

STUDEBAKER | NAULT

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May 9, 2024

Jules Kolln, Analyst
Certificate of Need Program
Community Health System

VIA E-MAIL: jules.kolln@doh.wa.gov; fslcon@doh.wa.gov

Re: Amended Certificate of Need Application #24-15

Dear Ms. Kolln:

On behalf of The Eastside Endoscopy Center, LLC (“Eastside Endoscopy Center”), please find enclosed Amended Certificate of Need Application #24-15 (the “Amended Application”). The Amended Application is intended to address a change in the applicant. The Amended Application is identical to the original application, Certificate of Need Application #24-15, with the exception of the answers that are in blue font and Exhibit A.

The original application as well as the first and second screening responses are enclosed and incorporated as part of the Amended Application.

Please note that the review fee is being sent via FedEx, tracking #77631033841. Thank you in advance for your work on the Amended Application. If you have any questions, please do not hesitate to contact me.

Regards,

STUDEBAKER NAULT, PLLC



Emily R. Studebaker

cc: Jennifer Moore, Director of Operations
The Eastside Endoscopy Center, LLC



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Certificate of Need Application
Ambulatory Surgical Facilities
Ambulatory Surgery Centers

Certificate of Need applications must be submitted with a fee in accordance with Washington Administrative Code (WAC) 246-310-990.

Application is made for a Certificate of Need in accordance with provisions in Revised Code of Washington (RCW) 70.38 and WAC 246-310, rules and regulations adopted by the Washington State Department of Health. I attest that the statements made in this application are correct to the best of my knowledge and belief.

Table with 2 columns: Field Name and Value. Fields include Signature and Title of Responsible Officer, Phone Number, Dated, Email Address, Legal Name of Applicant, Number of Surgery Rooms requested, Address of Applicant, Estimated Capital Expenditure, and Planning Area.

Applicant Description

Answers to the following questions will help the department fully understand the role of applicants. Your answers in this section will provide context for the reviews under Financial Feasibility ([WAC 246-310-220](#)) and Structure and Process of Care ([WAC 246-310-230](#)).

1. Provide the legal name(s) and address(es) of the applicant(s)
Note: The term “applicant” for this purpose includes any person or individual with a ten percent or greater financial interest in the partnership or corporation or other comparable legal entity. WAC 246-310-010(6)

The applicant is The Eastside Endoscopy Center, LLC (“EEC”). Its address is 1135 116th Avenue N.E., Suite 570, Bellevue, WA 98004.

The following have a 10% or greater financial interest in EEC and therefore are also applicants: Washington Gastroenterology, PLLC (56.1% interest in EEC) and GI Alliance Endoscopy Washington, LLC (43.9% interest in EEC).

Washington Gastroenterology, PLLC

Texas Digestive Disease Consultants, PLLC is 100% owner of Washington Gastroenterology, PLLC. James Weber, M.D. is a 100% owner of Texas Digestive Disease Consultants, PLLC.

Washington Gastroenterology, PLLC
3209 S. 23rd Street, Suite 200
Tacoma, WA 98405

Texas Digestive Disease Consultants, PLLC
550 Reserve Street, Suite 550
Southlake, TX 76092

GI Alliance Endoscopy Washington, LLC

There are multiple holding companies between GI Alliance Endoscopy Washington, LLC and its owners. All of the owners of The GI Alliance Holdings, LLC (the final holding company) hold an interest of less than 10%. The holding companies, which are all located at the same address, are the following:

GI Alliance Endoscopy Washington, LLC
The GI Alliance Management, LCC
The GI Alliance Acquisition, LLC
The GI Alliance Intermediate Holdings, LLC
The GI Alliance Holdings, LLC
1209 Orange Street
Wilmington, DE 19801

2. Identify the legal structure of the applicant (LLC, PLLC, etc.) and if known, provide the UBI number.

EEC is a Washington limited liability company. Its UBI# is 601 590 846.

Washington Gastroenterology, PLLC is a Washington professional limited liability company. Its UBI# is 604 006 633.

Texas Digestive Disease Consultants, PLLC is a Texas professional limited liability company. Its UBI# is 32036038191.

GI Alliance Endoscopy Washington, LLC is a Delaware limited liability company. Its File# is 2862919.

The GI Alliance Management, LCC is a Delaware limited liability company. Its File# is 7072921.

The GI Alliance Acquisition, LLC is a Delaware limited liability company. Its File# is 7072911.

The GI Alliance Intermediate Holdings, LLC is a Delaware limited liability company. Its File# is 7072905.

The GI Alliance Holdings, LLC is a Delaware limited liability company. Its File# is 7072900.

3. Provide the name, title, address, telephone number, and email address of the contact person for this application.

Please direct questions regarding this application to the following:

Emily R. Studebaker, Esq.
Studebaker Nault, PLLC
11900 N.E. 1st Street, Suite 300
Bellevue, WA 98005
Tel: (425) 279-9929
E-mail: estudebaker@studebakernault.com

4. Provide the name, title, address, telephone number, and email address of any other representatives authorized to speak on your behalf related to the screening of this application (if any).

Emily R. Studebaker, Esq.
Studebaker Nault, PLLC
11900 N.E. 1st Street, Suite 300

Bellevue, WA 98005
Tel: (425) 279-9929
E-mail: estudebaker@studebakernault.com

5. Provide an organizational chart that clearly identifies the business structure of the applicant(s) and the role of the facility in this application.

Please see Exhibit A for an organizational chart.

Project Description

Answers to the following questions will help the department fully understand the type of facility you are proposing as well as the type of services to be provided. Your answers in this section will provide context for the reviews under Need ([WAC 246-310-210](#)) and Structure and Process of Care ([WAC 246-310-230](#))

1. Provide the name and address of the existing facility.

The name of the current ASF (CN #1609, ASF.FS.60100024) is Eastside Endoscopy Center. It is located at 1135 116th Avenue N.E., Suite 570, Bellevue, WA 98004.

2. Provide the name and address of the proposed facility. If an address is not yet assigned, provide the county parcel number and the approximate timeline for assignment of the address.

The name of the proposed ASF will be Eastside Endoscopy Center. It will be located at 1135 116th Avenue N.E., Suite 400, Bellevue, WA 98004.

3. Provide a detailed description of the proposed project.

Certificate of Need #1609 (“CN #1609”) was issued to EEC on August 17, 2017, which authorized the existing three operating room (“OR”) ASF located at 1135 116th Avenue N.E., Suite 570, Bellevue, WA 98004. In order to address increased demand and its patient backlog, EEC proposes to relocate the ASF to a larger suite in the same building and expand from three ORs to four ORs.

EEC will continue to provide the same surgical services authorized under CN #1609, which include gastroenterology diagnostic and therapeutic endoscopic services.

Having only three ORs is constraining EEC’s ability to fully address patient demand. Eleven of EEC’s gastroenterology physicians currently use the 3-OR ASF, which operates an average of nine hours per day, five days per week. The lack of an additional OR is a constraint that impedes growth and prohibits EEC from addressing patient demand and from reducing its patient backlog. The suite where the current ASF is located is landlocked, *i.e.*, there is no space available in that suite to add a fourth OR.

The new location is expected to be completed, licensed and certified, and opened by February of 2025. The first full year of operation will be 2026. The capital expenditure

for the project is \$5,882,228.

4. With the understanding that the review of a Certificate of Need application typically takes at least 6-9 months, provide an estimated timeline for project implementation, below:

Event	Anticipated Month/Year
Design complete	December 2023
Construction Commenced	June 2024
Construction Completed	January 2025
Facility Prepared for Survey	February 2025
Project Completion	February 2025

5. Identify the surgical specialties to be offered at this facility by checking the applicable boxes below. Also attach a list of typical procedures included within each category.

- | | | |
|--|--|--|
| <input type="checkbox"/> Ear, Nose, & Throat | <input type="checkbox"/> Maxillofacial | <input type="checkbox"/> Pain Management |
| <input checked="" type="checkbox"/> Gastroenterology | <input type="checkbox"/> Ophthalmology | <input type="checkbox"/> Plastic Surgery |
| <input type="checkbox"/> General Surgery | <input type="checkbox"/> Oral Surgery | <input type="checkbox"/> Podiatry |
| <input type="checkbox"/> Gynecology | <input type="checkbox"/> Orthopedics | <input type="checkbox"/> Urology |

Other? Describe in detail: N/A

6. If you checked gastroenterology, above, please clarify whether this includes the full spectrum of gastroenterological procedures, or if this represents a specific sub-specialty:

Endoscopy Bariatric Surgery Other: _____

7. For existing facilities, provide a discussion of existing specialties and how these would or would not change as a result of the project.

The facility (current and after relocation and expansion) will provide only gastroenterology diagnostic and therapeutic endoscopic services.

8. Identify how many operating rooms will be at this facility at project completion. Note, for certificate of need and credentialing purposes, “operating rooms” and “procedure rooms” are one and the same.

The current ASF includes three ORs. The proposed ASF will include four ORs.

9. Identify if any of the operating rooms at this facility would be exclusively dedicated to endoscopy, cystoscopy, or pain management services. [WAC 246-310-270\(9\)](#)

All of the ORs will be exclusively dedicated to endoscopy services.

10. Provide a general description of the types of patients to be served by the facility at project completion (e.g. age range, etc.).

EEC offers and provides care to patients ages 16 and older who require ambulatory surgery, are not expected to require hospitalization, and can be treated appropriately in an outpatient surgery setting.

11. If you submitted more than one letter of intent for this project, provide a copy of the applicable letter of intent that was submitted according to [WAC 246-310-080](#).

Please see [Exhibit B](#) for the Letter of Intent.

12. Provide single-line drawings (approximately to scale) of the facility, both before and after project completion.

Please see [Exhibit C](#) for single line drawings of the proposed ASF.

