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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

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

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

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?

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 \$ 332,599,935 including grants of \$) (Revenue \$ 425,433,888)

Hospital Services - Overlake Hospital Medical Center is a nonprofit, independently operated regional center serving the eastern Puget Sound region with medical facilities in Bellevue, Issaquah, Kirkland, and Redmond Founded in 1953, today Overlake Hospital is a regional leader in health care, providing advanced medical services in the areas of cardiac care, general and specialty surgery, women's services, cancer care and emergency services The Hospital also has a network of neighborhood clinics in its primary service area There were 17,207 patients admitted for inpatient medical care for a total of 62,005 patient days There were 225,242 outpatient visits out of which 43,844 were for emergency care visits The Hospital delivered 3,551 babies Overlake Medical Clinics provided 198,288 patient visits Overlake Hospital demonstrated a commitment to improving the health of the community by supporting many health-related events, programs, clinical research and made various contributions throughout the year that had a direct benefit to the community The Hospital maintains records to identify and monitor the level of charity care it provides These records include the amount of charges foregone for services Overlake Hospital provided care to 6,683 patients who are uninsured or under insured in the amount of \$20,230,000 (estimated cost of \$6,741,000) The Hospital provided care to Medicaid patients at rates below the cost of providing services The payments were less than cost by \$9,541,000 In keeping with the Hospital's spirit of giving back to the community, it provided a total of \$5,041,000 of community benefit service activities Overlake Staff spent 3,708 hours in the community by participating in, organizing and managing health programs and activities Overlake sponsors community health events and screenings for the general public Overlake held four successful Eastside Vitality Health Fair events in September, 2013 at the Kirkland, Issaquah and Redmond clinics and at the main campus There were 180 volunteers, physicians and staff who helped provide free screenings, tours and overall community goodwill More than 1,000 participants received 3,662 services and screenings As the health care needs of our community increase and grow more complex, Overlake has strengthened its commitment to providing the most advanced treatment and technology alongside compassionate care every day Overlake solidified its place as the leader and provider of the most comprehensive array of cardiac services available to Eastside patients by opening the state-of-the-art David and Shelley Hovind Heart & Vascular Center in August 2013 Overlake Hospital's Cardiac services can be accessed in one convenient location The new Heart & Vascular Center brings all our people and services in interventional cardiology together, including electrophysiology, cardiac catheterization, interventional radiology and a 15-bed patient care unit Since December 2013, the heart valve team at Overlake Hospital Medical Center has been performing the minimally invasive transcatheter aortic valve replacement (TAVR) procedure for patients with severe aortic stenosis Overlake is the only hospital on the Eastside and one of only four hospitals in the state to provide this procedure Overlake has been a nationally recognized leader in the cancer center since 1974 The Cancer Center at Overlake is noted for its newest cancer treatments and most advanced technologies available, as well as for its exceptional patient experience Overlake's Cancer Center holds three national accreditations The American College of Surgeons Commission of Cancer, the National Accreditation Program for Breast Cancer (NAPBC), and Overlake is also the only site fully accredited by the American College of Radiation Oncology in Washington State Overlake's Women and Infants' Center provides a full continuum of care designed for women in their childbearing years and beyond Overlake offers exceptional care for elderly patients by educating our nurses in effective geriatric care For more than 30 years, Overlake has been the leader in providing quality adult and adolescent psychiatric care to the Puget Sound community Our Specialty School is recognized by the school districts as a leader in helping students who need specialized behavioral services by providing academic, social, emotional and behavioral support Overlake is expanding its network of Medical Clinics throughout the Eastside Overlake understands how busy people's day to day lives can be, that's why the Hospital provides patients with convenient, accessible medical care located close to where they live and work Overlake is proud to be recognized as foremost in the region for our focus on our patients and we have been rewarded for it by patients, families who prefer us for their comprehensive healthcare and through many national awards Two leading national organizations focused on improving safety and quality in America's hospitals have recognized Overlake Medical Center's efforts to improve care for patients Overlake was honored with an "A" Hospital Safety Score by The Leapfrog Group, an independent nonprofit organization and advocate for patient safety nationwide Overlake was the only Eastside hospital to receive Leapfrog's "A" Grade In addition, Overlake Medical Center earned "Top Performer on Key Quality Measures" recognition from The Joint Commission, the leading accreditor of healthcare organizations in America, for its exemplary performance in using evidence-based clinical processes to improve patient care for heart attack, heart failure, pneumonia and surgical patients

4b

(Code) (Expenses \$ 1,660,785 including grants of \$) (Revenue \$ 183,811)

Education Services - In addition to the excellent care we provide our patients, the Hospital firmly believes education is critical to overall wellness so the organization reaches out to the community to engage and empower its patients in becoming educated healthcare consumers by offering free and low-cost classes for all age groups Health education is an important part of preventive care The Education Program provided 38,317 family contact hours offering classes of a wide range of health related topics including women's health, prenatal care, coping skills, dealing with cancer, positive parenting, safety, asthma, heart disease, diabetes, living wills, incontinence, weight loss, maintaining balance, babysitting for teens, CPR and healthy lifestyles The Hospital provided 14,720 nursing education hours on a wide range of topics to internal and external staff and nursing residents

4c

(Code) (Expenses \$ 1,259,976 including grants of \$ 1,259,976) (Revenue \$)

Other Grants and Allocations - Grants to Overlake Hospital Foundation and Overlake Hospital Auxiliaries to cover expenses and Grants to others for Community events

4d

Other program services (Describe in Schedule O)

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

4e

Total program service expenses

335,520,696

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 Yes	
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f	No
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or 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? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
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? <i>If "Yes," complete Schedule I, Parts I and III</i>	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? <i>If "Yes," complete Schedule J</i>	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? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c	Yes	
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part I</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? <i>If so, complete Schedule L, Part II</i>	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? <i>If "Yes," complete Schedule L, Part III</i>	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? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	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? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	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? <i>If "Yes," complete Schedule R, Part I</i>	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	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? <i>If "Yes," complete Schedule R, Part VI</i>	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.	247	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
1c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		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.	2,995	
2b 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).		Yes	
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?		Yes	
3b If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.			
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)?			No
4b 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?			No
5b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			No
5c If "Yes," to line 5a or 5b, did the organization file Form 8886-T?			
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?			No
6b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			
7 Organizations that may receive deductible contributions under section 170(c).			
7a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?			No
7b If "Yes," did the organization notify the donor of the value of the goods or services provided?			
7c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			No
7d If "Yes," indicate the number of Forms 8282 filed during the year.		0	
7e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			No
7f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			No
7g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			No
7h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			No
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			No
9 Sponsoring organizations maintaining donor advised funds.			
9a Did the organization make any taxable distributions under section 4966?			No
9b Did the organization make a distribution to a donor, donor advisor, or related person?			No
10 Section 501(c)(7) organizations. Enter			
10a Initiation fees and capital contributions included on Part VIII, line 12.			
10b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.			
11 Section 501(c)(12) organizations. Enter			
11a Gross income from members or shareholders.			
11b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).			
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?			No
12b If "Yes," enter the amount of tax-exempt interest received or accrued during the year.			
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
13a 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.			No
13b 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.			
13c Enter the amount of reserves on hand.			
14a Did the organization receive any payments for indoor tanning services during the tax year?			No
14b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.			

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	17	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	17	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	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
10b	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
11b	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
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
12c	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?		
15a	The organization's CEO, Executive Director, or top management official	15a	Yes
15b	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
16b	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▶
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. ☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)
19	Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶Eric Teshima 1231 116th Ave Ste 600 Bellevue, WA 980044687 (425) 688-5149

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

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

[illegible]

Part VII

1b	Sub-Total			
c	Total from continuation sheets to Part VII, Section A			
d	Total (add lines 1b and 1c)	7,320,272		963,883

2 Total number of individuals (including but not limited to those listed in the table) who received more than \$100,000 of reportable compensation from the organization: 368

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	3 Yes	
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	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? <i>If "Yes," complete Schedule J for such person</i>	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
Gall Landau Young Construction Co P O Box 6728 Bellevue WA 98008	Construction	13,037,689
Epic Systems Corporation P O Box 88314 Milwaukee WI 532880314	Software Developer	7,966,754
Denali Advanced Integration 17735 NE 65th St Redmond WA 98052	IT Support Services	3,100,903
Puget Sound Blood Center 921 Terry Avenue Seattle WA 981041256	Blood Services	2,901,967
Aldrich & Associates Inc 810 240th St SE Bothell WA 980219397	Construction	2,646,108

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 ▶81

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		3,909,161			
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d	3,909,161				
	e	Government grants (contributions)	1e					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f					
	g	Noncash contributions included in lines 1a-1f \$						
	h	Total. Add lines 1a-1f						
Program Service Revenue			Business Code					
	2a	Education Services	611710	183,811	183,811			
	b	Medicare/Medicaid Payment	900004	152,300,049	152,300,049			
	c	Non Government Payments	900004	267,456,969	267,456,969			
	d	Other Program Services	900004	4,401,594	4,401,594			
	e	Program Related Invstmnts	900004	1,275,276	1,275,276			
	f	All other program service revenue						
	g	Total. Add lines 2a-2f		425,617,699				
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		5,974,947			5,974,947	
	4	Income from investment of tax-exempt bond proceeds		0				
	5	Royalties		0				
	6a	Gross rents	(i) Real	(ii) Personal	351,469			351,469
			351,469					
			351,469					
	b	Less rental expenses						
	c	Rental income or (loss)						
	d	Net rental income or (loss)						
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other	10,789,904			10,789,904
			30,874,649	4,866				
			20,008,198	81,413				
			10,866,451	-76,547				
	d	Net gain or (loss)						
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18		0				
	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		0				
	a							
	b	Less direct expenses	b					
	c	Net income or (loss) from gaming activities						
	10a	Gross sales of inventory, less returns and allowances		51,614				
			a					276,739
			b					Less cost of goods sold
	c	Net income or (loss) from sales of inventory						
	Miscellaneous Revenue		Business Code					
	11a	Cafeteria/Catering	722210	2,423,598		553,647	1,869,951	
	b	Laboratory	621500	1,750,223		768,660	981,563	
	c	Parking Revenue	812930	317,488			317,488	
d	All other revenue		297,638			297,638		
e	Total. Add lines 11a-11d		4,788,947					
12	Total revenue. See Instructions		451,483,741	425,617,699	1,322,307	20,634,574		

