	-	9,357,737	-
	$ 75,767,507	$ 64,438,770	$ 11,328,737	$ -

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

Note 15 - Fair Value of Financial Instruments

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

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

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

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

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

Long-term debt - Fair values of the Association's revenue bonds are based on current traded value. The fair value of the Association's remaining long-term debt is estimated using discounted cash flow analyses, based on the Association's current incremental borrowing rates for similar types of borrowing arrangements. These instruments are categorized as Level 2 in the fair value hierarchy (Note 14).

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

	2013		2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	$ 112,422,260	$ 118,653,873	$ 114,161,777	$ 131,000,305

Note 16 - Affiliation Transactions

Professional services - As part of the affiliation described in Note 1 between Confluence Health, Wenatchee Valley Medical Center, and the Association, the Association reimburses Wenatchee Valley Medical Center for professional services rendered. Expenses incurred under this arrangement totaled $4,048,897 for the year ended December 31, 2013. There was an amount payable of $1,971,492 at December 31, 2013.

Note 16 - Affiliation Transactions (continued)

Note receivable from affiliate - The Association and Confluence Health entered into a note in 2013 for a maximum amount of $30,000,000. The note bears interest at prime plus 2% (prime rate was 3.25% at December 31, 2013). The terms of the note payable provide for quarterly principal payments due in 20 installments with 19 installments of $500,000 commencing in September 2016 and the remaining unpaid aggregate balance paid in July 2021. Interest accrued on the note is payable quarterly. The amount outstanding as due, including accrued interest to the Association under this agreement, is $13,159,190 at December 31, 2013.

Management services - The employees of Confluence Health provide administrative services to the Association beginning in 2013. In connection with services provided, the Association reimbursed Confluence Health in the amount of $24,067,830 for the year ended December 31, 2013.

SUPPLEMENTARY INFORMATION

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

	Year Ended	
	Amount	Per Adjusted Patient Day (Unaudited)
GROSS PATIENT SERVICE REVENUE[1]	$ 498,660,094	$ 7,387
DEDUCTIONS FROM GROSS PATIENT SERVICE REVENUE[1]	(270,317,166)	(4,004)
NET PATIENT SERVICE REVENUE	228,342,928	3,383
OTHER REVENUE	4,191,023	62
Total revenue and other support	232,533,951	3,445
EXPENSES		
Salaries	75,018,628	1,111
Employee benefits	20,000,139	296
Professional fees	39,517,984	585
Supplies	46,964,360	696
Purchased services	12,080,987	179
Depreciation and amortization	14,681,314	217
Medical malpractice costs	1,194,065	18
Interest	7,593,638	112
Other	7,294,761	108
Total expenses	224,345,876	3,322
INCOME FROM OPERATIONS	8,188,075	123
OTHER INCOME	1,529,251	23
EXCESS OF REVENUE OVER EXPENSES	9,717,326	146
UNREALIZED GAIN ON INVESTMENTS USED FOR PURCHASE OF PROPERTY AND EQUIPMENT	6,346,381	94
NET ASSETS RELEASED FROM RESTRICTIONS	-	-
CHANGE IN UNRESTRICTED NET ASSETS	$ 16,063,707	$ 240
TOTAL ADJUSTED PATIENT DAYS EXCLUDING NEWBORNS		67,505
TOTAL ADJUSTED ADMISSIONS EXCLUDING NEWBORNS		

[1]For purposes of supplemental information only, gross patient service revenue and deductions from patient service revenue include charity care of $9,657,945 and $8,697,323 and bad debt of $9,350,432 and $6,210,372 in 2013 and 2012, respectively.