13. Confirm that the facility will be licensed and certified by Medicare and Medicaid, which is a requirement for CN approval. If this application proposes the expansion of an existing facility, provide the existing facility's identification numbers.

The existing ASF is licensed as an ambulatory surgical facility by the Washington State Department of Health (the "Department") and certified by the Centers for Medicare and Medicaid Services. It will submit the appropriate amendments for its license and certification to identify the new location upon CN approval.

ASF License #: ASF.FS.60100024

Medicare #: 50C0001093

Medicaid #: 7067366

14. Identify whether this facility will seek accreditation. If yes, identify the accrediting body.

The current ASF is accredited by Accreditation Association for Ambulatory Health Care. The proposed ASF will seek accreditation at the new location.

15. **OPTIONAL** – The Certificate of Need program highly recommends that applicants consult with the office of Construction Review Services (CRS) early in the planning process. CRS review is required prior to construction and licensure ([WAC 246-330-500](#), [246-330-505](#), and [246-330-510](#)). Consultation with CRS can help an applicant reliably predict the scope of work required for licensure and certification. Knowing the required construction standards can help the applicant to more

accurately estimate the capital expenditure associated with a project.

If your project includes construction, please indicate if you've consulted with CRS and provide your CRS project number.

EEC has not yet consulted with Construction Review Services ("CRS"). However, it intends to do so and will provide its project number when it is assigned.

Certificate of Need Review Criteria

A. Need (WAC 246-310-210)

[WAC 246-310-210](#) provides general criteria for an applicant to demonstrate need for healthcare facilities or services in the planning area. [WAC 246-310-270](#) provides specific criteria for ambulatory surgery applications. Documentation provided in this section must demonstrate that the proposed facility will be needed, available, and accessible to the community it proposes to serve. Some of the questions below only apply to existing facilities proposing to expand. For any questions that are not applicable to your project, explain why.

Some of the questions below require you to access facility data in the planning area. Please contact the Certificate of Need Program for any planning area definitions, facility lists, and applicable survey responses with utilization data.

1. List all surgical facilities operating in the planning area – to include hospitals, ASFs, and ASCs.

Hospitals in the East King County secondary health services planning area are listed in [Table 1](#) below.¹

Table 1

East King County Secondary Health Services Planning Area Hospitals

Hospitals	
EvergreenHealth Medical Center	HAC.FS.00000164
Overlake Hospital Medical Center	HAC.FS.00000131
Snoqualmie Valley Hospital	HAC.FS.00000195
Swedish Medical Center – Issaquah Campus	HAC.FS.60256001

ASFs in the East King County secondary health services planning area are listed in [Table 2](#) below.²

Table 2

¹ Source: CN historic files, ILRS.

² *Id.*

East King County Secondary Health Services Planning Area ASFs

ASFs	
CN-Exempt ASFs	
Aesthetic Facial Plastic Surgery	ASF.FS.60429354
Aesthetic Physicians d/b/a SonoBello	ASF.FS.60291172
Allure Laser Center and Medispa / Aesthetic Eye Associate	ASF.FS.60574719
Anderson Sobel Cosmetic Surgery	ASF.FS.60278641
Athenix Body Sculpting Institute	ASF.FS.60329939
Bellevue Spine Specialists	ASF.FS.60100993
Bellevue Surgery Center	ASF.FS.60287715
Center for Plastic Surgery/David Stephens	ASF.FS.60134975
Cosmetic Surgery and Dermatology of Issaquah	ASF.FS.60100200
Eastside Endoscopy Center-Bellevue site*	ASF.FS.60100024
Eastside Endoscopy Center-Issaquah site*	ASF.FS.60262734
Egrari Plastic Surgery Center	ASF.FS.60307710
Evergreen Endoscopy Center*	ASF.FS.60103003
Kaiser Foundation	ASF.FS.60100954
Marina Park Plastics	ASF.FS.61104390
Naficy Plastic Surgery and Rejuvenation Center	ASF.FS.60101790
Newvue Plastic Surgery	ASF.FS.60320007
Northwest Center for Aesthetic Plastic Surgery	ASF.FS.60101127
Northwest Laser and Surgery Center	ASF.FS.60277121
Overlake Reproductive Health	ASF.FS.60350164
Pacific Cataract and Laser Institute-Bellevue	ASF.FS.60884516
Remington Plastic Surgery Center	ASF.FS.60103007
Ridgway Face and Aesthetic Center	ASF.FS.61027806
SoGab Surgery Center	ASF.FS.60107297
Stern Center for Aesthetic Surgery	ASF.FS.60099126
Virginia Mason-Bellevue Endoscopy*	ASF.FS.61079026
Virginia Mason-Issaquah Endoscopy*	ASF.FS.60101658
Washington Institute Orthopedic Center	ASF.FS.60101120
Washington Urology Associates	ASF.FS.60222057
Yarrow Bay Plastic Surgery Center	ASF.FS.60312375
CN-Approved ASFs	
Bel-Red ASC (CN #1819)	ASF.FS.60102983
Eastside Surgery Center (CN #1462)	ASF.FS.60477711
Northwest Nasal Sinus Center (CN #1250)	ASF.FS.60118035
Overlake Surgery Center (CN #1192)	ASF.FS.60101029
Proliance Eastside Surgery Center (CN #1342)	ASF.FS.60101042

Proliance Highlands Surgery Center (CN #1567)	ASF.FS.60101051
Pro Sports Club (CN #1763)	ASF.FS.60932741
Redmond Ambulatory Surgery Center (CN #1573)	ASF.FS.60826603
Retina Surgery Center (CN #1603)	ASF.FS.61191721
Seattle Children's – Bellevue (CN #1395)	Hospital license

* These ASFs are endoscopy centers.

- Identify which, if any, of the facilities listed above provide similar services to those proposed in this application.

The current ASF provides only outpatient gastroenterology diagnostic and therapeutic endoscopic services. The proposed ASF will continue to provide only outpatient gastroenterology diagnostic and therapeutic endoscopic services.

The following facilities provide similar services: Eastside Endoscopy Center (Issaquah site); Evergreen Endoscopy Center; Virginia Mason-Bellevue Endoscopy; and Virginia Mason-Issaquah Endoscopy.

- Provide a detailed discussion outlining how the proposed project will not represent an unnecessary duplication of services.

EEC is proposing to relocate and expand its current ASF for the reasons noted earlier in this application. This application simply requests approval to add one additional endoscopy-only OR at the new location.

With only three ORs, the current ASF is already performing approximately 11,000 procedures per year and currently has a backlog of procedures caused in part by COVID, which cannot be accommodated in the current location. Numerous studies demonstrate what has been experienced in King County: the COVID pandemic reduced the volume of diagnostic endoscopies, and later stage cases are being identified. There is an urgency to mitigate the backlog. The urgency, coupled with new guidelines issued in May of 2021 from the American Cancer Society that reduce the age for a first colonoscopy from 50 years to 45 years, are increasing demand. The recommended age was lowered because colorectal cancer cases are on the rise among young and middle-aged people. Deaths of people under age 55 increased 1% per year from 2008 to 2017. For the reasons above, this project is not an unnecessary duplication of services.

- Complete the methodology outlined in [WAC 246-310-270](#), unless your facility will be exclusively dedicated to endoscopy, cystoscopy, or pain management. If your facility will be exclusively dedicated to endoscopy, cystoscopy, or pain management, so state. If you would like a copy of the methodology template used by the department, please contact the Certificate of Need Program.

The current ASF is exclusively dedicated to endoscopy procedures. The proposed ASF will also be exclusively dedicated to endoscopy procedures. This question is not

applicable.

5. If the methodology does not demonstrate numeric need for additional operating rooms, [WAC 246-310-270\(4\)](#) gives the department flexibility. WAC 246-310-270(4) states: “Outpatient operating rooms should ordinarily not be approved in planning areas where the total number of operating rooms available for both inpatient and outpatient surgery exceeds the area need.”

These circumstances could include but are not limited to: lack of CN approved operating rooms in a planning area, lack of providers performing widely utilized surgical types, or significant in-migration to the planning area. If there isn't sufficient numeric need for the approval of your project, please explain why the department should give consideration to this project under [WAC 246-310-270\(4\)](#). Provide all supporting data.

The current ASF is exclusively dedicated to endoscopy procedures. The expanded facility will also be exclusively dedicated to endoscopy procedures. This question is not applicable.

6. For existing facilities, provide the facility's historical utilization for the last three full calendar years.

Table 3

Historical Utilization

	2023 [through September 30]	2022	2021	2020
Procedure Volumes	10,797	10,300	11,926	9,503

7. Provide projected surgical volumes at the proposed facility for the first three full years of operation, separated by surgical type. For existing facilities, also provide the intervening years between historical and projected. Include the basis for all assumptions used as the basis for these projections.

Table 4

Projected Utilization

	2025	2026	2027	2028
Procedure Volumes	15,018	15,319	15,625	15,938

8. Identify any factors in the planning area that could restrict patient access to outpatient surgical services. [WAC 246-310-210\(1\) and \(2\)](#)

The only factor in the East King County secondary health services planning area that would restrict access is an inadequate number of available and accessible endoscopy

procedure rooms. The ORs at the current ASF run at capacity, based on a nine-hour day, five days per week schedule. The endoscopy rooms in the hospitals are typically used for more complex cases and for patients who do not meet ASGE guidelines for sedation and anesthesia in a freestanding setting as endorsed by the American Association for the Study of Liver Diseases, the American College of Gastroenterology, and the American Gastroenterological Association.

9. In a CN-approved facility, [WAC 246-310-210\(2\)](#) requires that “all residents of the service area, including low-income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly are likely to have adequate access to the proposed health service or services.” Confirm your facility will meet this requirement.