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.	1,259,976	1,259,976		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.	0			
4	Benefits paid to or for members.	0			
5	Compensation of current officers, directors, trustees, and key employees.	3,811,610	1,008,734	2,802,876	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	0			
7	Other salaries and wages.	176,346,012	145,774,448	30,571,564	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	10,628,326	8,874,584	1,753,742	
9	Other employee benefits.	19,778,935	15,471,176	4,307,759	
10	Payroll taxes.	12,756,110	10,539,665	2,216,445	
11	Fees for services (non-employees):				
a	Management.	0			
b	Legal.	702,029	46,770	655,259	
c	Accounting.	329,259		329,259	
d	Lobbying.	120,309		120,309	
e	Professional fundraising services. See Part IV, line 17.	0			
f	Investment management fees.	170,823		170,823	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	36,678,155	27,547,584	9,130,571	
12	Advertising and promotion.	1,521,121	26,446	1,494,675	
13	Office expenses.	7,188,682	4,224,294	2,964,388	
14	Information technology.	8,313,110		8,313,110	
15	Royalties.	0			
16	Occupancy.	14,752,375	10,673,438	4,078,937	
17	Travel.	490,740	230,094	260,646	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19	Conferences, conventions, and meetings.	406,973	371,027	35,946	
20	Interest.	9,873,389	9,873,389		
21	Payments to affiliates.	0			
22	Depreciation, depletion, and amortization.	33,931,020	23,148,300	10,782,720	
23	Insurance.	5,738,109	4,635,219	1,102,890	
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	Medical Supplies	64,648,151	64,573,069	75,082	
b	B & O Tax	4,595,569	4,595,569		
c	Licenses & Membership Dues	2,050,009	1,363,826	686,183	
d	Medicaid Prov Assessmnt	1,102,403	1,102,403		
e	All other expenses	721,873	180,685	541,188	
25	Total functional expenses. Add lines 1 through 24e.	417,915,068	335,520,696	82,394,372	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)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		14,388,882	1	24,592,527
	2	Savings and temporary cash investments		24,834,303	2	25,942,620
	3	Pledges and grants receivable, net			3	0
	4	Accounts receivable, net		52,498,332	4	51,076,404
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	0
	7	Notes and loans receivable, net		285,000	7	275,003
	8	Inventories for sale or use		6,417,354	8	7,284,247
	9	Prepaid expenses and deferred charges		11,054,208	9	21,020,773
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	446,203,865		
	b	Less accumulated depreciation	10b	225,284,872	224,915,153	10c 220,918,993
	11	Investments—publicly traded securities		261,934,346	11	295,984,802
	12	Investments—other securities See Part IV, line 11			12	0
	13	Investments—program-related See Part IV, line 11		2,841,694	13	2,905,768
	14	Intangible assets		5,366,330	14	4,466,666
	15	Other assets See Part IV, line 11		6,269,970	15	37,077,087
	16	Total assets. Add lines 1 through 15 (must equal line 34)		610,805,572	16	691,544,890
Liabilities	17	Accounts payable and accrued expenses		67,318,096	17	79,823,606
	18	Grants payable			18	
	19	Deferred revenue			19	9,807,498
	20	Tax-exempt bond liabilities		178,539,468	20	173,117,249
	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		140,650	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		10,503,771	25	16,548,146
	26	Total liabilities. Add lines 17 through 25		256,501,985	26	279,296,499
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		353,990,502	27	410,595,788
	28	Temporarily restricted net assets		313,085	28	1,652,603
	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		354,303,587	33	412,248,391
	34	Total liabilities and net assets/fund balances		610,805,572	34	691,544,890

Part XI Reconciliation 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	451,483,741
2	Total expenses (must equal Part IX, column (A), line 25)	2	417,915,068
3	Revenue less expenses Subtract line 2 from line 1	3	33,568,673
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	354,303,587
5	Net unrealized gains (losses) on investments	5	21,296,887
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	3,079,244
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	412,248,391

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? 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		No
2b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both ☐ Separate basis ☒ Consolidated basis ☐ Both consolidated and separate basis	Yes	
2c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
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?		No
3b	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		

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 OVERLAKE HOSPITAL MEDICAL CENTER	Employer identification number 91-0652651
--	--

Part I

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

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

- 1

☐

A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9

☐

An organization that normally receives (1) more than 33¹/₃% 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 33¹/₃% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated
- e

☐

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

☐

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

☐

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

(i)

A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

(ii)

A family member of a person described in (i) above?

(iii)

A 35% controlled entity of a person described in (i) or (ii) above?

h

☐

Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(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									

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990EZ.

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2013

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 IIISupport 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

OMB No 1545-0047

2013

Open to Public Inspection

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.**

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 OVERLAKE HOSPITAL MEDICAL CENTER	Employer identification number 91-0652651
--	--

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

1	Provide a description of the organization’s direct and indirect political campaign activities in Part IV	
2	Political expenditures	▶ \$ _____
3	Volunteer hours	_____

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

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$ _____
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$ _____
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	☐ Yes ☒ No
4a	Was a correction made?	☐ Yes ☒ No
b	If "Yes," describe in Part IV	

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$ _____
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities	▶ \$ _____
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$ _____
4	Did the filing organization file Form 1120-POL for this year?	☐ Yes ☐ No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization’s funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds If none, enter -0-	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-
(1) Washington State Hospital Assoc	Dept5028 P O Box 34936 Seattle, WA 98124	91-1809445	46,852	
(2) Millennia Public Affairs Inc	21127 47th Dr SE Bothell, WA 98021		63,336	
(3) American Hospital Association	P O Box 34936 Seattle, WA 98124		10,121	

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															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		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		
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														
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-															
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)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		56,973
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		63,336
j	Total. Add lines 1c through 1i.			120,309
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		No	

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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 1i - Other Activities Description	Part of the membership dues that are paid to the Washington State Hospital Association and American Hospital Association are used for lobbying purposes

Part IV

Explanation

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 OVERLAKE HOSPITAL MEDICAL CENTER	Employer identification number 91-0652651
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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
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register

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

▶ \$ _____

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Cat No 52283D

Schedule D (Form 990) 2013

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
- c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
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

(i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

Yes

No

b

If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

3b

Yes

No

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		2,151,141		2,151,141
b Buildings		211,466,334	84,668,892	126,797,442
c Leasehold improvements		4,618,177	3,792,249	825,928
d Equipment		226,277,712	136,823,731	89,453,981
e Other		1,690,501		1,690,501
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				220,918,993

Schedule D (Form 990) 2013

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

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

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

Part XIII Supplemental Information

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

[illegible]

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
OVERLAKE HOSPITAL MEDICAL CENTER

Employer identification number
91-0652651

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

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)			6,740,709		6,740,709	1 610 %
b Medicaid (from Worksheet 3, column a)			21,089,031	11,547,712	9,541,319	2 280 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			27,829,740	11,547,712	16,282,028	3 890 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,174,886	133,194	1,041,692	0 250 %
f Health professions education (from Worksheet 5)			2,234,254	166,517	2,067,737	0 490 %
g Subsidized health services (from Worksheet 6)			2,872,978	1,259,402	1,613,576	0 390 %
h Research (from Worksheet 7)			426,765	327,498	99,267	0 020 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			283,567	65,245	218,322	0 050 %
j Total Other Benefits			6,992,450	1,951,856	5,040,594	1 200 %
k Total . Add lines 7d and 7j			34,822,190	13,499,568	21,322,622	5 090 %

Part III

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
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

1

Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?

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.

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.

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.

1

2

4,251,405

3

3,231,068

9a

Yes

9b

Yes

Section B. Medicare

5

Enter total revenue received from Medicare (including DSH and IME).

6

Enter Medicare allowable costs of care relating to payments on line 5.

7

Subtract line 6 from line 5. This is the surplus (or shortfall).

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

5

61,634,328

6

75,686,248

7

-14,051,920

9a

Yes

9b

Yes

Section C. Collection Practices

9a

Did the organization have a written debt collection policy during the tax year?

9b

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.

9a

Yes

9b

Yes

Part IV

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

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 Overlake Surgery Center LLC	Ambulatory Surgical Svcs	33.000 %		67.000 %
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Schedule H (Form 990) 2013

Section A. Hospital Facilities

Name, address, primary website address,
and state license number

Schedule H (Form 990) 2013

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)
Overlake Hospital Medical Ctr

Name of hospital facility or facility reporting group

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

	Yes	No
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 If "Yes," indicate what the CHNA report describes (check all that apply)	1 Yes	
a ☒ A definition of the community served by the hospital facility		
b ☒ Demographics of the community		
c ☒ Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d ☒ How data was obtained		
e ☒ The health needs of the community		
f ☒ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g ☒ The process for identifying and prioritizing community health needs and services to meet the community health needs		
h ☒ The process for consulting with persons representing the community's interests		
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs		
j ☐ Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>14</u>		
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	No
5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5 Yes	
a ☒ Hospital facility's website (list url) <u>overlakehospital.org/about-us/</u>		
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	No
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	No
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	No
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

Part V

Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9	Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9 Yes	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 0000</u> % If "No," explain in Part VI the criteria the hospital facility used	10 Yes	
11	Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 0000</u> % If "No," explain in Part VI the criteria the hospital facility used	11 Yes	
12	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	12 Yes	
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? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	14 Yes	
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? If "Yes," check all actions in which the hospital facility or a third party engaged	17	No
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			

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.

[illegible]

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? 19

Name and address	Type of Facility (describe)
1 See Additional Data Table	
2	
3	
4	
5	
6	
7	
8	
9	
10	

Part VI

Supplemental Information

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 III, Line 2 - Methodology Used To Estimate Bad Debt Expense	The Hospital and the Clinics provide an allowance for potential uncollectible patient accounts receivable whereby such receivables are reduced to their estimated net realizable value. The Hospital estimates this allowance based on the aging of accounts receivable, historical collection experience by payor, and other relevant factors. The Clinics estimates this allowance based on the historical collection experience by clinic and other relevant factors. There are various factors that can impact the collection trends, such as changes in the economy, which in turn have an impact on unemployment rates and the number of uninsured and underinsured patients, the increased burden of co-insurance, and deductibles to be made by patients with insurance and business practices related to collection efforts. These factors continuously change and can have an impact on collection trends and the estimation process. The bad debt expense on Schedule H, Part III, lines 2 and 3 are estimated based on the cost to charge ratio.