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

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

December 31, 2013		Year Ended December 31, 2012			
Per Adjusted Admission (Unaudited)	Percent (Rounded)	Amount	Per Adjusted Patient Day (Unaudited)	Per Adjusted Admission (Unaudited)	Percent (Rounded)
$ 31,100	100 0	$ 412,841,865	$ 6,696	$ 26,301	100 0
(16,859)	(54 2)	(212,934,378)	(3,453)	(13,565)	(51 6)
14,241	45 8	199,907,487	3,243	12,736	48 4
261	0 8	5,083,823	82	324	1 2
14,502	46 6	204,991,310	3,325	13,060	49 7
4,679	15 0	86,204,423	1,398	5,492	20 9
1,247	4.0	21,295,834	345	1,357	5.2
2,465	7 9	10,757,894	174	685	2 6
2,929	9 4	34,920,105	566	2,225	8 5
753	2 4	11,797,417	191	752	2 9
916	2 9	14,854,404	241	946	3 6
74	0 2	2,515,266	41	160	0 6
474	1 5	7,662,255	124	488	1 9
455	1 5	9,505,742	154	606	2 3
13,992	45 0	199,513,340	3,234	12,711	48 3
510	1 6	5,477,970	91	349	1 3
95	0 3	6,883,442	112	439	1 7
605	1 9	12,361,412	203	788	3 0
396	1 3	4,863,859	79	310	1 2
-	-	250,000	4	16	0 1
$ 1,001	3 2	$ 17,475,271	$ 286	$ 1,114	4 2
			61,659		
16,034				15,697	

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

	Years Ended December 31,	
	2013	2012
DAILY PATIENT SERVICES		
Nursing service	$ 78,105,557	$ 62,687,096
Obstetrics	6,247,720	5,272,476
Nursery	3,210,904	2,742,643
Neonatal intensive care	2,421,677	2,562,049
Critical care	19,664,821	15,887,859
	109,650,679	89,152,123
TRANSITIONAL CARE SERVICES	4,734,998	3,817,776
PHYSICIAN SERVICES	19,134,707	18,382,396
OTHER NURSING SERVICES		
Surgery	38,707,636	33,916,930
Post-anesthesia care unit	3,453,429	3,173,349
Ambulatory care	1,021,277	788,985
Labor and delivery	10,469,169	9,333,183
Dialysis	782,574	2,752,826
Emergency service	38,416,415	32,746,679
Anesthesiology	3,336,669	2,788,023
	96,187,169	85,499,975
OTHER PROFESSIONAL SERVICES[1]		
Central services	97,394,149	75,531,891
Laboratory and blood administration	28,768,022	28,135,342
Electrocardiology	1,391,545	1,232,829
CT scan	15,355,701	13,181,991
Behavioral Medicine	33,815	-
Chemo/Infusion	15,546,427	-
Diagnostic imaging	27,570,081	25,085,203
Diagnostic and interventional cardiology	9,189,256	7,739,976
Diagnostic imaging electrophysiology	4,136,834	3,150,002
Pharmacy	37,592,384	34,132,382
Home infusion services	2,516,994	2,415,115
Respiratory therapy	8,982,966	7,605,821
Physical and speech therapy	7,984,779	7,122,760
Occupational therapy	2,408,699	1,976,745
Home health services	7,194,644	7,224,774
Other	2,886,245	1,454,764
	268,952,541	215,989,595
GROSS PATIENT SERVICE REVENUE[2]	$ 498,660,094	$ 412,841,865

[1]Other professional services include services provided for the transitional care unit in the amounts of $4,628,735 and $3,832,383 in 2013 and 2012, respectively.

[2]For purposes of supplementary information only, gross patient service revenue includes charity care of $9,657,945 and $8,697,323 and bad debt of $9,350,432 and $6,210,372 in 2013 and 2012, respectively.

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

	Years Ended December 31,	
	2013	2012
DEDUCTIONS FROM GROSS PATIENT SERVICE REVENUE		
Contractual adjustments and other	$ 251,308,789	$ 198,026,683
Provision for bad debts	9,350,432	6,210,372
Charity care	9,657,945	8,697,323
	$ 270,317,166	$ 212,934,378
OTHER REVENUE		
Cafeteria	$ 1,260,913	$ 1,178,495
Employee pharmacy sales	137,348	215,329
Purchase discounts and rebates	31,035	28,008
Other	444,710	465,214
Meaningful use	1,665,682	2,487,685
Interest income	412,046	252,763
Grants and donations	24,964	254,075
Sale of DME	169,483	163,027
State trauma funds	44,842	39,227
	$ 4,191,023	$ 5,083,823

CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION
dba CENTRAL WASHINGTON HOSPITAL
PROFESSIONAL CARE OF PATIENT EXPENSES
YEAR ENDED DECEMBER 31, 2013

	Salaries and Benefits	Other	Total
DAILY PATIENT SERVICES			
Nursing service	$ 20,150,388	$ 1,288,126	$ 21,438,514
Obstetrics	2,161,024	116,782	2,277,806
Nursery	113	876	989
Neonatal intensive care	917,953	54,414	972,367
Critical care	4,405,032	669,581	5,074,613
	27,634,510	2,129,779	29,764,289
TRANSITIONAL CARE SERVICES	2,345,689	97,714	2,443,403
PHYSICIAN SERVICES	7,574,080	5,587,371	13,161,451
OTHER NURSING SERVICES			
Surgery	5,033,024	3,282,219	8,315,243
Post-anesthesia care unit	1,438,945	66,195	1,505,140
Ambulatory care	1,836,339	94,200	1,930,539
Labor and delivery	2,555,415	194,291	2,749,706
Dialysis	975	466,451	467,426
Emergency services	4,285,084	4,198,050	8,483,134
Anesthesiology	527,207	1,196,112	1,723,319
	15,676,989	9,497,518	25,174,507
OTHER PROFESSIONAL SERVICES			
Central services	898,125	21,846,519	22,744,644
Laboratory and blood administration	3,106,692	4,559,443	7,666,135
Electrocardiology	-	37,084	37,084
C T scan	656,708	247,061	903,769
Diagnostic imaging	4,202,821	1,563,730	5,766,551
Diagnostic and interventional cardiology	806,896	439,455	1,246,351
Diagnostic imaging electrophysiology	418,919	76,093	495,012
Pharmacy	4,271,890	8,215,700	12,487,590
Home infusion services	471,361	951,537	1,422,898
Chemo infusion	391,122	6,003,519	6,394,641
Cardiology	-	26,148	26,148
Respiratory therapy	1,959,380	174,537	2,133,917
Physical and speech therapy	3,213,696	375,226	3,588,922
Occupational therapy	613,575	80,050	693,625
Home health services	5,060,406	1,187,818	6,248,224
Other	671,792	136,020	807,812
	26,743,383	45,919,940	72,663,323
TOTAL PROFESSIONAL CARE OF PATIENT EXPENSES	$ 79,974,651	$ 63,232,322	$ 143,206,973

CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION
dba CENTRAL WASHINGTON HOSPITAL
PROFESSIONAL CARE OF PATIENT EXPENSES
YEAR ENDED DECEMBER 31, 2012

	Salaries and Benefits	Other	Total
DAILY PATIENT SERVICES			
Nursing service	$ 18,284,905	$ 752,183	$ 19,037,088
Obstetrics	1,775,844	36,973	1,812,817
Nursery	-	-	-
Neonatal intensive care	990,815	56,262	1,047,077
Critical care	4,172,440	447,839	4,620,279
	25,224,004	1,293,257	26,517,261
TRANSITIONAL CARE SERVICES	2,047,829	78,087	2,125,916
PHYSICIAN SERVICES	10,466,174	1,775,607	12,241,781
OTHER NURSING SERVICES			
Surgery	4,597,856	2,895,874	7,493,730
Post-anesthesia care unit	1,305,490	74,405	1,379,895
Ambulatory care	1,604,329	83,345	1,687,674
Labor and delivery	2,401,923	149,141	2,551,064
Dialysis	873,187	433,159	1,306,346
Emergency services	3,904,813	3,290,233	7,195,046
Anesthesiology	496,296	968,177	1,464,473
	15,183,894	7,894,334	23,078,228
OTHER PROFESSIONAL SERVICES			
Central services	860,415	18,750,880	19,611,295
Laboratory and blood administration	2,926,026	4,261,645	7,187,671
Electrocardiology	74,098	5,894	79,992
C T scan	710,875	317,535	1,028,410
Diagnostic imaging	4,034,309	1,636,282	5,670,591
Diagnostic and interventional cardiology	704,732	589,926	1,294,658
Diagnostic imaging electrophysiology	378,285	119,207	497,492
Pharmacy	4,044,065	6,064,658	10,108,723
Home infusion services	448,587	965,341	1,413,928
Chemo infusion	-	-	-
Cardiology	-	-	-
Respiratory therapy	2,042,363	156,139	2,198,502
Physical and speech therapy	2,927,237	263,414	3,190,651
Occupational therapy	585,636	17,680	603,316
Home health services	4,489,892	1,083,279	5,573,171
Other	574,034	98,497	672,531
	24,800,554	34,330,377	59,130,931
TOTAL PROFESSIONAL CARE OF PATIENT EXPENSES	$ 77,722,455	$ 45,371,662	$ 123,094,117

CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION
dba CENTRAL WASHINGTON HOSPITAL
OTHER OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2013

	Salaries and Benefits	Other	Total
GENERAL SERVICES			
Dietary services	$ 2,062,101	$ 1,160,518	$ 3,222,619
Laundry	201,312	107,928	309,240
Supply chain management and print shop	-	1,134,643	1,134,643
Engineering services	790,079	1,912,030	2,702,109
Environmental service	2,065,028	266,683	2,331,711
Care management team	684,927	80,805	765,732
	$ 5,803,447	$ 4,662,607	$ 10,466,054
FINANCIAL AND ADMINISTRATIVE SERVICES			
Financial services[1]	$ 2,229,169	$ 5,752,885	$ 7,982,054
Administrative services[2,4]	3,224,093	28,307,947	31,532,040
Insurance, taxes, and licenses	-	3,902,331	3,902,331
	$ 5,453,262	$ 37,963,163	$ 43,416,425
OTHER EMPLOYEE BENEFITS[3]	$ 3,787,407	$ -	$ 3,787,407
MEDICAL MALPRACTICE COSTS	$ -	$ 1,194,065	$ 1,194,065
DEPRECIATION AND AMORTIZATION	$ -	$ 14,681,314	$ 14,681,314
INTEREST EXPENSE	$ -	$ 7,593,638	$ 7,593,638
TOTAL EXPENSES	$ 95,018,767	$ 129,327,109	$ 224,345,876

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

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

[3]Other employee benefits include benefits not charged directly to departments, such as unemployment taxes and state industrial insurance, and an early retirement program offered in 2012.

[4]The employees of Confluence Health provide management services to the Association. Although the services pertain to general, administrative, and financial services, for purposes of inclusion in the supplementary information, the $24,067,830 expense for the year ended December 31, 2013, was included in administrative services only.

CENTRAL WASHINGTON HEALTH SERVICES ASSOCIATION
dba CENTRAL WASHINGTON HOSPITAL
OTHER OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2012

	Salaries and Benefits	Other	Total
GENERAL SERVICES			
Dietary services	$ 2,060,695	$ 978,495	$ 3,039,190
Laundry	457,466	109,130	566,596
Supply chain management and print shop	1,035,084	1,052,107	2,087,191
Engineering services	1,279,353	1,844,660	3,124,013
Environmental service	2,059,759	241,629	2,301,388
Care management team	2,697,944	107,031	2,804,975
	$ 9,590,301	$ 4,333,052	$ 13,923,353
FINANCIAL AND ADMINISTRATIVE SERVICES			
Financial services[1]	$ 9,548,434	$ 6,821,282	$ 16,369,716
Administrative services[2]	8,355,877	5,088,033	13,443,910
Insurance, taxes, and licenses	-	5,367,130	5,367,130
	$ 17,904,311	$ 17,276,445	$ 35,180,756
OTHER EMPLOYEE BENEFITS[3]	$ 2,283,189	$ -	$ 2,283,189
MEDICAL MALPRACTICE COSTS	$ -	$ 2,515,266	$ 2,515,266
DEPRECIATION AND AMORTIZATION	$ -	$ 14,854,404	$ 14,854,404
INTEREST EXPENSE	$ -	$ 7,662,255	$ 7,662,255
TOTAL EXPENSES	$ 107,500,256	$ 92,013,084	$ 199,513,340