EEC is committed to serving all persons regardless of income, race, ethnicity, gender, disability, or other status protected under applicable law. Please see [Exhibit D](#) for EEC’s Non-discrimination Policy.

For ASF applications, the Department requests that the proposed facility provide charity care at the average of the hospitals in the planning area. According to charity care data produced by the Department, the three-year charity care average for King County is 1.24% of total revenue.

10. Provide a copy of the following policies:
 - Admissions policy
 - Charity care or financial assistance policy
 - Patient Rights and Responsibilities policy
 - Non-discrimination policy
 - Any other policies directly related to patient access to care.

Please see the following exhibits:

- [Exhibit E](#), Admissions Policy;
- [Exhibit F](#), Charity Care Policy;
- [Exhibit G](#), Patient Rights and Responsibilities Policy; and
- [Exhibit D](#), Non-discrimination Policy.

B. Financial Feasibility (WAC 246-310-220)

Financial feasibility of a project is based on the criteria in [WAC 246-310-220](#).

1. Provide documentation that demonstrates that the immediate and long-range capital and operating costs of the project can be met. This should include but is not limited to:
 - Utilization projections. These should be consistent with the projections provided under “Need” in section A. Include the basis for all assumptions.
 - Pro Forma revenue and expense projections for at least the first three full

- calendar years of operation. Include the basis for all assumptions.
- Pro Forma balance sheet for the current year and at least the first three full calendar years of operation. Include the basis for all assumptions.
 - For existing facilities, provide three years of historical revenue and expense statements, including the current year. Ensure these are in the same format as the pro forma projections. For incomplete years, identify whether the data is annualized.

See Table 4, Projected Utilization, above.

Please see Exhibit H for the historical revenue and expense statements. The data for 2023 is not annualized.

Please see Exhibit I for the pro forma revenue and expense projections.

Please see Exhibit J for the pro forma balance sheets.

2. Provide the following applicable agreements/contracts:

- Management agreement
- Operating agreement
- Medical director agreement
- Development agreement
- Joint Venture agreement

Note that all agreements above must be valid through at least the first three full years following completion of the project or have a clause with automatic renewals. Any agreements in draft form must include a document signed by both entities committing to execute the agreement as submitted following CN approval.

Please see the following exhibits:

- Exhibit K, Management Agreement between The Eastside Endoscopy Center, LLC and Washington Gastroenterology, PLLC dated January 1, 2018; and
- Exhibit L, Amended and Restated Operating Agreement of The Eastside Endoscopy Center, P.L.L.C. and amendments thereto.

3. Certificate of Need approved ASFs must provide charity care at levels comparable to those at the hospitals in the ASF planning area. You can access charity care statistics from the Hospital Charity Care and Financial Data (HCCFD) website. Identify the amount of charity care projected to be provided at this facility, captured as a percentage of gross revenue, as well as charity care information for the planning area hospitals. The table below is for your convenience but is not required. WAC 246-310-270(7)

Planning Area Hospital 3-year Average Charity Care as a Percentage of Total Revenue	1.24%
Projected Facility Charity Care as a Percentage of Total Revenue	1.24%

Consistent with WAC 246-310-270(7), EEC will offer charity care in an amount equal to or greater than the average percentage of total patient revenue, other than Medicare or Medicaid, which affected hospitals in the planning area utilized to provide charity care in the last available reporting year.

4. Provide documentation of site control. This could include either a deed to the site or a lease agreement for the site. If a lease agreement is provided, the terms must be for at least five years following project completion. The costs identified in these documents should be consistent with the Pro Forma provided in response to question 1.

Please see Exhibit M for Lease Agreement Letter of Intent.

5. For new facilities, confirm that the zoning for your site is consistent with the project.

The proposed ASF will be located in the same building as the existing ASFs.

6. Complete the table below with the estimated capital expenditure associated with this project. Capital expenditure is defined under WAC 246-310-010(10). If you have other line items not listed below, please include the items with a definition of the line item. Include all assumptions used as the basis the capital expenditure estimate.

Item	Cost
a. Land Purchase	\$0
b. Utilities to Lot Line	\$0
c. Land Improvements	\$0
d. Building Purchase	\$0
e. Residual Value of Replaced Facility	\$0
f. Building Construction	\$266,957
g. Fixed Equipment (not already included in the construction contract)	\$0
h. Movable Equipment	\$653,213
i. Architect and Engineering Fees	\$24,472
j. Consulting Fees	\$5,244
k. Site Preparation	\$0
l. Supervision and Inspection of Site	\$0
m. Any Costs Associated with Securing the Sources of Financing (include interim interest during construction)	\$0
1. Land	\$0
2. Building	\$0
3. Equipment	\$0
4. Other	\$0
n. Washington Sales Tax	\$0
Total Estimated Capital Expenditure	\$956,004

7. Identify the entity or entities responsible for funding the capital expenditure identified above. If more than one entity is responsible, provide breakdown of percentages and amounts for all.

The proposed project will be financed by a loan from KeyBank. Please see Exhibit N for loan information.

8. Please identify the amount of start-up costs expected for this project. Include any assumptions that went into determining the start-up costs. If no start-up costs are needed, explain why.

No start-up costs are anticipated because this is an existing operation.

9. Provide a non-binding contractor's estimate for the construction costs for the project.

Please see Exhibit O for a non-binding contractor's estimate for construction costs.

10. Explain how the proposed project would or would not impact costs and charges to patients for health services. WAC 246-310-220

The capital costs associated with the proposed project will not be passed on to payers in the form of higher charges. The proposed ASF will be operated as a free-standing ASF, and rates will not be based on costs.

The availability of additional lower cost freestanding endoscopy services is beneficial to the community and will serve to reduce the total cost of health care and potentially reduce total out-of-pocket costs for patients.

11. Provide documentation that the costs of the project, including any construction costs, will not result in an unreasonable impact on the costs and charges to patients for health services in the planning area. WAC 246-310-220

As noted in response to Question #10, the capital cost will not be passed on to payers in the form of higher charges because the proposed ASF will be operated as a free-standing ASF, and rates will not be based on costs. The availability of additional lower cost freestanding endoscopy services is beneficial to the community and will serve to reduce the total cost of health care and potentially reduce total out-of-pocket costs for patients.

Because freestanding ASFs are more efficient and cost-effective in comparison to hospital outpatient surgery departments, the contractual rates for purchasers in the East King County secondary health services planning area can be lower in a freestanding setting, which translates to cost savings to patients and payors.

12. Provide the projected payer mix by gross revenue and by patients using the example table below. If "other" is a category, define what is included in "other."

Please see Exhibit P for the projected payer mix.

13. If this project proposes CN approval of an existing facility, provide the historical payer mix by revenue and patients for the existing facility for the most recent year. The table format should be consistent with the table shown above.

Please see Exhibit P for the historical payer mix.

14. Provide a listing of new equipment proposed for this project. The list should include estimated costs for the equipment. If no new equipment is required, explain.

Please see [Exhibit Q](#) for a list of new equipment.

15. Provide a letter of financial commitment or draft agreement for each source of financing (e.g. cash reserves, debt financing/loan, grant, philanthropy, etc.). WAC 246-310-220.

The proposed project will be financed by a loan from KeyBank. Please see [Exhibit N](#) for loan information.

16. If this project will be debt financed through a financial institution, provide a repayment schedule showing interest and principal amount for each year over which the debt will be amortized. WAC 246-310-220

Please see [Exhibit N](#) for the amortization schedule.

17. Provide the applicant's audited financial statements covering the most recent three years. WAC 246-310-220

EEC does not have audited financial statements. However, please see [Exhibit R](#) for EEC's unaudited financial statements.

B. Structure and Process of Care ([WAC 246-310-230](#))

Projects are evaluated based on the criteria in [WAC 246-310-230](#) for staffing availability, relationships with other healthcare entities, relationships with ancillary and support services, and compliance with federal and state requirements. Some of the questions within this section have implications on financial feasibility under [WAC 246-310-220](#) and will be marked as such.

1. Identify all licensed healthcare facilities owned, operated by, or managed by the applicant. This should include all facilities in Washington State as well as out-of-state facilities, and should identify the license/accreditation status of each facility.

Eastside Endoscopy Center – Bellevue
1135 116th Avenue N.E., Suite 570
Bellevue, WA 98004
ASF.FS.60100024

Eastside Endoscopy Center – Issaquah
1301 4th Avenue N.W., Suite 301
Issaquah, WA 98027
ASF.FS.60262734

2. Provide a table that shows FTEs [full time equivalents] by classification (e.g. RN, LPN, Manager, Scheduler, etc.) for the proposed facility. If the facility is currently in operation, include at least the last three full years of operation, the current year, and the first three full years of operation following project completion. There should be no gaps in years. All staff classifications should be defined.

Table 5

Eastside Endoscopy Center Estimated Total Staffing: 2025-2028

Position	2025	2026	2027	2028
Registered Nurse	25	25	25	25
Medical Assistant/Technicians	8	8	8	8
Reception	4	4	4	4
Total	37	37	37	37

3. Provide the basis for the assumptions used to project the number and types of FTEs identified for this project.

The FTEs for the proposed project are based on historical experience and the projected increase in procedures shown in Table 4 above.

4. Provide the name and professional license number of the current or proposed medical director. If not already disclosed under [WAC 246-310-220\(1\)](#) above, identify if the medical director is an employee or under contract.

Edwin J. Lai, M.D. (MD00047860) is the Medical Director of the current ASF and will be the Medical Director of the proposed ASF.

5. If the medical director is/will be an employee rather than under contract, provide the medical director's job description.

Please see Exhibit S for the medical director job description.