Form and Line Reference	Explanation
Part III, Line 3 - Methodology of Estimated Amount & Rationale for Including in Community Benefit	The Hospital believes that approximately 76% of the bad debt expense are related to patients that would be eligible under the Hospital's charity care guidelines had the patient provided the financial information necessary to make the determination. This percentage is based on running credit checks on a sample of accounts that were being sent to bad debts.

Form and Line Reference	Explanation
Part III, Line 4 - Bad Debt Expense	Provision for Bad Debt footnote on attached Audited Financial Statement page 14-15,section 6

Form and Line Reference	Explanation
Part III, Line 8 - Explanation Of Shortfall As Community Benefit	The costing methodology for Medicare allowable cost is derived from FY 2014 Medicare Cost Report The Hospital believes that all of the Medicare shortfall should be treated as community benefit The IRS community benefit standard includes the provision of care to Medicare patients and the Hospital continues providing care to the Medicare beneficiaries regardless of the shortfall By absorbing the Medicare shortfall, the Hospital thereby relieves the federal government of the burden of paying the full cost for Medicare beneficiaries

Form and Line Reference	Explanation
Part III, Line 9b - Provisions On Collection Practices For Qualified Patients	The Hospital will place a patient's account on hold when a patient's account is being considered for charity. Once a determination has been made that a patient qualifies for charity care, the patient's account is reduced by the charity amount granted and a letter is sent to the patient noting the charity adjustment. The patient may appeal the decision if he/she believes there is additional information that should have been considered or the financial situation has changed. The patient is responsible for any balance remaining after the charity adjustment, if any, and the collection process will continue in the normal process.

Form and Line Reference	Explanation
Part VI - Needs Assessment	The Hospital conducted a community needs assessment in June 2014 and is using this as the primary basis for assessing the community health needs in the future. In addition, the Hospital distributes feedback forms in all our classes and at our major events, such as our annual community health fair. These forms ask attendees a range of questions, including what other classes or services people would like us to offer. We also include an item in every issue of Healthy Outlook asking people to contact us if they have requests for particular health classes or lectures. Finally, we maintain relationships with other area non-profits and work with them when they identify specific community health needs (e.g. stroke screenings at Hopelink).

Form and Line Reference	Explanation
Part VI - Patient Education of Eligibility for Assistance	Information about assistance programs starts at the point of registration. Placards describing the financial assistance programs are at all admitting registration desks. Financial assistance can take the form of assistance in qualifying for Medicaid, charity, or prompt pay discounts. Financial counselors are available to discuss the financial arrangements for all patients and they discuss the financial assistance program. The Financial counselors will also assist patients in completing the Hospital's charity care application if the patients brings in information and needs help completing the application. The Hospital engages an outside company to assist patients with applying for Medicaid. General information about the assistance programs is then included as part of each patient statement that is sent to a patient and includes the phone number of the Patient Financial Services department to call for assistance. In addition, as part of the account follow up, Patient Financial Service Representatives will call patients after their second statement and will discuss patient financial assistance as part of the call. Overlake's charity care policy is posted on the Washington State Department of Health's website and on the Hospital's website.

Form and Line Reference	Explanation
Part VI - Community Information	The Hospital's primary service area is East King County which is bounded by Lake Washington to the west and the Cascade Mountains to the east and extends north to the King County line, near the City of Bothell, and south to the City of Renton. It has a population base of approximately 872,339 residents with an ethnic makeup of 67% white, 18% Asian, 8% Hispanic, 7% other. 12% of the residents are 65 or older and another 28% in the 45 to 64 age bracket.

Form and Line Reference	Explanation
Part VI - Explanation Of How Organization Furthers Its Exempt Purpose	The Hospital staff participates in the county wide disaster preparedness group and is the back up to Harborview Medical Center The Hospital has an open medical staff model The Hospital operates an active screening program in which we offer free health screenings at least four times annually at community events The largest one is the annual Overlake Eastside Vitality Community Health Fair in which we provide over 3,662 free screenings including cholesterol, stroke risk, diabetes, and skin cancer Screening results and free counseling are provided at the events Those who need to see a physician are given a list of providers, including community medical clinics

Form and Line Reference	Explanation
Part VI - States Where Community Benefit Report Filed	WA

Form and Line Reference	Explanation
Part VI - Additional Information	Part I, Line 7The costing methodology for charity care and unreimbursed Medicaid was the cost to charge method using the cost to charge ratio derived from worksheet 2. The community health improvement cost, health professional education, research and cash and in-kind contributions are direct cost and do not include any indirect cost. The cost for subsidized health services is derived from a cost accounting system that addresses all patient segments.

Additional Data

Software ID: 13000170
Software Version: 2013v4.0
EIN: 91-0652651
Name: OVERLAKE HOSPITAL MEDICAL CENTER

990 Schedule H, Supplemental Information

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
Part V, Line 3 - Account Input from Person Who Represent the Community	
Part V, Line 7 - Explanation of Needs Not Addressed and Reasons Why	The Hospital has chosen not to actively address the remaining health need of dental care as identified in the Community Health Needs Assessment. Taking existing hospital and community resources into consideration, Overlake will concentrate on those health needs that we can most effectively address given our areas of focus and expertise.
Part V, Line 12h - Other Factors Used in Determining Amounts Charged Patients	The percentage discount used to determine the amount patient is responsible for increases based on the amount of the charges before the discount.
Part V, Line 14g - Other Means Hospital Facility Publicized the Policy	A clear, concise summary of the financial assistance application process and the contact information of the office that can assist with the application process is posted at the emergency room, admitting office, and other admitting points of entry. The summary is provided to patients on admission to the hospital. The contact information of the office that can assist with the application process is included on the bill. The website address for the policy will be added to the bill in fiscal 2015.

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?

Name and address	Type of Facility (describe)
OMC-CardiologyPulmonology 1135 116th Ave NE Ste 600 Bellevue,WA 98004	Cardiology/Pulmonology
OMC-Urgent Care Issaquah 5708 E Lk Sammamish Pkwy Ste 100 Issaquah,WA 98029	Cardiology/Pulmonology
OMC-Urgent CarePulmonology Redmond 17209 Redmond Way Redmond,WA 98052	Cardiology/Pulmonology
OMC-Medical Tower Primary Care 1135 116th Ave NE Ste 110 Bellevue,WA 98004	Cardiology/Pulmonology
OMC-Cardiology Bellevue 1414 1414 116th Ave NE Ste E Bellevue,WA 98004	Cardiology/Pulmonology
OMC-Downtown Bellevue Primary Care 400 108th Ave NE Ste 100 Bellevue,WA 98004	Cardiology/Pulmonology
OMC-Medical Oncology 1135 116th Ave NE Ste 230 Bellevue,WA 98004	Cardiology/Pulmonology
OMC-Primary Care & Specialty Clinic Issaquah 5708 E Lk Sammamish Pkwy Ste 105 Issaquah,WA 98027	Cardiology/Pulmonology
OMC-Radiation Oncology 1135 116th Ave NE Ste 160 Bellevue,WA 98004	Cardiology/Pulmonology
OMC-Cardiac Surgery 1135 116th Ave NE Ste 605 Bellevue,WA 98004	Cardiology/Pulmonology
OMC-Bariatric Surgery 1231 116th Ave Ne Ste 515 Bellevue,WA 98004	Cardiology/Pulmonology
OMC-Breast Surgery 1135 116th Ave NE Ste 180 Bellevue,WA 98004	Cardiology/Pulmonology
OMC-Primary CareCardiology Redmond 16315 Ne 74th St Redmond,WA 98052	Cardiology/Pulmonology
OMC-Gilman Primary Care 450 NW Gilman Blvd Ste 201 Issaquah,WA 98027	Cardiology/Pulmonology
OMC-PulmonologyCardiology Issaquah 1740 NW Maple Ste 207 Issaquah,WA 98027	Cardiology/Pulmonology

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?

Name and address	Type of Facility (describe)
OMC-Primary CareCardiology Kirkland 290 Central Ave Kirkland,WA 98033	Cardiology/Pulmonology
OMC-Outpatient PTOccupational Therapy & Speech 1417 116th Ave NE Ste 110 Bellevue,WA 98004	Cardiology/Pulmonology
OMC-Nutrition Services & Senior Health Center 1750 112th Ave NE Ste A101 Bellevue,WA 98004	Cardiology/Pulmonology
OMC-Neurosurgery 1231 116th Ave NE Ste 535 Bellevue,WA 98004	Cardiology/Pulmonology

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

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

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

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

OMB No 1545-0047

2013

Open to Public
Inspection

Name of the organization
OVERLAKE HOSPITAL MEDICAL CENTER

Employer identification number
91-0652651

Part I

General Information on Grants and Assistance

1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☒ Yes ☐ No

2

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

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
See Additional Data Table							

2

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

11

3

Enter total number of other organizations listed in the line 1 table

0

Part III

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

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

Part IV

Supplemental Information. Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

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

Additional Data

Software ID: 13000170
Software Version: 2013v4.0
EIN: 91-0652651
Name: OVERLAKE HOSPITAL MEDICAL CENTER

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Amercian Cancer Society 2120 1st Ave N Seattle, WA 98109	13-1788491	501 (c) (3)	10,000	0			Sponsor

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
American Heart Association P O Box 4002030 Des Moines, IA 50340	13-5613797	501 (c) (3)	10,000	0			Sponsor

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
American Red Cross P O Box 3097 Seattle, WA 98114	53-0196605	501 (c) (3)	10,000	0			Sponsor

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Bellevue Arts Museum 510 Bellevue Way NE Bellevue, WA 98004	91-6028261	501 (c) (3)	15,000	0			Sponsor

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Bellevue Chamber of Commerce 302 Bellevue Square Bellevue, WA 98004	91-0533602	501 (c) (3)	7,500	0			Sponsor

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Group Health Foundation P O Box 34015 Seattle, WA 98124	91-0511770	501 (c) (3)	10,000	0			Sponsor

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Issaquah Schools Foundation P O Box 835 Issaquah, WA 98027	94-3050254	501 (c) (3)	10,000	0			Sponsor