6. Identify key staff by name, if known (e.g. nurse manager, clinical director, etc.)

Rachel A. Studhalter, R.N. (RN60292672) is the Nurse Manager of the current ASF and will be the Nurse Manager of the proposed ASF.

7. Provide a list of physicians who would use this surgery center, including their names, license numbers, and specialties. [WAC 246-310-230\(3\) and \(5\)](#).

Table 6

Physicians to Provide Surgical Services at Eastside Endoscopy Center

Provider	Specialty	License Number
Raj C. Butani, M.D.	Gastroenterology	MD00048064
Annie Hong, M.D.	Gastroenterology	MD61390418
Kalle Kang, M.D.	Gastroenterology	MD00024250
Sang U. Kim, M.D.	Gastroenterology	MD00030024
Aparna Kulkarni, M.D.	Gastroenterology	MD00037911
Edwin J. Lai, M.D.	Gastroenterology	MD00047860
Venkatachala Mohan, M.D.	Gastroenterology	MD00037468
Georgia M. Rees-Lui, M.D.	Gastroenterology	MD00024014
Roanne R. Selinger, M.D.	Gastroenterology	MD00038780
Robert A. Wohlman, M.D.	Gastroenterology	MD00021426
Eric W. Yap, M.D.	Gastroenterology	MD00038456

8. For existing facilities, provide names and professional license numbers for current credentialed staff. [WAC 246-310-230\(3\) and \(5\)](#).

See [Table 6](#) for physicians who will provide surgical services at Eastside Endoscopy Center.

9. Describe your methods for staff recruitment and retention. If any barriers to staff recruitment exist in the planning area, provide a detailed description of your plan to staff this project. [WAC 246-310-230\(1\)](#)

Timely patient care is provided by carefully anticipating the needs of EEC on a daily, weekly, and monthly basis and utilizing agency staff when necessary. EEC managers will also be working managers and participate in patient care as necessary. EEC will also delegate non-nursing tasks to appropriate personnel, utilizing our nursing staff for patient care to the extent possible.

10. For existing facilities, provide a listing of ancillary and support services already in place. [WAC 246-310-230\(2\)](#)

Please see [Exhibit T](#) for a copy of the Specialty Center Patient Transfer Agreement between Eastside Endoscopy Center and Overlake Hospital Medical Center dated July 14, 2008.

Anesthesia services at EEC are provided by Paceline Anesthesia.

EEC refers laboratory services to LabCorp.

11. For new facilities, provide a listing of ancillary and support services that will be established. [WAC 246-310-230\(2\)](#)

The ancillary and support services in place at the proposed ASF will be the same as the ancillary and support services in place at the current ASF.

12. Identify whether any of the existing ancillary or support agreements are expected to change as a result of this project. [WAC 246-310-230\(2\)](#)

No, the ancillary and support services in place at the proposed ASF will be the same as the ancillary and support services in place at the current ASF.

13. If the ASF is currently operating, provide a listing of healthcare facilities with which the ASF has working relationships. [WAC 246-310-230\(4\)](#)

See answer to Question #10.

14. Identify whether any of the existing working relationships with healthcare facilities listed above would change as a result of this project. [WAC 246-310-230\(4\)](#)

See answer to Question #12.

15. For a new facility, provide a listing of healthcare facilities with which the ASF would establish working relationships. [WAC 246-310-230\(4\)](#)

Please see [Exhibit T](#) for a copy of the Specialty Center Patient Transfer Agreement between Eastside Endoscopy Center and Overlake Hospital Medical Center dated July 14, 2008.

Anesthesia services at EEC are provided by Paceline Anesthesia.

EEC refers laboratory services to LabCorp.

16. Provide a copy of the existing or proposed transfer agreement with a local hospital. [WAC 246-310-230\(4\)](#)

Please see [Exhibit T](#) for a copy of the Specialty Center Patient Transfer Agreement between Eastside Endoscopy Center and Overlake Hospital Medical Center dated July 14, 2008.

17. Provide an explanation of how the proposed project will promote continuity in the provision of health care services in the planning area, and not result in an unwarranted fragmentation of services. [WAC 246-310-230\(4\)](#)

The proposed ASF will improve access to affordable, high-quality ambulatory surgical services to the East King County secondary health services planning area residents.

Approval of the proposed ASF will allow EEC to continue to offer a more convenient, lower-cost alternative to hospital-based outpatient endoscopy and gastroenterology services. Further, because freestanding ASFs are more efficient and cost-effective in comparison to hospital outpatient surgery departments, the contractual rates for purchasers in the East King County secondary health services planning area can be lower in a freestanding setting, which translates to cost savings to patients.

18. Provide an explanation of how the proposed project will have an appropriate relationship to the service area's existing health care system as required in [WAC 246-310-230\(4\)](#).

See answer to Question #17 above.

19. Identify whether any facility or practitioner associated with this application has a history of the actions listed below. If so, provide evidence that the proposed or existing facility can and will be operated in a manner that ensures safe and adequate care to the public and conforms to applicable federal and state requirements. [WAC 246-310-230\(3\)](#) and [\(5\)](#)
- a. A criminal conviction which is reasonably related to the applicant's competency to exercise responsibility for the ownership or operation of a health care facility; or
 - b. A revocation of a license to operate a healthcare facility; or
 - c. A revocation of a license to practice as a health profession; or
 - d. Decertification as a provider of services in the Medicare or Medicaid program because of failure to comply with applicable federal conditions of participation.

No facility or practitioner associated with EEC has any history with respect to criminal convictions related to the ownership or operation of a health care facility, license revocation, or other sanction described in WAC 246-310-230(3) or (5).

C. Cost Containment ([WAC 246-310-240](#))

Projects are evaluated based on the criteria in WAC 246-310-240 in order to identify the best available project for the planning area.

1. Identify all alternatives considered prior to submitting this project.

The proposed ASF will improve access, a key criterion for a CN. The proposed ASF will also provide a low cost, freestanding ASF in the health planning area to meet the needs of patients and help residents of the planning area avoid wait times for procedures and lower health care costs.

EEC has a presence in the East King County secondary health services planning area, and the proposed ASF will build upon this presence and offer other patients convenient access to surgical services. EEC is committed to providing high quality, affordable care in the East King County secondary health services planning area, and the proposed ASF

will help accomplish this goal. The proposed project promotes continuity of care with EEC's other services, and it offers cost containment as well.

Alternative 1: "Do Nothing"

EEC rejected a "do nothing" alternative. Planning area residents are underserved relative to the demand for gastroenterology diagnostic and therapeutic endoscopic services and must travel or wait to obtain care. EEC has a presence in the East King County secondary health services planning area and can add value to community health services by extending its continuum of care to additional residents of the community and other patients. A "do nothing" alternative strategy is detrimental to the community, in that such a strategy would do nothing to reduce the travel or wait times for gastroenterology diagnostic and therapeutic endoscopic services, would further restrict needed health care services within the health planning area, and would not improve the cost effectiveness of care delivery. There is no advantage to the "do nothing" alternative, so it was not considered feasible.

Alternative 2: Request Approval for a Freestanding ASF, i.e., The Proposed Project

In contrast to the "do nothing" approach, the advantages of a CN-approved ASF are clear. The relocation and expansion of the facility would afford increased access and local choice for the health planning area residents. It would increase patients' ease of access and improve their ability to receive high quality care. This model reduces the overall cost of care and passes these relative cost and efficiency advantages of a freestanding ASF to patients and payers.

There are no disadvantages to granting EEC's request for CN approval.

A CN-approved ASF would better serve the interests of the planning area residents and achieve East King County secondary health services planning area's desire to reduce wait times for outpatient surgical services.

The primary objective of the proposed project is to provide needed access to a high quality, low cost ASF in the planning area where there is clearly demonstrated need. Patients who need outpatient surgery will have the option to have their procedure in an ASF where they can obtain the same quality surgical experience, but at a lower cost. The proposed ASF will offer care that is both affordable and local.