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Kirkland UncorkedBold Hat Pr 3503 Phinney Ave N Seattle,WA 98103	91-2152615	501 (c) (3)	8,273	0			Sponsor

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
March of Dimes 1904 3rd Ave Ste 230 Seattle, WA 31193	13-1846366	501 (c) (3)	10,000	0			Sponsor

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Overlake Hospital Auxiliaries 1035 116th Ave NE Bellevue, WA 98004	23-7297831	501 (c) (3)	95,711	0			Support Operations

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Overlake Hospital Foundation 1035 116th Ave Ne Bellevue, WA 98004	91-1050325	501 (c) (3)	1,026,918	0			Support Operations

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
OVERLAKE HOSPITAL MEDICAL CENTER

Employer identification number
91-0652651

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. ☐ First-class or charter travel ☐ Travel for companions ☐ Tax idemnification and gross-up payments ☐ Discretionary spending account ☐ Housing allowance or residence for personal use ☐ Payments for business use of personal residence ☒ Health or social club dues or initiation fees ☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?	2 Yes	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. ☒ Compensation committee ☒ Independent compensation consultant ☐ Form 990 of other organizations ☒ Written employment contract ☒ Compensation survey or study ☒ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization: a Receive a severance payment or change-of-control payment? b Participate in, or receive payment from, a supplemental nonqualified retirement plan? c Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.	4a Yes	
		4b Yes	
		4c	No
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of: a The organization? b Any related organization? If "Yes," to line 5a or 5b, describe in Part III.	5a	No
		5b	No
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of: a The organization? b Any related organization? If "Yes," to line 6a or 6b, describe in Part III.	6a	No
		6b	No
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III.	7 Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.	8	No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9	No

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

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

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

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

Part III Supplemental Information

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
Part I, Line 1a Relevant information in regards to selections on 1a	
Part I, Line 7 Non-Fixed payments not listed above	Management incentive for the CEO, COO and Vice Presidents are contingent on Overlake Hospital Association's consolidated net operating income for the fiscal year being at least 100% of the net operating income budget. The incentive payment is then based on a combination of meeting organizational and individual goals. The incentive payments are approved by the Governance Committee of the Board. Incentives were paid to Kathryn Crossland and John Walter Smith, based on productivity and meeting certain individual quality goals. Incentive were paid to Abhineet Chowdhary, John Heywood and David Nelson based on meeting certain individual quality goals.

Additional Data

Software ID: 13000170
Software Version: 2013v4.0
EIN: 91-0652651
Name: OVERLAKE HOSPITAL MEDICAL CENTER

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Abhineet Chowdhary MD Neurosurgeon	(i) (ii)	634,795	40,250	21,299	15,300	6,905	718,549	
Caitlin Hillary-Moulding Vice President	(i) (ii)	278,656	28,949	34,233	72,004	6,396	420,238	29,205
Craig Hendrickson President & CEO	(i) (ii)	656,547	101,990	188,477	208,246	13,447	1,168,707	159,091
David Nelson MD Cardio-Thoracic	(i) (ii)	632,032	47,857	4,513	15,300	15,617	715,319	
David Schultz Vice Pres & COO	(i) (ii)	362,988	47,357	41,108	87,205	15,612	554,270	16,549
Gary McLaughlin Vice Pres & CFO	(i) (ii)	427,922	54,277	77,461	129,919	15,612	705,191	52,808
Jody Albright Vice President & CIO	(i) (ii)	222,502	28,525	236,197	44,032	5,330	536,586	127,905
John Heywood MD Cardiologist	(i) (ii)	661,277	24,000	5,466	15,300	16,475	722,518	
John Walter Smith MD Medical Oncologist	(i) (ii)	474,869	233,919	9,157	15,300	6,809	740,054	
Julie Clayton Vice President	(i) (ii)	246,266	19,688	10,162	52,972	10,476	339,564	
Kathryn Crossland MD Medical Oncologist	(i) (ii)	679,876	198,835	23,546	15,300	6,809	924,366	
Richard Bryan Vice President	(i) (ii)	261,632	31,500	29,231	71,399	10,200	403,962	22,427
T D Sam Baxter Vice President	(i) (ii)	194,506	19,743	28,664	81,445	10,473	334,831	18,085

Schedule K
(Form 990)

Supplemental Information on Tax Exempt Bonds

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ 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.

Name of the organization
OVERLAKE HOSPITAL MEDICAL CENTER

Employer identification number
91-0652651

Part I Bond Issues

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

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	17,545,000		89,465,000		1,305,000			
2	Amount of bonds legally defeased								
3	Total proceeds of issue	22,708,445		169,310,007		99,229,743			
4	Gross proceeds in reserve funds			6,516,846		8,292,901			
5	Capitalized interest from proceeds			852,750					
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	371,287		2,136,381		1,660,010			
8	Credit enhancement from proceeds	966,000		8,175,568					
9	Working capital expenditures from proceeds					210,770			
10	Capital expenditures from proceeds			145,694,524		20,000,000			
11	Other spent proceeds	21,371,159				75,000,000			
12	Other unspent proceeds								
13	Year of substantial completion	1990		2008		2010			
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X			X	X			
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		
16	Has the final allocation of proceeds been made?	X		X		X			
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X			

Part III Private Business Use

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

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X		X				
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 110 %							
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								
6	Total of lines 4 and 5	0 110 %							
7	Does the bond issue meet the private security or payment test?		X		X				
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X				
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X		X					

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X		X		
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X		X	X			
b	Exception to rebate?	X			X	X			
c	No rebate due?	X		X			X		
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?								
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		X		
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was 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	X			X		
b	Name of provider			IXIS Funding Corp					
c	Term of GIC			3 1000					
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		X		X		
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X		X			

Part V

Procedures To Undertake Corrective Action

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

Part VI

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

Return Reference	Explanation
Part VI	Schedule K, Part IV, Arbitrage, Line 2c (a) Issuer Name Washington Health Care Facilities Authority Date the Rebate Computation was Performed 12/19/2003 (b) Issuer Name Washington Health Care Facilities Authority Date the Rebate Computation was Performed 05/31/2010 Note regarding the rebate computation on 12/19/2003 Since the bond proceeds have been spent, a spending exception was met, and the debt service fund was operated on a bona fide basis, no further rebate calculations are necessary Part I, Line A, Column (c) - cusip - 93978E WQ 1/WR9Part I, Line B, Column (c) - cusip - 93978E YZ9 / YL0 / YF3 / YG1Part I, Line C, Column (f) - Construction of facilities & partially refund prior issue (6/8/05)Part II, Line 3 - The total proceeds do not agree to the issue price in Part I, Column (e) due to investment earnings Part II, Line 3 - The total proceeds do not equal the summation of Lines 4-12 due to transferred or replacement proceeds in line 4 Part IV, Line 2c, Column A - The date is 7/15/08Part IV, Line 2c, Column B - The date is 7/15/10

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
OVERLAKE HOSPITAL MEDICAL CENTER

Employer identification number

91-0652651

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

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

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

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

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

Return Reference	Explanation
Form 990, Part VI, Line 15b Compensation Review and Approval Process for Officers and Key Employees	Overlake's policy and process for Executive Compensation is fully documented in the "Executive Compensation Administration and Compliance Manual" This manual details the charter of the Compensation Committee of the Board, the compensation philosophy and how salary increases, incentives and benefits and perquisites are administered Compensation Committee members are independent board members as required by the Charter and By-laws The process includes an independent consultant who works directly for the Compensation Committee and a review of comparable data from external sources All compensation related decisions for the CEO, COO and Vice Presidents are discussed, deliberated and voted on by the Compensation Committee and documented in the minutes of the meeting The last compensation review was completed in December, 2013

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

Return Reference	Explanation
Other Changes In Net Assets Or Fund Balances - Other Increases	Adjustment in Pension Liability = \$3079244

Return Reference	Explanation
Form 990, Part I Line 6 - Volunteers	Volunteers provided 43,328 hours of service to Overlake Hospital Medical Center during the year. Volunteers provide assistance for patients and guests at point of entry with information, way-finding, and transportation services. In the nursing units, volunteers help answer call lights and provide comfort to support and facilitate the physical, emotional, mental and spiritual health and self-healing of the patient. Included in the total volunteers are 18 board members that volunteered their time as board members during the year.

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

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

Return Reference	Explanation
Form 990, Part VII Line 1a (19) & (20) Compensation of Officers	Craig Hendrickson was President & CEO through April 2014 J Michael Marsh was President & CEO effective April 2014

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
OVERLAKE HOSPITAL MEDICAL CENTER

Employer identification number
91-0652651

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
(1) Overlake Medical Clinics LLC 1035 116th Ave NE Bellevue, WA 98004 91-1932954	Medical Clinics	WA	31,820,915	18,079,015	Overlake Hospital Medical Center

Part II Identification of Related Tax-Exempt Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.							
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) Overlake Hospital Foundation 1035 116th Ave NE Bellevue, WA 98004 91-1050325	Fund Raising	WA	501(c)(3)	7	Overlake Hospital Medical Center	Yes	
(2) Overlake Hospital Auxiliaries 1035 116th Ave NE Bellevue, WA 98004 23-7297831	Fund Raising	WA	501(c)(3)	7	Overlake Hospital Medical Center	Yes	
(3) Overlake Hospital Association 1035 116th Ave NE Bellevue, WA 98004 91-1274134	Provide Support	WA	501(c)(3)	11-Type II	N/A	Yes	

Part III

Identification of Related Organizations Taxable as a Partnership

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

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

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.

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

1

During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a

Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

b

Gift, grant, or capital contribution to related organization(s)

c

Gift, grant, or capital contribution from related organization(s)

d

Loans or loan guarantees to or for related organization(s)

e

Loans or loan guarantees by related organization(s)

f

Dividends from related organization(s)

g

Sale of assets to related organization(s)

h

Purchase of assets from related organization(s)

i

Exchange of assets with related organization(s)

j

Lease of facilities, equipment, or other assets to related organization(s)

k

Lease of facilities, equipment, or other assets from related organization(s)

l

Performance of services or membership or fundraising solicitations for related organization(s)

m

Performance of services or membership or fundraising solicitations by related organization(s)

n

Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

o

Sharing of paid employees with related organization(s)

p

Reimbursement paid to related organization(s) for expenses

q

Reimbursement paid by related organization(s) for expenses

r

Other transfer of cash or property to related organization(s)

s

Other transfer of cash or property from related organization(s)

Yes

No

1a

No

1b

Yes

1c

Yes

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

Yes

1l

No

1m

No

1n

Yes

1o

Yes

1p

No

1q

Yes

1r

No

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
See Additional Data Table			

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.

[illegible]

Part VII

Supplemental Information

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

Return Reference	Explanation
------------------	-------------

Additional Data

Software ID: 13000170

Software Version: 2013v4.0

EIN: 91-0652651

Name: OVERLAKE HOSPITAL MEDICAL CENTER

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
Overlake Hospital Foundation	b	1,026,918	Cash
Overlake Hospital Foundation	c	3,165,440	Cash
Overlake Hospital Foundation	n	72,451	Cash
Overlake Hospital Foundation	o	225,087	Cash
Overlake Hospital Auxiliaries	b	95,711	Cash
Overlake Hospital Auxiliaries	c	743,721	Cash
Overlake Hospital Auxiliaries	n	23,056	Cash
Overlake Hospital Auxiliaries	o	139,651	Cash
Overlake Hospital Association	k	5,658,073	FMV
Overlake Hospital Association	o	193,865	Cash
Overlake Hospital Association	q	368,850	Cash



OVERLAKE HOSPITAL MEDICAL CENTER

Consolidated Financial Statements

June 30, 2014 and 2013

(With Independent Auditors' Report Thereon)



KPMG LLP
Suite 2900
1918 Eighth Avenue
Seattle, WA 98101

Independent Auditors' Report

The Board of Trustees
Overlake Hospital Medical Center:

We have audited the accompanying consolidated financial statements of Overlake Hospital Medical Center and subsidiaries (the Hospital), which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of the Hospital and subsidiaries as of June 30, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

October 15, 2014

OVERLAKE HOSPITAL MEDICAL CENTER

Consolidated Balance Sheets

June 30, 2014 and 2013

(In thousands)

Assets	2014	2013
Current assets:		
Cash and cash equivalents	\$ 26,427	15,357
Hospital accounts receivable, net of allowance for bad debts of \$7,241 in 2014 and \$8,904 in 2013	48,815	50,723
Clinic accounts receivable, net of allowance for bad debts of \$972 in 2014 and \$913 in 2013	2,261	1,775
Current portion of pledges receivable	1,275	273
Current portion of assets whose use is limited	9,672	9,607
Supplies inventory	7,284	6,417
Prepaid expenses	15,496	6,708
Other current assets	25,186	3,709
Total current assets	136,416	94,569
Assets whose use is limited:		
Restricted by donors	5,839	5,727
Management designated	5,716	4,369
Funds held under bond indenture and collateral agreements	24,482	24,416
Less current portion	(9,672)	(9,607)
Total assets whose use is limited, net of current portion	26,365	24,905
Investments	295,995	261,946
Long-term portion of pledges receivable, net	275	475
Other long-term receivables, net	12,127	2,829
Land, buildings, and equipment, net	220,993	225,023
Other assets:		
Prepaid pension	1,538	—
Investment in joint ventures	2,906	2,842
Deferred financing costs, net	4,028	4,415
Other assets	4,467	5,366
Total other assets	12,939	12,623
Total assets	\$ 705,110	622,370

OVERLAKE HOSPITAL MEDICAL CENTER

Consolidated Balance Sheets

June 30, 2014 and 2013

(In thousands)

Liabilities and Net Assets	2014	2013
Current liabilities:		
Current portion of long-term debt and capital leases	\$ 8,619	5,412
Accounts payable	13,203	20,038
Accrued liabilities	59,483	40,361
Deferred safety net revenues	9,807	—
Accrued interest payable	4,442	4,550
Payable to third-party agencies	2,853	2,519
Total current liabilities	98,407	72,880
Long-term debt, net of current portion	164,499	173,269
Other long-term liabilities	16,548	10,504
Total liabilities	279,454	256,653
Net assets:		
Unrestricted net assets	415,116	358,149
Temporarily restricted net assets	5,073	2,216
Permanently restricted net assets	5,467	5,352
Total net assets	425,656	365,717
Total liabilities and net assets	\$ 705,110	622,370

See accompanying notes to consolidated financial statements.

OVERLAKE HOSPITAL MEDICAL CENTER
Consolidated Statements of Operations and Changes in Net Assets
Years ended June 30, 2014 and 2013
(In thousands)

	<u>2014</u>	<u>2013</u>
Operating revenues		
Patient service revenues	\$ 432,516	427,372
Provision for uncollectible accounts	(12,759)	(14,618)
Net patient service revenues	419,757	412,754
Other operating revenues	11,201	8,116
Contribution revenues	2,261	1,993
Net operating revenues	433,219	422,863
Operating expenses		
Salaries	181,034	176,240
Registry	5,903	4,081
Employee benefits	43,290	45,776
Supplies	71,414	70,503
Purchased services	38,006	41,418
Interest	9,647	9,730
Depreciation and amortization	34,191	29,648
Rent, leases, and utilities	15,811	14,988
Marketing, insurance, taxes, and other	19,181	24,632
Total operating expenses	418,477	417,016
Excess of revenues over expenses from operations	14,742	5,847
Nonoperating revenues, net		
Investment income	16,832	26,863
Total nonoperating revenues, net	16,832	26,863
Excess of revenues over expenses	31,574	32,710
Other changes in unrestricted net assets		
Net assets released for capital acquisitions	566	3,341
Change in pension liability	3,079	7,543
Change in net unrealized gains (losses) on investments	21,585	(2,622)
Appropriation of endowment assets for expenditure	163	129
Increase in unrestricted net assets	56,967	41,101
Changes in temporarily restricted net assets		
Contributions	3,745	2,115
Investment income	410	861
Change in net unrealized gains (losses) on investments	649	(260)
Net assets released from restrictions	(1,947)	(4,195)
Increase (decrease) in temporarily restricted net assets	2,857	(1,479)
Change in permanently restricted net assets		
Contributions	115	471
Increase in permanently restricted net assets	115	471
Increase in net assets	59,939	40,093
Net assets, beginning of year	365,717	325,624
Net assets, end of year	\$ <u>425,656</u>	<u>365,717</u>

See accompanying notes to consolidated financial statements

OVERLAKE HOSPITAL MEDICAL CENTER

Consolidated Statements of Cash Flows

Years ended June 30, 2014 and 2013

(In thousands)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets	\$ 59,939	40,093
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	34,191	29,648
Provision for uncollectible accounts	12,759	14,618
Loss on disposal of assets	77	122
Restricted contributions received for capital and permanently restricted purposes	(1,981)	(2,322)
Net realized and unrealized gains on investments	(31,967)	(15,864)
Equity earnings in joint ventures, net of distributions	(1,776)	(2,234)
Changes in operating assets and liabilities		
(Increase) decrease in		
Hospital accounts receivable, net	(9,523)	(13,562)
Clinic accounts receivable, net	(1,814)	(64)
Pledges receivable, net	(802)	176
Supplies inventory	(867)	(449)
Prepaid expenses	(8,788)	(1,592)
Other current assets	(21,477)	3,795
Other long-term receivables	(9,298)	105
Prepaid pension	(1,538)	—
(Decrease) increase in		
Accounts payable	(5,428)	946
Accrued liabilities	19,122	3,512
Deferred safety net revenues	9,807	—
Accrued interest payable	(108)	(83)
Payable to third-party agencies	334	(99)
Other long-term liabilities	6,044	(8,250)
Net cash provided by operating activities	<u>46,906</u>	<u>48,496</u>
Cash flows from investing activities		
Purchase of land, buildings, and equipment	(30,523)	(56,164)
Proceeds from disposal of assets	5	27
Proceeds from sale of investments and assets whose use is limited	84,900	151,774
Purchase of investments and assets whose use is limited	(88,507)	(150,117)
Distributions from joint ventures	1,712	2,303
Net cash used in investing activities	<u>(32,413)</u>	<u>(52,177)</u>
Cash flows from financing activities		
Restricted contributions received for capital and permanently restricted purposes	1,981	2,322
Principal payments on long-term debt	(5,271)	(3,893)
Principal payments on capital lease obligations	(141)	(621)
Financing fees	8	(9)
Net cash used in financing activities	<u>(3,423)</u>	<u>(2,201)</u>
Net increase (decrease) in cash and cash equivalents	11,070	(5,882)
Cash and cash equivalents, beginning of year	15,357	21,239
Cash and cash equivalents, end of year	<u>\$ 26,427</u>	<u>15,357</u>
Supplemental disclosures of cash flow information		
Cash paid for interest	\$ 9,755	9,813
Purchase of land, building, and equipment included in accounts payable	3,815	5,223

See accompanying notes to consolidated financial statements

OVERLAKE HOSPITAL MEDICAL CENTER

Notes to Financial Statements

June 30, 2014 and 2013

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

(a) *Organization*

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

Controlled Affiliates of the Hospital

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

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

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

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

Other Affiliates of the Hospital

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

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

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

Overlake Issaquah Medical Services, LLC (OIMS) was formed to hold the real estate interests in Issaquah, and to coordinate and oversee the programs operated at that site. The Association was the sole member of OIMS. OIMS ceased operations effective July 1, 2013.

OVERLAKE HOSPITAL MEDICAL CENTER

Notes to Financial Statements

June 30, 2014 and 2013

(b) *Use of Estimates*

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

(c) *Basis of Presentation*

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

(d) *Cash and Cash Equivalents*

Included in cash and cash equivalents are cash equivalents of approximately \$991 and \$2,312 as of June 30, 2014 and 2013, respectively, which are invested in money market savings and highly liquid debt instruments with original maturities of three months or less at the date of purchase.

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

(e) *Provision for Uncollectible Accounts*

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

(f) *Pledges Receivable*

Pledges of financial support are recorded at fair value by the Foundation and Auxiliaries when a donor's unconditional promise to give has sufficient definition with respect to the amount and planned timing of the donation. Conditional promises to give and intentions to give are reported at fair value at the earlier of when the contingency is met or the date the gift is received. An allowance for uncollectible pledges is recorded based on an estimated percentage of pledges that may not be collectible based on historical experience. The Foundation and Auxiliaries anticipate collection of

OVERLAKE HOSPITAL MEDICAL CENTER

Notes to Financial Statements

June 30, 2014 and 2013

net pledges receivable over the next one to five years. Significant pledges over \$250,000, not scheduled to be collected within one year, are discounted.