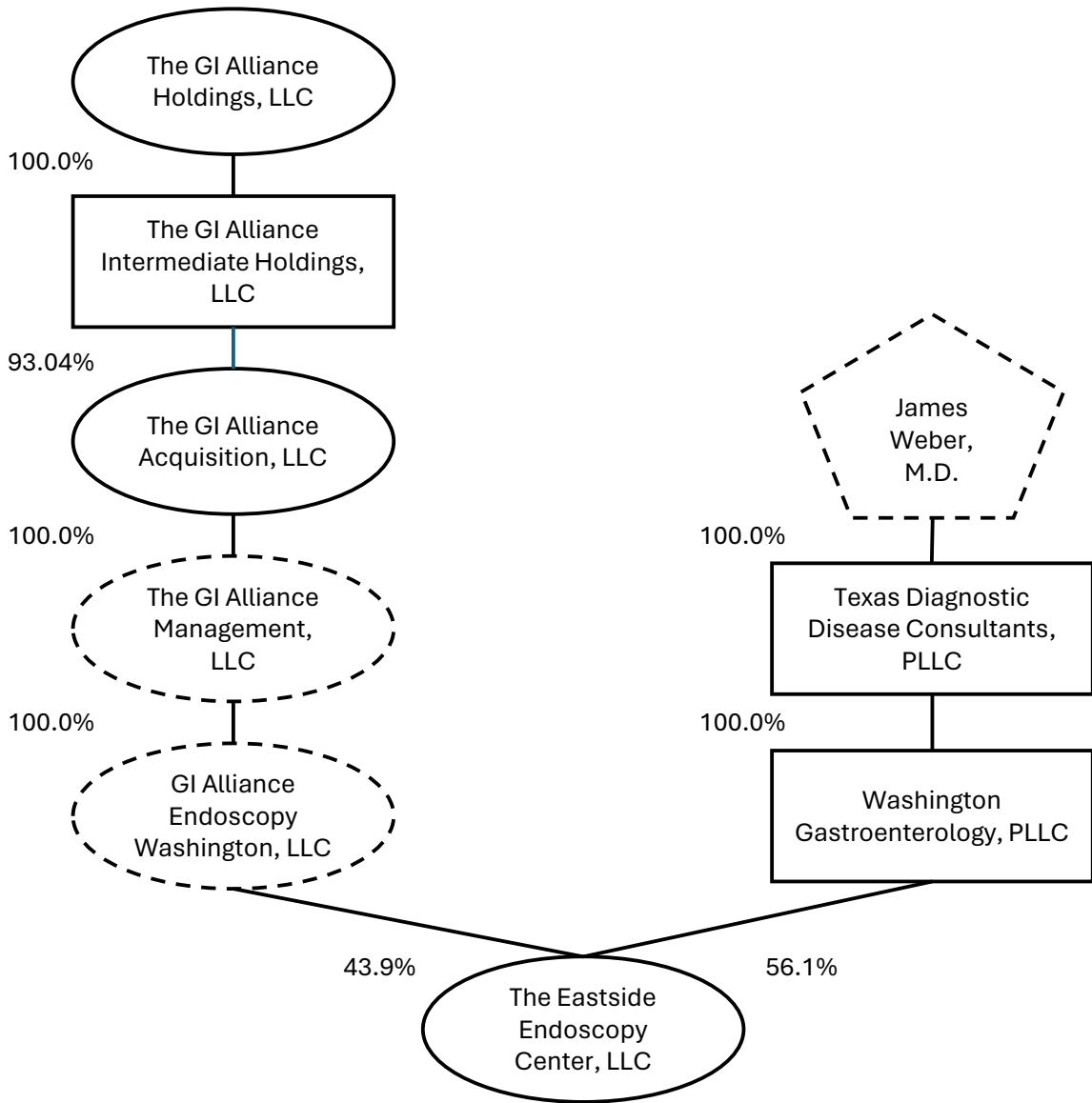
2. Provide a comparison of the project with alternatives rejected by the applicant. Include the rationale for considering this project to be superior to the rejected alternatives. Factors to consider can include, but are not limited to: patient access to healthcare services, capital cost, legal restrictions, staffing impacts, quality of care, and cost or operation efficiency.

See answer to Question #1 above.

3. Identify any aspects of the facility's design that lead to operational efficiency. This could include but is not limited to: LEED building, water filtration, or the methods for construction, etc. [WAC 246-310-240\(2\) and \(3\)](#).

The proposed ASF would have more efficient HVAC and lighting systems than the existing ASF.

EXHIBIT A
ORGANIZATIONAL CHART



ORIGINAL APPLICATION FOR CERTIFICATE
OF NEED

STUDEBAKER | NAULT

EMILY R. STUDEBAKER, ESQ.
11900 N.E. 1st Street, Suite 300
Bellevue, WA 98005
estudebaker@studebakernault.com

December 22, 2023

Department of Health
Certificate of Need Program
111 Israel Road S.E.
Tumwater, WA 98501

VIA EMAIL: fslcon@doh.wa.gov

Re: The Eastside Endoscopy Center, LLC
Corrected Application for Certificate of Need

Ladies and Gentlemen:

On behalf of The Eastside Endoscopy Center, LLC (“Eastside Endoscopy Center”), please find enclosed a corrected version of the Certificate of Need Application.

Per a May 6, 2021 email from the Certificate of Need Program of the Department of Health, it is our understanding that the Department no longer wishes to receive submissions in hard copy. If that is incorrect, please advise us. If you have any questions or need any additional information, please let us know. Thank you for your assistance.

Regards,

STUDEBAKER NAULT, PLLC



Emily R. Studebaker

cc: Nick Goralsky, Vice President Operations
Jennifer Moore, Director of Operations
The Eastside Endoscopy Center, LLC

THE EASTSIDE ENDOSCOPY CENTER, LLC
CERTIFICATE OF NEED APPLICATION SEEKING
APPROVAL TO RELOCATE AND EXPAND
AMBULATORY SURGICAL FACILITY FROM
THREE OPERATING ROOMS TO FOUR OPERATING
ROOMS

Table of Contents

	Page
Application Form	1
Applicant Description	2
Project Description.....	3
Certificate of Need Review Criteria	
A. Need	6
B. Financial Feasibility	11
C. Structure and Process of Care	15
D. Cost Containment.....	19

Table of Exhibits

	Page
Exhibit A: The Eastside Endoscopy Center, LLC Organizational Chart.....	22
Exhibit B: Letter of Intent.....	24
Exhibit C: Single Line Drawings of Proposed Ambulatory Surgical Facility	26
Exhibit D: The Eastside Endoscopy Center, LLC Non-Discrimination Policy	28
Exhibit E: The Eastside Endoscopy Center, LLC Admissions Policy	30
Exhibit F: The Eastside Endoscopy Center, LLC Charity Care Policy	33
Exhibit G: The Eastside Endoscopy Center, LLC Patient Rights and Responsibilities Policy.....	39
Exhibit H: The Eastside Endoscopy Center, LLC Historical Revenue and Expense Statements	43
Exhibit I: The Eastside Endoscopy Center, LLC Pro Forma Revenue and Expense Projections	56
Exhibit J: The Eastside Endoscopy Center, LLC Pro Forma Balance Sheets.....	60
Exhibit K: Management Agreement Between The Eastside Endoscopy Center, LLC and Washington Gastroenterology, PLLC dated January 1, 2018	62
Exhibit L: Amended and Restated Operating Agreement of the Eastside Endoscopy Center, P.L.L.C. and Amendments Thereto.....	85
Exhibit M: Lease Agreement Letter of Intent.....	161
Exhibit N: Loan Information	167

Certificate of Need Application
The Eastside Endoscopy Center, LLC

Exhibit O: Non-Binding Contractor’s Estimate.....	169
Exhibit P: Eastside Endoscopy Center – Bellevue Historical and Projected Payer Mix	180
Exhibit Q: List of New Equipment	182
Exhibit R: The Eastside Endoscopy Center, LLC Unaudited Financial Statements.....	184
Exhibit S: Medical Director Job Description.....	205
Exhibit T: Specialty Center Patient Transfer Agreement Between Eastside Endoscopy Center and Overlake Hospital Medical Center dated July 14, 2008.....	208

Table of Tables

	Page
Table 1: East King County Secondary Health Services Planning Area Hospitals.....	7
Table 2: East King County Secondary Health Services Planning Area ASFs.....	7
Table 3: Historical Utilization.....	10
Table 4: Projected Utilization	10
Table 5: Eastside Endoscopy Center Estimated Total Staffing: 2025-2028	16
Table 6: Physicians to Provide Surgical Services at Eastside Endoscopy Center	17



Date
Stamp
Here

**Certificate of Need Application
Ambulatory Surgical Facilities
Ambulatory Surgery Centers**

Certificate of Need applications must be submitted with a fee in accordance with Washington Administrative Code [\(WAC\) 246-310-990](#).

Application is made for a Certificate of Need in accordance with provisions in Revised Code of Washington ([RCW 70.38](#) and [WAC 246-310](#)), rules and regulations adopted by the Washington State Department of Health. I attest that the statements made in this application are correct to the best of my knowledge and belief.

Signature and Title of Responsible Officer:  Nick Goralsky, Vice President Operations	Phone Number: (253) 888-2253
Dated: December 22, 2023	Email Address: ngoralsky@washgi.com
Legal Name of Applicant: The Eastside Endoscopy Center, LLC	Number of Surgery Rooms requested – include operating room and procedure rooms: The Eastside Endoscopy Center, LLC, which operates pursuant to Certificate of Need #1609, is seeking approval to relocate and expand from 3 ORs to 4 ORs.
Address of Applicant: 1135 116th Avenue N.E., Suite 570 Bellevue, WA 98004	Estimated Capital Expenditure: \$5,882,228
Identify the Planning Area for this project as defined in WAC 246-310-270(3) : East King County Secondary Health Services Planning Area	

Applicant Description

Answers to the following questions will help the department fully understand the role of applicants. Your answers in this section will provide context for the reviews under Financial Feasibility ([WAC 246-310-220](#)) and Structure and Process of Care ([WAC 246-310-230](#)).

1. Provide the legal name(s) and address(es) of the applicant(s)

Note: The term “applicant” for this purpose includes any person or individual with a ten percent or greater financial interest in the partnership or corporation or other comparable legal entity. WAC 246-310-010(6)

The applicant is The Eastside Endoscopy Center, LLC (“EEC”). Its address is 1135 116th Avenue N.E., Suite 570, Bellevue, WA 98004. Effective December 31, 2023, the following will have a 10% or greater financial interest in EEC and therefore are also applicants: Physicians Endoscopy, L.L.C. (25.2% interest in EEC); Washington Gastroenterology, PLLC (56.1% interest in EEC); Texas Digestive Disease Consultants, PLLC d/b/a GI Alliance (100% owner of Washington Gastroenterology, PLLC); and The GI Alliance Management, LLC (18.7% interested in EEC). (Prior to December 31, 2023, the only person or entity with a 10% or greater financial interest in EEC will be Physicians Endoscopy, L.L.C.)

Physicians Endoscopy, L.L.C.
2500 York Road, Suite 300
Jamison, PA 18929

Washington Gastroenterology, PLLC
3209 S. 23rd Street, Suite 200
Tacoma, WA 98405

Texas Digestive Disease Consultants, PLLC
550 Reserve Street, Suite 550
Southlake, TX 76092

The GI Alliance Management, LLC
550 Reserve Street, Suite 550
Southlake, TX 76092

2. Identify the legal structure of the applicant (LLC, PLLC, etc.) and if known, provide the UBI number.

EEC is a Washington limited liability company. Its UBI# is 601 590 846.