(g) *Assets Whose Use is Limited*

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

(h) *Investments*

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

(i) *Other-than-Temporary Impairment*

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

A decline in the market value of any available-for-sale security below cost that is deemed to be other-than-temporary results in an impairment to reduce the carrying amount to market value. The impairment is charged against non operating revenues and a new cost basis for the security is established.

(j) *Land, Buildings, and Equipment*

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

OVERLAKE HOSPITAL MEDICAL CENTER

Notes to Financial Statements

June 30, 2014 and 2013

equipment, whichever is shorter. Such amortization is included in depreciation and amortization in the consolidated financial statements.

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

(k) *Deferred Financing Costs*

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

(l) *Other Assets*

The Hospital recorded an intangible asset and goodwill in connection with the purchase of the remaining interest in an imaging joint venture. The Hospital amortizes the intangible asset over the expected useful life of six years using the straight-line method. The Hospital tests the intangible asset and goodwill for impairment as of June 30 and also monitors for triggering events in accordance with Generally Accepted Accounting Principles.

(m) *Temporarily and Permanently Restricted Net Assets*

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

(n) *Net Patient Service Revenues*

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

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

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient

OVERLAKE HOSPITAL MEDICAL CENTER

Notes to Financial Statements

June 30, 2014 and 2013

service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors.

Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The Hospital's net patient service revenues increased by \$167 and \$114 as a result of retroactive adjustments under reimbursement agreements with third-party payors during 2014 and 2013, respectively.

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

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

(o) Charity Care

The Hospital provides service to eligible patients at reduced or no cost based upon the individual patient's financial resources. The Hospital's policy provides for 100% charity to patients with income up to 200% of the federal poverty guidelines and from 45% to 98% charity to patients with income from 201% to 400% of the federal poverty guidelines. Records are kept to identify, approve, and monitor those costs that are incurred under the charity care policy. Because the Hospital does not expect payment, estimated charges for charity care are not included in revenue. In addition to the approved charity care described above, the Hospital believes that other uncollected accounts would be approved under its charity care policy if information about the patient's financial resources were shared with the Hospital. Such amounts are not considered charity care.

(p) Private Pay Discounts

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

(q) Donor-Restricted Gifts

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

OVERLAKE HOSPITAL MEDICAL CENTER

Notes to Financial Statements

June 30, 2014 and 2013

(r) Excess of Revenues over Expenses

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

(s) Federal Income Taxes

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

(t) Recently Adopted Accounting Standards

In October 2012, the FASB issued ASU No. 2012-05, *Statement of Cash Flows (Topic 230) - Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*. ASU 2012-05 requires all cash receipts from the sale of donated financial assets to be classified as cash flows from operations with two exceptions related to donor limitations and restrictions. This standard is effective for the fiscal years starting after June 15, 2013. The adoption of this standard did not have an impact on the Hospital's financial statements.

(2) Net Patient Service Revenues

The following is the mix of patient charges by payor for the years ended June 30, 2014 and 2013:

	2014	2013
Medicare	27%	28%
Medicaid	2	2
Group health	17	17
Premiera	13	16
Regence	12	9
Other third-party payors	26	24
Private pay	3	4
Total	100%	100%

(3) Hospital Safety Net Program

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

OVERLAKE HOSPITAL MEDICAL CENTER

Notes to Financial Statements

June 30, 2014 and 2013

Under the program, Washington State nongovernmental hospitals were assessed a fee on all non Medicare patient days. This fee was collected by the state and the state used these funds to obtain new federal Medicaid matching funds.

In May 2011, the Washington State legislature passed legislation that reduced the amount of funds that would be available for federal matching funds and reduced Medicaid payments to hospitals effective July 1, 2011. Due to this change to the program, it was no longer possible for all hospitals to recover at least the amount of the tax assessment. Certain hospitals entered into a separate new agreement with the Washington State Hospital Association for a secondary redistribution of a more limited scope than originally designed.

In total, the Hospital recorded additional reimbursement of \$6,197 related to this agreement in 2013. The hospital did not record a receivable as of June 30, 2013.

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

In June 2013, The Washington State legislature passed a new Safety Net program that is subject to review by the Centers for Medicare and Medicaid Services (CMS). In April 2014, CMS approved the fee for service portion of the program. As of June 30, 2014, the managed care portion of the program was still awaiting final CMS approval. Although the managed care portion of the program was not fully approved, the state started collecting assessments and making payments for both the fee for service and managed care portions of the program in 2014. If CMS does not grant final approval of the managed care portion of the program, assessments and payments related to the managed care portion of the program would need to be returned. The new law sunsets on June 30, 2017.

The Hospital received payments of \$10,726 in 2014. In addition, the Hospital recorded a receivable of \$184 related to the fee for service portion of the program as of June 30, 2014. The Hospital recorded additional reimbursement of \$1,102 related to the fee for service portion of the program and deferred safety net revenues of \$9,807 related to the managed care portion of the program.

The Hospital paid assessments of \$9,018 in 2014 and recorded an expense for assessments in the amount of \$1,102 in 2014 and a prepaid expense of \$7,916 as of June 30, 2014.

(4) Charity Care and Community Benefit

The Hospital provides care without charge or at reduced rates to patients who qualify for charity care according to the Hospital's policy. The Hospital determines the cost of charity care using a cost to charge ratio following the regulatory guidelines. Total expenses are reduced by bad debt, other operating revenues, the hospital safety net assessment, and community benefit expense and patient charges are reduced by community benefit revenue in determining the cost to charge ratio. The ratio is then applied to the charges that were written off for charity to determine the cost of charity. For the years ended June 30, 2014 and 2013, the cost of providing charity was estimated at approximately \$6,741 and \$7,609 respectively.

OVERLAKE HOSPITAL MEDICAL CENTER

Notes to Financial Statements

June 30, 2014 and 2013

The Hospital provides care to Medicaid patients at rates below the cost of providing services. For the years ended June 30, 2014 and 2013, payments were less than estimated cost by approximately \$9,541 and \$9,665, respectively.

The Hospital is also involved in an array of activities that benefit the broader community. Community education classes are offered in a wide range of health-related topics including preparing for childbirth, positive parenting, infant and child safety, adult first aid, CPR, women's health, smoking cessation, weight loss, diabetes, balance, dementia, living wills, long-term care insurance, cholesterol, caregiver support, dealing with cancer, and depression. In addition to classes, the Hospital has a cancer resource center that coordinates support groups, counseling, and provides access to the latest information on cancer at no cost. The Hospital provides cholesterol, diabetes, and bone density screenings at various community events. The Hospital assist patients that need help enrolling in Medicaid. Education is part of the Hospital's mission and is evidenced by the Hospital's participation in several residency programs or by providing a clinical setting for college-based programs including nursing, pharmacy technicians, medical imaging technicians, physical, occupational, and respiratory therapists, dietetic interns, emergency medical technicians, physician assistants, midwives, and nurse practitioners. The Hospital operates senior care clinics at a loss for the benefit of the community. The Hospital participates in clinical research projects. As a community member, the Hospital participates and helps sponsor many community events in the area it serves. The Hospital provides support to physician offices to implement electronic medical records upon request. The estimated net unreimbursed expenditures on community benefit programs were \$5,041 and \$5,027 and in 2014 and 2013, respectively.

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

(5) Concentrations of Credit Risk

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

	2014	2013
Medicare	19%	21%
Medicaid	2	2
Group health	15	15
Premiera	11	13
Regence	13	12
Other third-party payors	28	24
Private pay	12	13
Total	100%	100%

(6) Provision for Bad Debt

The Hospital and Clinics provide for an allowance against patient accounts receivable for amounts that could become uncollectible. The Hospital and Clinics estimate this allowance based on the aging of

OVERLAKE HOSPITAL MEDICAL CENTER

Notes to Financial Statements

June 30, 2014 and 2013

accounts receivable, historical collection experience, and other relevant factors. There are various factors that can impact the collection trends, such as changes in the economy, which in turn have an impact on unemployment rates and the number of uninsured and underinsured patients, the increased burden of copayments to be made by patients with insurance coverage and business practices related to collection efforts. These factors continuously change and can have an impact on collection trends and the estimation process used by the Hospital and Clinics. The Hospital and Clinics record a provision for bad debts in the period of services on the basis of past experience, which has historically indicated that many patients are unresponsive or are otherwise unwilling to pay the portion of their bill for which they are financially responsible. The estimates made and changes affecting those estimates for the years ended June 30, 2014 and 2013 are summarized below:

	2014	2013
Allowance for doubtful accounts at beginning of year	\$ 9,817	9,783
Write-off of uncollectible accounts, net of recoveries	(14,363)	(14,584)
Provision for bad debts	12,759	14,618
Allowance for doubtful accounts at end of year	<u>\$ 8,213</u>	<u>9,817</u>

(7) Assets Whose Use is Limited and Investments

Assets whose use is limited and investments, which are stated at fair value based primarily on quoted market prices, consist of the following as of June 30, 2014 and 2013:

	2014	2013
Assets whose use is limited:		
Cash and accrued interest receivable	\$ 101	173
Money market funds	24,482	24,416
Bond mutual funds	4,487	3,798
Equity mutual funds	6,967	6,125
Assets whose use is limited	<u>\$ 36,037</u>	<u>34,512</u>
Investments:		
Money market funds	\$ 10	11
Bond mutual funds	144,023	124,283
Equity mutual funds	136,002	137,652
Equity fund limited partnership	15,960	—
Total investments	<u>\$ 295,995</u>	<u>261,946</u>

OVERLAKE HOSPITAL MEDICAL CENTER

Notes to Financial Statements

June 30, 2014 and 2013

Components of unrestricted investment income (which is included in other nonoperating revenues, net) for the years ended June 30, 2014 and 2013 are as follows:

	2014	2013
Interest and dividends	\$ 7,229	8,829
Net realized gains on investments	9,603	18,034
Total investment income	<u>\$ 16,832</u>	<u>26,863</u>

Components of temporarily restricted investment income for the years ended June 30, 2014 and 2013 are as follows:

	2014	2013
Interest and dividends	\$ 280	150
Net realized gains on investments	130	711
Total investment income	<u>\$ 410</u>	<u>861</u>

The following tables summarize the composition of the Hospital's assets whose use is limited and investments with unrealized losses as of June 30, 2014 and 2013:

2014						
Description of securities	Unrealized losses existing				Total	
	Less than 12 months		12 Months or longer			
	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
Bond mutual funds	\$ 1,998	(1)	42,403	(1,590)	44,401	(1,591)
	\$ 1,998	(1)	42,403	(1,590)	44,401	(1,591)

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

No other-than-temporary impairment charge was recorded in the accompanying consolidated financial statements during 2014 and 2013.