Physicians Endoscopy, L.L.C. is a Washington limited liability company. Its UBI# is 604 960 479.

Washington Gastroenterology, PLLC is a Washington professional limited liability

company. Its UBI# is 604 006 633.

Texas Digestive Disease Consultants, PLLC is a Texas professional limited liability company. Its UBI# is 32036038191.

The GI Alliance Management, LLC is a Delaware limited liability company. Its UBI# is 604 843 572.

3. Provide the name, title, address, telephone number, and email address of the contact person for this application.

Please direct questions regarding this application to the following:

Emily R. Studebaker, Esq.
Studebaker Nault, PLLC
11900 N.E. 1st Street, Suite 300
Bellevue, WA 98005
Tel: (425) 279-9929
E-mail: estudebaker@studebakernault.com

4. Provide the name, title, address, telephone number, and email address of any other representatives authorized to speak on your behalf related to the screening of this application (if any).

Emily R. Studebaker, Esq.
Studebaker Nault, PLLC
11900 N.E. 1st Street, Suite 300
Bellevue, WA 98005
Tel: (425) 279-9929
E-mail: estudebaker@studebakernault.com

5. Provide an organizational chart that clearly identifies the business structure of the applicant(s) and the role of the facility in this application.

Please see [Exhibit A](#) for an organizational chart.

Project Description

Answers to the following questions will help the department fully understand the type of facility you are proposing as well as the type of services to be provided. Your answers in this section will provide context for the reviews under Need ([WAC 246-310-210](#)) and Structure and Process of Care ([WAC 246-310-230](#))

1. Provide the name and address of the existing facility.

The name of the current ASF (CN #1609, ASF.FS.60100024) is Eastside Endoscopy Center. It is located at 1135 116th Avenue N.E., Suite 570, Bellevue, WA 98004.

2. Provide the name and address of the proposed facility. If an address is not yet assigned, provide the county parcel number and the approximate timeline for assignment of the address.

The name of the proposed ASF will be Eastside Endoscopy Center. It will be located at 1135 116th Avenue N.E., Suite 400, Bellevue, WA 98004.

3. Provide a detailed description of the proposed project.

Certificate of Need #1609 (“CN #1609”) was issued to EEC on August 17, 2017, which authorized the existing three operating room (“OR”) ASF located at 1135 116th Avenue N.E., Suite 570, Bellevue, WA 98004. In order to address increased demand and its patient backlog, EEC proposes to relocate the ASF to a larger suite in the same building and expand from three ORs to four ORs.

EEC will continue to provide the same surgical services authorized under CN #1609, which include gastroenterology diagnostic and therapeutic endoscopic services.

Having only three ORs is constraining EEC’s ability to fully address patient demand. Eleven of EEC’s gastroenterology physicians currently use the 3-OR ASF, which operates an average of nine hours per day, five days per week. The lack of an additional OR is a constraint that impedes growth and prohibits EEC from addressing patient demand and from reducing its patient backlog. The suite where the current ASF is located is landlocked, *i.e.*, there is no space available in that suite to add a fourth OR.

The new location is expected to be completed, licensed and certified, and opened by February of 2025. The first full year of operation will be 2026. The capital expenditure for the project is \$5,882,228.

4. With the understanding that the review of a Certificate of Need application typically takes at least 6-9 months, provide an estimated timeline for project implementation, below:

Event	Anticipated Month/Year
Design complete	December 2023
Construction Commenced	June 2024
Construction Completed	January 2025
Facility Prepared for Survey	February 2025
Project Completion	February 2025

5. Identify the surgical specialties to be offered at this facility by checking the applicable boxes below. Also attach a list of typical procedures included within each category.

- | | | |
|--|--|--|
| <input type="checkbox"/> Ear, Nose, & Throat | <input type="checkbox"/> Maxillofacial | <input type="checkbox"/> Pain Management |
| <input checked="" type="checkbox"/> Gastroenterology | <input type="checkbox"/> Ophthalmology | <input type="checkbox"/> Plastic Surgery |
| <input type="checkbox"/> General Surgery | <input type="checkbox"/> Oral Surgery | <input type="checkbox"/> Podiatry |
| <input type="checkbox"/> Gynecology | <input type="checkbox"/> Orthopedics | <input type="checkbox"/> Urology |

Other? Describe in detail: N/A

6. If you checked gastroenterology, above, please clarify whether this includes the full spectrum of gastroenterological procedures, or if this represents a specific sub-specialty:

Endoscopy Bariatric Surgery Other: _____

7. For existing facilities, provide a discussion of existing specialties and how these would or would not change as a result of the project.

The facility (current and after relocation and expansion) will provide only gastroenterology diagnostic and therapeutic endoscopic services.

8. Identify how many operating rooms will be at this facility at project completion. Note, for certificate of need and credentialing purposes, “operating rooms” and “procedure rooms” are one and the same.

The current ASF includes three ORs. The proposed ASF will include four ORs.

9. Identify if any of the operating rooms at this facility would be exclusively dedicated to endoscopy, cystoscopy, or pain management services. [WAC 246-310-270\(9\)](#)

All of the ORs will be exclusively dedicated to endoscopy services.

10. Provide a general description of the types of patients to be served by the facility at project completion (e.g. age range, etc.).

EEC offers and provides care to patients ages 16 and older who require ambulatory surgery, are not expected to require hospitalization, and can be treated appropriately in an outpatient surgery setting.

11. If you submitted more than one letter of intent for this project, provide a copy of the applicable letter of intent that was submitted according to [WAC 246-310-080](#).

Please see [Exhibit B](#) for the Letter of Intent.

12. Provide single-line drawings (approximately to scale) of the facility, both before and after project completion.

Please see [Exhibit C](#) for single line drawings of the proposed ASF.

13. Confirm that the facility will be licensed and certified by Medicare and Medicaid, which is a requirement for CN approval. If this application proposes the expansion of an existing facility, provide the existing facility's identification numbers.

The existing ASF is licensed as an ambulatory surgical facility by the Washington State Department of Health (the "Department") and certified by the Centers for Medicare and Medicaid Services. It will submit the appropriate amendments for its license and certification to identify the new location upon CN approval.

ASF License #: ASF.FS.60100024

Medicare #: 50C0001093

Medicaid #: 7067366

14. Identify whether this facility will seek accreditation. If yes, identify the accrediting body.

The current ASF is accredited by Accreditation Association for Ambulatory Health Care. The proposed ASF will seek accreditation at the new location.

15. **OPTIONAL** – The Certificate of Need program highly recommends that applicants consult with the office of Construction Review Services (CRS) early in the planning process. CRS review is required prior to construction and licensure ([WAC 246-330-500](#), [246-330-505](#), and [246-330-510](#)). Consultation with CRS can help an applicant reliably predict the scope of work required for licensure and certification. Knowing the required construction standards can help the applicant to more accurately estimate the capital expenditure associated with a project.

If your project includes construction, please indicate if you've consulted with CRS and provide your CRS project number.

EEC has not yet consulted with Construction Review Services ("CRS"). However, it intends to do so and will provide its project number when it is assigned.

Certificate of Need Review Criteria

A. Need (WAC 246-310-210)

[WAC 246-310-210](#) provides general criteria for an applicant to demonstrate need for healthcare facilities or services in the planning area. [WAC 246-310-270](#) provides specific criteria for ambulatory surgery applications. Documentation provided in this section must demonstrate that the proposed facility will be needed, available, and accessible to the community it proposes to serve. Some of the questions below only apply to existing facilities proposing to expand. For any questions that are not applicable to your project, explain why.

Some of the questions below require you to access facility data in the planning area. Please contact the Certificate of Need Program for any planning area definitions, facility

lists, and applicable survey responses with utilization data.

1. List all surgical facilities operating in the planning area – to include hospitals, ASFs, and ASCs.

Hospitals in the East King County secondary health services planning area are listed in Table 1 below.¹

Table 1

East King County Secondary Health Services Planning Area Hospitals

Hospitals	
EvergreenHealth Medical Center	HAC.FS.00000164
Overlake Hospital Medical Center	HAC.FS.00000131
Snoqualmie Valley Hospital	HAC.FS.00000195
Swedish Medical Center – Issaquah Campus	HAC.FS.60256001

ASFs in the East King County secondary health services planning area are listed in Table 2 below.²

Table 2

East King County Secondary Health Services Planning Area ASFs

ASFs	
CN-Exempt ASFs	
Aesthetic Facial Plastic Surgery	ASF.FS.60429354
Aesthetic Physicians d/b/a SonoBello	ASF.FS.60291172
Allure Laser Center and Medispa / Aesthetic Eye Associate	ASF.FS.60574719
Anderson Sobel Cosmetic Surgery	ASF.FS.60278641
Athenix Body Sculpting Institute	ASF.FS.60329939
Bellevue Spine Specialists	ASF.FS.60100993
Bellevue Surgery Center	ASF.FS.60287715
Center for Plastic Surgery/David Stephens	ASF.FS.60134975
Cosmetic Surgery and Dermatology of Issaquah	ASF.FS.60100200
Eastside Endoscopy Center-Bellevue site*	ASF.FS.60100024
Eastside Endoscopy Center-Issaquah site*	ASF.FS.60262734
Egrari Plastic Surgery Center	ASF.FS.60307710
Evergreen Endoscopy Center*	ASF.FS.60103003

¹ Source: CN historic files, ILRS.

² *Id.*

Kaiser Foundation	ASF.FS.60100954
Marina Park Plastics	ASF.FS.61104390
Naficy Plastic Surgery and Rejuvenation Center	ASF.FS.60101790
Newvue Plastic Surgery	ASF.FS.60320007
Northwest Center for Aesthetic Plastic Surgery	ASF.FS.60101127
Northwest Laser and Surgery Center	ASF.FS.60277121
Overlake Reproductive Health	ASF.FS.60350164
Pacific Cataract and Laser Institute-Bellevue	ASF.FS.60884516
Remington Plastic Surgery Center	ASF.FS.60103007
Ridgway Face and Aesthetic Center	ASF.FS.61027806
SoGab Surgery Center	ASF.FS.60107297
Stern Center for Aesthetic Surgery	ASF.FS.60099126
Virginia Mason-Bellevue Endoscopy*	ASF.FS.61079026
Virginia Mason-Issaquah Endoscopy*	ASF.FS.60101658
Washington Institute Orthopedic Center	ASF.FS.60101120
Washington Urology Associates	ASF.FS.60222057
Yarrow Bay Plastic Surgery Center	ASF.FS.60312375
CN-Approved ASFs	
Bel-Red ASC (CN #1819)	ASF.FS.60102983
Eastside Surgery Center (CN #1462)	ASF.FS.60477711
Northwest Nasal Sinus Center (CN #1250)	ASF.FS.60118035
Overlake Surgery Center (CN #1192)	ASF.FS.60101029
Proliance Eastside Surgery Center (CN #1342)	ASF.FS.60101042
Proliance Highlands Surgery Center (CN #1567)	ASF.FS.60101051
Pro Sports Club (CN #1763)	ASF.FS.60932741
Redmond Ambulatory Surgery Center (CN #1573)	ASF.FS.60826603
Retina Surgery Center (CN #1603)	ASF.FS.61191721
Seattle Children's – Bellevue (CN #1395)	Hospital license

* These ASFs are endoscopy centers.

- Identify which, if any, of the facilities listed above provide similar services to those proposed in this application.

The current ASF provides only outpatient gastroenterology diagnostic and therapeutic endoscopic services. The proposed ASF will continue to provide only outpatient gastroenterology diagnostic and therapeutic endoscopic services.

The following facilities provide similar services: Eastside Endoscopy Center (Issaquah site); Evergreen Endoscopy Center; Virginia Mason-Bellevue Endoscopy; and Virginia Mason-Issaquah Endoscopy.

3. Provide a detailed discussion outlining how the proposed project will not represent an unnecessary duplication of services.

EEC is proposing to relocate and expand its current ASF for the reasons noted earlier in this application. This application simply requests approval to add one additional endoscopy-only OR at the new location.

With only three ORs, the current ASF is already performing approximately 11,000 procedures per year and currently has a backlog of procedures caused in part by COVID, which cannot be accommodated in the current location. Numerous studies demonstrate what has been experienced in King County: the COVID pandemic reduced the volume of diagnostic endoscopies, and later stage cases are being identified. There is an urgency to mitigate the backlog. The urgency, coupled with new guidelines issued in May of 2021 from the American Cancer Society that reduce the age for a first colonoscopy from 50 years to 45 years, are increasing demand. The recommended age was lowered because colorectal cancer cases are on the rise among young and middle-aged people. Deaths of people under age 55 increased 1% per year from 2008 to 2017. For the reasons above, this project is not an unnecessary duplication of services.

4. Complete the methodology outlined in [WAC 246-310-270](#), unless your facility will be exclusively dedicated to endoscopy, cystoscopy, or pain management. If your facility will be exclusively dedicated to endoscopy, cystoscopy, or pain management, so state. If you would like a copy of the methodology template used by the department, please contact the Certificate of Need Program.

The current ASF is exclusively dedicated to endoscopy procedures. The proposed ASF will also be exclusively dedicated to endoscopy procedures. This question is not applicable.

5. If the methodology does not demonstrate numeric need for additional operating rooms, [WAC 246-310-270\(4\)](#) gives the department flexibility. WAC 246-310-270(4) states: "Outpatient operating rooms should ordinarily not be approved in planning areas where the total number of operating rooms available for both inpatient and outpatient surgery exceeds the area need."

These circumstances could include but are not limited to: lack of CN approved operating rooms in a planning area, lack of providers performing widely utilized surgical types, or significant in-migration to the planning area. If there isn't sufficient numeric need for the approval of your project, please explain why the department should give consideration to this project under [WAC 246-310-270\(4\)](#). Provide all supporting data.

The current ASF is exclusively dedicated to endoscopy procedures. The expanded facility will also be exclusively dedicated to endoscopy procedures. This question is not applicable.

- For existing facilities, provide the facility’s historical utilization for the last three full calendar years.

Table 3

Historical Utilization

	2023 [through September 30]	2022	2021	2020
Procedure Volumes	10,797	10,300	11,926	9,503

- Provide projected surgical volumes at the proposed facility for the first three full years of operation, separated by surgical type. For existing facilities, also provide the intervening years between historical and projected. Include the basis for all assumptions used as the basis for these projections.

Table 4

Projected Utilization

	2025	2026	2027	2028
Procedure Volumes	15,018	15,319	15,625	15,938

- Identify any factors in the planning area that could restrict patient access to outpatient surgical services. [WAC 246-310-210\(1\) and \(2\)](#)

The only factor in the East King County secondary health services planning area that would restrict access is an inadequate number of available and accessible endoscopy procedure rooms. The ORs at the current ASF run at capacity, based on a nine-hour day, five days per week schedule. The endoscopy rooms in the hospitals are typically used for more complex cases and for patients who do not meet ASGE guidelines for sedation and anesthesia in a freestanding setting as endorsed by the American Association for the Study of Liver Diseases, the American College of Gastroenterology, and the American Gastroenterological Association.

- In a CN-approved facility, [WAC 246-310-210\(2\)](#) requires that “all residents of the service area, including low-income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly are likely to have adequate access to the proposed health service or services.” Confirm your facility will meet this requirement.

EEC is committed to serving all persons regardless of income, race, ethnicity, gender, disability, or other status protected under applicable law. Please see [Exhibit D](#) for EEC’s Non-discrimination Policy.

For ASF applications, the Department requests that the proposed facility provide charity care at the average of the hospitals in the planning area. According to charity care data

produced by the Department, the three-year charity care average for King County is 1.24% of total revenue.

10. Provide a copy of the following policies:

- Admissions policy
- Charity care or financial assistance policy
- Patient Rights and Responsibilities policy
- Non-discrimination policy
- Any other policies directly related to patient access to care.

Please see the following exhibits:

- Exhibit E, Admissions Policy;
- Exhibit F, Charity Care Policy;
- Exhibit G, Patient Rights and Responsibilities Policy; and
- Exhibit D, Non-discrimination Policy.

B. Financial Feasibility (WAC 246-310-220)

Financial feasibility of a project is based on the criteria in [WAC 246-310-220](#).

1. Provide documentation that demonstrates that the immediate and long-range capital and operating costs of the project can be met. This should include but is not limited to:

- Utilization projections. These should be consistent with the projections provided under “Need” in section A. Include the basis for all assumptions.
- Pro Forma revenue and expense projections for at least the first three full calendar years of operation. Include the basis for all assumptions.
- Pro Forma balance sheet for the current year and at least the first three full calendar years of operation. Include the basis for all assumptions.
- For existing facilities, provide three years of historical revenue and expense statements, including the current year. Ensure these are in the same format as the pro forma projections. For incomplete years, identify whether the data is annualized.

See Table 4, Projected Utilization, above.

Please see Exhibit H for the historical revenue and expense statements. The data for 2023 is not annualized.

Please see Exhibit I for the pro forma revenue and expense projections.

Please see Exhibit J for the pro forma balance sheets.

2. Provide the following applicable agreements/contracts:

- Management agreement
- Operating agreement
- Medical director agreement
- Development agreement
- Joint Venture agreement

Note that all agreements above must be valid through at least the first three full years following completion of the project or have a clause with automatic renewals. Any agreements in draft form must include a document signed by both entities committing to execute the agreement as submitted following CN approval.

Please see the following exhibits:

- Exhibit K, Management Agreement between The Eastside Endoscopy Center, LLC and Washington Gastroenterology, PLLC dated January 1, 2018; and
- Exhibit L, Amended and Restated Operating Agreement of The Eastside Endoscopy Center, P.L.L.C. and amendments thereto.

3. Certificate of Need approved ASFs must provide charity care at levels comparable to those at the hospitals in the ASF planning area. You can access charity care statistics from the Hospital Charity Care and Financial Data (HCCFD) website. Identify the amount of charity care projected to be provided at this facility, captured as a percentage of gross revenue, as well as charity care information for the planning area hospitals. The table below is for your convenience but is not required. WAC 246-310-270(7)

Planning Area Hospital 3-year Average Charity Care as a Percentage of Total Revenue	1.24%
Projected Facility Charity Care as a Percentage of Total Revenue	1.24%

Consistent with WAC 246-310-270(7), EEC will offer charity care in an amount equal to or greater than the average percentage of total patient revenue, other than Medicare or Medicaid, which affected hospitals in the planning area utilized to provide charity care in the last available reporting year.

4. Provide documentation of site control. This could include either a deed to the site or a lease agreement for the site. If a lease agreement is provided, the terms must be for at least five years following project completion. The costs identified in these documents should be consistent with the Pro Forma provided in response to question 1.

Please see Exhibit M for Lease Agreement Letter of Intent.

5. For new facilities, confirm that the zoning for your site is consistent with the project.

The proposed ASF will be located in the same building as the existing ASFs.

6. Complete the table below with the estimated capital expenditure associated with this project. Capital expenditure is defined under WAC 246-310-010(10). If you have other line items not listed below, please include the items with a definition of the line item. Include all assumptions used as the basis the capital expenditure estimate.