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

OVERLAKE HOSPITAL MEDICAL CENTER

Notes to Financial Statements

June 30, 2014 and 2013

(8) Disclosure about Fair Value of Financial Instruments

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

- Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets. At June 30, 2014 and 2013, Level 1 securities include primarily overnight repurchase agreements, money market funds, and mutual funds.
- Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market. At June 30, 2014 and 2013, Level 2 securities include an unregistered mutual fund.
- Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect the Hospital's estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of discounted cash flow models and similar techniques. There were no Level 3 securities at June 30, 2013. At June 30, 2014, Level 3 securities include an equity fund limited partnership.

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

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

(a) Cash

The carrying amounts, at cost, equal fair value.

(b) Long-Term Debt

Long-term debt is carried at amortized cost; however, accounting standards require the Hospital to disclose the fair value. The fair value of the Hospital's long-term debt is estimated based on the future cash flows at the discounted current rates available to the Hospital for debt of similar type and maturity, which are Level 2 inputs. Any call provisions that apply are taken into account when valuing the debt. The carrying value of the long-term debt is \$173,118 and \$178,539 as of June 30,

OVERLAKE HOSPITAL MEDICAL CENTER

Notes to Financial Statements

June 30, 2014 and 2013

2014 and 2013, respectively. The estimated fair value of the long-term debt is \$184,276 and \$185,822 as of June 30, 2014 and 2013, respectively.

(c) Marketable Securities

The tables below present the balances of assets measured at fair value on a recurring basis as of June 30, 2014 and 2013:

2014				
	Investments at estimated fair value			
Assets	Quoted prices in active markets for identical assets (Level 1)	Valuation techniques based on observable market data (Level 2)	Valuation techniques incorporating information other than observable market data (Level 3)	Total
Overnight repurchase agreements	\$ 991	—	—	991
Total cash equivalents	\$ 991	—	—	991
Cash and accrued interest	\$ 101	—	—	101
Money market funds	24,482	—	—	24,482
Bond mutual funds	4,487	—	—	4,487
Equity mutual funds	6,967	—	—	6,967
Total assets whose use is limited	\$ 36,037	—	—	36,037
Money market funds	\$ 10	—	—	10
Bond mutual funds	144,023	—	—	144,023
Equity mutual funds	122,537	13,465	—	136,002
Equity fund limited partnership	—	—	15,960	15,960
Total investments	\$ 266,570	13,465	15,960	295,995

OVERLAKE HOSPITAL MEDICAL CENTER

Notes to Financial Statements

June 30, 2014 and 2013

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

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis are summarized as follows:

	Limited partnership
Ending balance at June 30, 2013	\$ —
Investment in limited partnership	15,000
Total gains (unrealized) included in changes in net assets	960
Ending balance at June 30, 2014	\$ 15,960

OVERLAKE HOSPITAL MEDICAL CENTER

Notes to Financial Statements

June 30, 2014 and 2013

(9) Land, Buildings, and Equipment

The Hospital's land, buildings, and equipment accounts, and related accumulated depreciation accounts, as of June 30, 2014 and 2013 are set forth below:

	<u>2014</u>	<u>2013</u>
Assets:		
Land	\$ 2,151	2,151
Land improvements	4,618	4,931
Buildings and improvements	211,621	196,534
Equipment:		
Fixed	37,586	39,827
Movable	188,968	180,064
Construction in progress	1,691	10,977
Total land, buildings, and equipment	<u>446,635</u>	<u>434,484</u>
Accumulated depreciation:		
Land improvements	3,792	4,055
Buildings and improvements	84,810	79,110
Equipment:		
Fixed	27,293	28,001
Movable	109,747	98,295
Total accumulated depreciation	<u>225,642</u>	<u>209,461</u>
Total land, buildings, and equipment, net	<u>\$ 220,993</u>	<u>225,023</u>

The Hospital recorded \$33,065 and \$28,525 of depreciation expense in 2014 and 2013, respectively. The following is a summary of asset lives used for calculating depreciation:

	<u>Asset lives</u>
Land improvements	8–40 years
Buildings	3–40 years
Fixed equipment	3–30 years
Movable equipment	3–20 years

Interest on borrowed funds during construction is a component of the cost of assets. The amount capitalized represents interest on funds expended for construction. Capitalization of interest ceases when the asset is placed in service. No interest was capitalized in 2014 and 2013.

(10) Investments in Joint Ventures

The Hospital participates in various joint ventures. The Hospital accounts for each of these activities on either the cost basis or the equity method of accounting, depending upon the level of ownership and operational influence. The Hospital's investment in joint ventures is \$2,906.

OVERLAKE HOSPITAL MEDICAL CENTER

Notes to Financial Statements

June 30, 2014 and 2013

The Hospital has a 33% ownership interest in Overlake Surgery Center, LLC (OSC), a provider of surgical services, which is accounted for using the equity method.

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

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

The Hospital has a 12% ownership interest in Hospital Central Services Association, a provider of linen services to hospitals, which is accounted at cost.

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

(11) Financing

(a) Long-Term Debt

Long-term debt, as of June 30, 2014 and 2013, is as follows:

	<u>2014</u>	<u>2013</u>
Revenue bonds, Series 2003, 4.00% to 5.00%, due in annual principal installments ranging from \$570 to \$710, until 2019, net of premium of \$90 and \$124 for 2014 and 2013, respectively, callable on or after July 2013	\$ 3,975	4,579
Revenue bonds, Series 2005, 3.80% to 5.00%, due in annual principal installments ranging from \$1,535 to \$4,375, until 2038, net of premium of \$552 and \$679 for 2014 and 2013, respectively, callable on or after July 2015	71,087	74,394
Revenue bonds, Series 2010, 3.00% to 5.70%, due in annual principal installments ranging from \$1,305 to \$5,700, until 2038, net of discount of \$143 and \$153 for 2014 and 2013, respectively, callable on or after July 2020	97,967	99,262
Notes payable to financial institutions, 4.75% to 6.31% due in monthly installments until January 2015	<u>89</u>	<u>305</u>
Total long-term debt	173,118	178,540
Less current portion	<u>(8,619)</u>	<u>(5,271)</u>
Long-term debt, net of current portion	<u>\$ 164,499</u>	<u>173,269</u>

OVERLAKE HOSPITAL MEDICAL CENTER

Notes to Financial Statements

June 30, 2014 and 2013

The principal amounts due by year are as follows:

Fiscal year:	
2015	\$ 8,619
2016	4,815
2017	4,990
2018	5,125
2019	5,560
Thereafter	143,510
	172,619
Add net unamortized bond premiums	499
	\$ 173,118

The obligated group for the Series 2003, Series 2005, and Series 2010 revenue bonds (the bonds) consist of the Hospital and the Association. As security for the payment of the bonds, the Hospital has granted the Trustee a security interest in the Hospital's gross revenues and liens against the Hospital's equipment and the monies in the trust funds as described below. The bonds are also secured by a deed of trust on the Hospital's land and buildings. The Hospital obtained municipal bond insurance for the Series 2003 bonds from National Public Finance Guarantee Corporation (formerly, MBIA Insurance Corporation) and for the Series 2005 bonds from Assured Guaranty Corp. and ACA Financial Guaranty Corporation, which insures the payment of principal and interest. A trust fund has been established for the regular deposit of interest and principal payments of the bonds. In addition, the Hospital is required to maintain a debt reserve fund until the Hospital has delivered to the Bond Trustee a report or reports from all the rating agencies then maintaining a rating on the Series 2010 Bonds to the effect that the Hospital is then rated by such rating agencies at least "A", if rated by Fitch or S&P and at least "A2" if rated by Moody's, and the Series 2003 and Series 2005 bonds are either retired or refunded. The balance of the debt reserve funds was approximately \$14,809 as of June 30, 2014 and 2013. Both funds are reflected within assets whose use is limited on the accompanying consolidated financial statements.

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

(b) Line of Credit and Other Debt Obligations

The Hospital has access to standby letters of credit up to \$2,500 from a financial institution. The financial institution has issued a \$1,423 and \$2,150 stand by letter of credit as of June 30, 2014 and 2013, respectively. Interest rates are based on 100 basis points times the outstanding amount. The letter of credit expires on September 30, 2014 with automatic six month renewals.

(12) Retirement Program

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

OVERLAKE HOSPITAL MEDICAL CENTER

Notes to Financial Statements

June 30, 2014 and 2013

(a) The Plan

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

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

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

A summary of the change in benefit obligation and change in plan assets for the years ended June 30, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Benefit obligation at beginning of year	\$ 51,078	54,621
Service cost	3,085	3,420
Interest cost	2,139	1,802
Benefits paid	(6,269)	(4,896)
Expenses paid	(243)	(258)
Actuarial loss	<u>2,353</u>	<u>(3,611)</u>
Benefit obligation at end of year	<u>52,143</u>	<u>51,078</u>

OVERLAKE HOSPITAL MEDICAL CENTER

Notes to Financial Statements

June 30, 2014 and 2013

	2014	2013
Fair value of plan assets at beginning of year	\$ 47,944	43,427
Actual return on plan assets	8,109	5,531
Employer contribution	4,140	4,140
Benefits paid	(6,269)	(4,896)
Expenses paid	(243)	(258)
Fair value of plan assets at end of year	53,681	47,944
Funded status	1,538	(3,134)
Net amount recognized in the consolidated balance sheet	\$ 1,538	(3,134)
Amounts recognized in unrestricted net assets consist of:		
Prior service cost	\$ (11)	(24)
Accumulated loss	(5,452)	(8,518)
Net actuarial loss	\$ (5,463)	(8,542)

The net amount is reflected within other long-term liabilities as of June 30, 2013 and as prepaid pension as of June 30, 2014 in the accompanying consolidated balance sheets.

Weighted average assumptions used to determine benefit obligations at June 30, 2014 and 2013 were as follows:

	2014	2013
Discount rate	3.90%	4.44%
Rate of compensation increase	5.75	5.75
Measurement date	June 30, 2014	June 30, 2013

A summary of the components of net periodic benefit cost for the years ended June 30, 2014 and 2013 is as follows:

	2014	2013
Service cost	\$ 3,085	3,420
Interest cost	2,139	1,802
Expected return on plan assets	(3,081)	(2,835)
Amortization of prior service cost	13	13
Amortization of loss	392	1,222
Net periodic benefit cost	\$ 2,548	3,622

The estimated prior service cost and net loss that will be amortized into net periodic benefit cost over the next fiscal year is \$11 and \$10, respectively.

OVERLAKE HOSPITAL MEDICAL CENTER

Notes to Financial Statements

June 30, 2014 and 2013

Weighted average assumptions used to determine net benefit cost for the years ended June 30, 2014 and 2013 were as follows:

	<u>2014</u>	<u>2013</u>
Discount rate	4.44%	3.47%
Rate of compensation increase	5.75	5.75
Long-term rate of return on assets	6.54	6.65

To develop the expected long-term rate of return on assets assumption, the Hospital considered the historical returns and the future expectations for returns for each asset class, as well as the target asset allocation of the pension portfolio. This resulted in the selection of the 6.54% and 6.65% long-term rate of return on assets assumption for the years ended June 30, 2014 and 2013, respectively, which reflects a lower return expectation than the Plan has experienced historically, in recognition that future returns may not be as strong as past returns.

The accumulated benefit obligation as of June 30, 2014 and 2013 is \$52,143 and \$51,078, respectively. The expected employer contribution for the year ending June 30, 2015 is \$4,140.

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

2015	\$	5,600
2016		3,400
2017		3,400
2018		3,400
2019		3,600
2020–2024		<u>19,000</u>
	\$	<u><u>38,400</u></u>

OVERLAKE HOSPITAL MEDICAL CENTER

Notes to Financial Statements

June 30, 2014 and 2013

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

	<u>2014</u>	<u>2013</u>
Asset category:		
Equity securities	64%	62%
Debt securities	36	38
Total	<u>100%</u>	<u>100%</u>

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2014:

<u>Investments at estimated fair value</u>				
	<u>Investments at fair as value determined by quoted prices in active markets (Level 1)</u>	<u>Valuation techniques based on observable market data (Level 2)</u>	<u>Valuation techniques incorporating information other than observable market data (Level 3)</u>	<u>Total</u>
Mutual funds				
Fixed income funds	\$ 19,360	—	—	19,360
Domestic equity funds	19,193	—	—	19,193
International equity funds	10,686	—	—	10,686
Equity fund limited partnership	—	—	4,256	4,256
Money market funds	186	—	—	186
Total mutual funds	<u>\$ 49,425</u>	<u>—</u>	<u>4,256</u>	<u>53,681</u>

OVERLAKE HOSPITAL MEDICAL CENTER

Notes to Financial Statements

June 30, 2014 and 2013

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

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

The changes in Level 3 assets measured at fair value on a recurring basis are summarized as follows:

	Limited partnership
Ending balance at June 30, 2013	\$ —
Investment in equity fund limited partnership	4,000
Total gains (unrealized) included in changes in net assets	256
Ending balance at June 30, 2014	\$ 4,256

(b) The Voluntary Plan

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

(c) The Contribution Plan

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

OVERLAKE HOSPITAL MEDICAL CENTER

Notes to Financial Statements

June 30, 2014 and 2013

eligible to elect between coverage as a Group I or a Group II employee but did not make an election were treated as a Group I employee under the Contribution Plan.

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

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

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

In addition, the Hospital makes a nonelective contribution equal to 2% of eligible compensation for each Group II employee subject to certain limitations imposed under the Internal Revenue Code (IRC). The Hospital contributed approximately \$7,846 and \$7,728 for the years ended June 30, 2014 and 2013, respectively, and is reflected in employee benefits in the consolidated statements of operations and changes in net assets.

(13) Commitments

The Hospital and its controlled affiliates lease certain equipment and office space that are accounted for as operating leases. Total rental expenses for all operating leases for the years ended June 30, 2014 and 2013 were approximately \$11,632 and \$10,923, respectively, of which approximately \$5,658 and \$5,294, respectively, relate to operating lease payments made to the Association and the Medical Tower. The following is a schedule of future noncancelable operating lease payments as of June 30, 2014:

Fiscal year:	
2015	\$ 7,277
2016	6,085
2017	5,546
2018	5,678
2019	5,703
Thereafter	<u>18,365</u>
Operating lease obligations	<u>\$ 48,654</u>

The Hospital has outstanding construction contracts of \$1,497 and \$9,048 as of June 30, 2014 and 2013, respectively.

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

The Hospital maintains claims-made professional liability insurance coverage through a commercial carrier. The policy for the years ended June 30, 2014 and 2013 has a \$100 deductible per occurrence.

OVERLAKE HOSPITAL MEDICAL CENTER

Notes to Financial Statements

June 30, 2014 and 2013

Based upon an actuarial valuation, the Hospital has recorded an estimated liability (undiscounted) for its deductible portion of claims incurred but not reported as well as the deductible portion of claims reported and not paid of \$37,803 and a receivable of \$34,808 as of June 30, 2014. Included in the liability and receivable is \$20,500 for a case that was settled in May 2014 but not paid until August 2014. The Hospital has recorded an estimated liability (undiscounted) for its deductible portion of claims incurred but not reported as well as the deductible portion of claims reported and not paid of \$7,296 and a receivable of \$4,441 as of June 30, 2013.

In 2005, the Hospital started a retrospective premium risk sharing agreement with an insurer related to the professional liability policy. Management estimates a payable of \$1,315 and \$620 as of June 30, 2014 and 2013, respectively, related to this risk sharing agreement.

The Hospital is self-insured for workers' compensation. The accrued liabilities for the self-insured components of this plan include the unpaid portion of claims that have been reported and estimates for claims that have been incurred but not reported. The Hospital also carries an excess coverage policy for its workers' compensation program. The Hospital has recorded an undiscounted liability for workers' compensation claims based on an actuarial estimate of approximately \$2,699 and a receivable of \$341 as of June 30, 2014. The Hospital has recorded an undiscounted liability for workers' compensation claims based on an actuarial estimate of approximately \$3,155 and a receivable of \$417 as of June 30, 2013.

The Hospital is self-insured for medical, dental, vision, and prescription drugs. The accrued liabilities for the self-insured components of this plan include the unpaid portion of claims that have been reported and estimates for claims that have been incurred but not reported. The Hospital also carries an excess coverage policy for its medical, dental, vision, and prescription program. The Hospital has recorded an undiscounted liability for medical, dental, vision, and prescription drugs claims based on an actuarial estimate of approximately \$1,152 and a receivable of \$6 as of June 30, 2014. The Hospital has recorded an undiscounted liability for medical, dental, vision, and prescription drugs claims based on an actuarial estimate of approximately \$1,387 and a receivable of \$46 as of June 30, 2013.

(15) Litigation and Compliance with Laws and Regulations

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

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

OVERLAKE HOSPITAL MEDICAL CENTER

Notes to Financial Statements

June 30, 2014 and 2013

(16) Functional Expenses

The Hospital provides healthcare services to residents within its geographic service area. Expenses related to providing these services for the years ended June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Healthcare services	\$ 333,905	338,550
General and administrative	83,476	77,361
Fundraising	<u>1,096</u>	<u>1,105</u>
Total operating expenses	<u>\$ 418,477</u>	<u>417,016</u>

(17) Transactions with Affiliates

The Hospital conducts various transactions with affiliates which it does not control. These include leasing office space from its affiliates. The lease expense for office space leased from its affiliates was approximately \$5,658 and \$5,294 for the years ended June 30, 2014 and 2013, respectively. Other transactions with its affiliates include making payment of certain expenses on behalf of its affiliates and then being reimbursed. The Hospital has recorded a receivable of \$1,131 and \$1,164 from the Association at June 30, 2014 and 2013, respectively, and a receivable from the Medical Tower of \$62 and \$66 at June 30, 2014 and 2013, respectively.

(18) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Health care services	\$ 2,176	1,447
Purchase of building improvements and equipment	2,649	608
Health education	147	92
Indigent care	<u>101</u>	<u>69</u>
Total temporarily restricted net assets	<u>\$ 5,073</u>	<u>2,216</u>

Permanently restricted net assets as of June 30, 2014 and 2013 are assets that have been restricted by donors to be held in perpetuity, the income from which is expendable to support healthcare services, health education, and indigent care.

(19) Endowments

The Foundation's endowments consist of 19 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by management to function as endowments. Quasi endowment net assets associated with endowment funds, including funds designated by management, are classified and reported based on the existence or absence of donor-imposed restrictions.

OVERLAKE HOSPITAL MEDICAL CENTER

Notes to Financial Statements

June 30, 2014 and 2013

(20) Subsequent Events

The Hospital has performed an evaluation of subsequent events through October 15, 2014, which is the date these consolidated financial statements were issued.

(a) Redemption of the Series 2003 Revenue Bonds

On July 23, 2014, the Hospital exercised the optional redemption of the \$3,300 outstanding Series 2003 bonds. \$1,548 of the Debt Service Reserve Fund was released and used to redeem the 2003 bonds and the remainder was paid from Hospital cash.

(b) Advanced Refunding of the Series 2005 Revenue Bonds

On August 6, 2014, the \$67,195 of outstanding Series 2005 bonds were advanced refunded through the issue of the Series 2014 bonds. The Series 2014 bonds were issued in the principal amount of \$53,495 plus a premium of \$4,621. The proceeds of the bonds, less \$886 for the Series 2014 issuance costs were placed in escrow for the advance refunding of the Series 2005 bonds. In addition, \$13,262 from the Debt Service Reserve Fund was released and placed in escrow to advance refund the Series 2005 bonds. The debt service reserve fund was closed after the transfer of funds.

The 2005 bonds have a call date of July 1, 2015.

(c) Letter of Intent with Kiopng County Public Hospital District No. 4

On July 7, 2014 a nonbinding letter of intent was signed with King County Public Hospital District No. 4 to evaluate leasing the Snoqualmie Valley Hospital under construction and taking over operational control of the facility.