Item	Cost
a. Land Purchase	\$0
b. Utilities to Lot Line	\$0
c. Land Improvements	\$0
d. Building Purchase	\$0
e. Residual Value of Replaced Facility	\$0
f. Building Construction	\$266,957
g. Fixed Equipment (not already included in the construction contract)	\$0
h. Movable Equipment	\$653,213
i. Architect and Engineering Fees	\$24,472
j. Consulting Fees	\$5,244
k. Site Preparation	\$0
l. Supervision and Inspection of Site	\$0
m. Any Costs Associated with Securing the Sources of Financing (include interim interest during construction)	\$0
1. Land	\$0
2. Building	\$0
3. Equipment	\$0
4. Other	\$0
n. Washington Sales Tax	\$0
Total Estimated Capital Expenditure	\$956,004

7. Identify the entity or entities responsible for funding the capital expenditure identified above. If more than one entity is responsible, provide breakdown of percentages and amounts for all.

The proposed project will be financed by a loan from KeyBank. Please see Exhibit N for loan information.

8. Please identify the amount of start-up costs expected for this project. Include any assumptions that went into determining the start-up costs. If no start-up costs are needed, explain why.

No start-up costs are anticipated because this is an existing operation.

9. Provide a non-binding contractor's estimate for the construction costs for the project.

Please see Exhibit O for a non-binding contractor's estimate for construction costs.

10. Explain how the proposed project would or would not impact costs and charges to patients for health services. WAC 246-310-220

The capital costs associated with the proposed project will not be passed on to payers in the form of higher charges. The proposed ASF will be operated as a free-standing ASF, and rates will not be based on costs.

The availability of additional lower cost freestanding endoscopy services is beneficial to the community and will serve to reduce the total cost of health care and potentially reduce total out-of-pocket costs for patients.

11. Provide documentation that the costs of the project, including any construction costs, will not result in an unreasonable impact on the costs and charges to patients for health services in the planning area. WAC 246-310-220

As noted in response to Question #10, the capital cost will not be passed on to payers in the form of higher charges because the proposed ASF will be operated as a free-standing ASF, and rates will not be based on costs. The availability of additional lower cost freestanding endoscopy services is beneficial to the community and will serve to reduce the total cost of health care and potentially reduce total out-of-pocket costs for patients.

Because freestanding ASFs are more efficient and cost-effective in comparison to hospital outpatient surgery departments, the contractual rates for purchasers in the East King County secondary health services planning area can be lower in a freestanding setting, which translates to cost savings to patients and payors.

12. Provide the projected payer mix by gross revenue and by patients using the example table below. If "other" is a category, define what is included in "other."

Please see Exhibit P for the projected payer mix.

13. If this project proposes CN approval of an existing facility, provide the historical payer mix by revenue and patients for the existing facility for the most recent year. The table format should be consistent with the table shown above.

Please see Exhibit P for the historical payer mix.

14. Provide a listing of new equipment proposed for this project. The list should include estimated costs for the equipment. If no new equipment is required, explain.

Please see [Exhibit Q](#) for a list of new equipment.

15. Provide a letter of financial commitment or draft agreement for each source of financing (e.g. cash reserves, debt financing/loan, grant, philanthropy, etc.). WAC 246-310-220.

The proposed project will be financed by a loan from KeyBank. Please see [Exhibit N](#) for loan information.

16. If this project will be debt financed through a financial institution, provide a repayment schedule showing interest and principal amount for each year over which the debt will be amortized. WAC 246-310-220

Please see [Exhibit N](#) for the amortization schedule.

17. Provide the applicant's audited financial statements covering the most recent three years. WAC 246-310-220

EEC does not have audited financial statements. However, please see [Exhibit R](#) for EEC's unaudited financial statements.

B. Structure and Process of Care ([WAC 246-310-230](#))

Projects are evaluated based on the criteria in [WAC 246-310-230](#) for staffing availability, relationships with other healthcare entities, relationships with ancillary and support services, and compliance with federal and state requirements. Some of the questions within this section have implications on financial feasibility under [WAC 246-310-220](#) and will be marked as such.

1. Identify all licensed healthcare facilities owned, operated by, or managed by the applicant. This should include all facilities in Washington State as well as out-of-state facilities, and should identify the license/accreditation status of each facility.

Eastside Endoscopy Center – Bellevue
1135 116th Avenue N.E., Suite 570
Bellevue, WA 98004
ASF.FS.60100024

Eastside Endoscopy Center – Issaquah
1301 4th Avenue N.W., Suite 301
Issaquah, WA 98027
ASF.FS.60262734

2. Provide a table that shows FTEs [full time equivalents] by classification (e.g. RN, LPN, Manager, Scheduler, etc.) for the proposed facility. If the facility is currently in operation, include at least the last three full years of operation, the current year, and the first three full years of operation following project completion. There should be no gaps in years. All staff classifications should be defined.

Table 5

Eastside Endoscopy Center Estimated Total Staffing: 2025-2028

Position	2025	2026	2027	2028
Registered Nurse	25	25	25	25
Medical Assistant/Technicians	8	8	8	8
Reception	4	4	4	4
Total	37	37	37	37

3. Provide the basis for the assumptions used to project the number and types of FTEs identified for this project.

The FTEs for the proposed project are based on historical experience and the projected increase in procedures shown in Table 4 above.

4. Provide the name and professional license number of the current or proposed medical director. If not already disclosed under [WAC 246-310-220\(1\)](#) above, identify if the medical director is an employee or under contract.

Edwin J. Lai, M.D. (MD00047860) is the Medical Director of the current ASF and will be the Medical Director of the proposed ASF.

5. If the medical director is/will be an employee rather than under contract, provide the medical director's job description.

Please see Exhibit S for the medical director job description.

6. Identify key staff by name, if known (e.g. nurse manager, clinical director, etc.)

Rachel A. Studhalter, R.N. (RN60292672) is the Nurse Manager of the current ASF and will be the Nurse Manager of the proposed ASF.

7. Provide a list of physicians who would use this surgery center, including their names, license numbers, and specialties. [WAC 246-310-230\(3\) and \(5\)](#).

Table 6

Physicians to Provide Surgical Services at Eastside Endoscopy Center

Provider	Specialty	License Number
Raj C. Butani, M.D.	Gastroenterology	MD00048064
Annie Hong, M.D.	Gastroenterology	MD61390418
Kalle Kang, M.D.	Gastroenterology	MD00024250
Sang U. Kim, M.D.	Gastroenterology	MD00030024
Aparna Kulkarni, M.D.	Gastroenterology	MD00037911
Edwin J. Lai, M.D.	Gastroenterology	MD00047860
Venkatachala Mohan, M.D.	Gastroenterology	MD00037468
Georgia M. Rees-Lui, M.D.	Gastroenterology	MD00024014
Roanne R. Selinger, M.D.	Gastroenterology	MD00038780
Robert A. Wohlman, M.D.	Gastroenterology	MD00021426
Eric W. Yap, M.D.	Gastroenterology	MD00038456

8. For existing facilities, provide names and professional license numbers for current credentialed staff. [WAC 246-310-230\(3\) and \(5\)](#).

See [Table 6](#) for physicians who will provide surgical services at Eastside Endoscopy Center.

9. Describe your methods for staff recruitment and retention. If any barriers to staff recruitment exist in the planning area, provide a detailed description of your plan to staff this project. [WAC 246-310-230\(1\)](#)

Timely patient care is provided by carefully anticipating the needs of EEC on a daily, weekly, and monthly basis and utilizing agency staff when necessary. EEC managers will also be working managers and participate in patient care as necessary. EEC will also delegate non-nursing tasks to appropriate personnel, utilizing our nursing staff for patient care to the extent possible.

10. For existing facilities, provide a listing of ancillary and support services already in place. [WAC 246-310-230\(2\)](#)

Please see [Exhibit T](#) for a copy of the Specialty Center Patient Transfer Agreement between Eastside Endoscopy Center and Overlake Hospital Medical Center dated July 14, 2008.

Anesthesia services at EEC are provided by Paceline Anesthesia.

EEC refers laboratory services to LabCorp.

11. For new facilities, provide a listing of ancillary and support services that will be established. [WAC 246-310-230\(2\)](#)

The ancillary and support services in place at the proposed ASF will be the same as the ancillary and support services in place at the current ASF.

12. Identify whether any of the existing ancillary or support agreements are expected to change as a result of this project. [WAC 246-310-230\(2\)](#)

No, the ancillary and support services in place at the proposed ASF will be the same as the ancillary and support services in place at the current ASF.

13. If the ASF is currently operating, provide a listing of healthcare facilities with which the ASF has working relationships. [WAC 246-310-230\(4\)](#)

See answer to Question #10.

14. Identify whether any of the existing working relationships with healthcare facilities listed above would change as a result of this project. [WAC 246-310-230\(4\)](#)

See answer to Question #12.

15. For a new facility, provide a listing of healthcare facilities with which the ASF would establish working relationships. [WAC 246-310-230\(4\)](#)

Please see [Exhibit T](#) for a copy of the Specialty Center Patient Transfer Agreement between Eastside Endoscopy Center and Overlake Hospital Medical Center dated July 14, 2008.

Anesthesia services at EEC are provided by Paceline Anesthesia.

EEC refers laboratory services to LabCorp.

16. Provide a copy of the existing or proposed transfer agreement with a local hospital. [WAC 246-310-230\(4\)](#)

Please see [Exhibit T](#) for a copy of the Specialty Center Patient Transfer Agreement between Eastside Endoscopy Center and Overlake Hospital Medical Center dated July 14, 2008.

17. Provide an explanation of how the proposed project will promote continuity in the provision of health care services in the planning area, and not result in an unwarranted fragmentation of services. [WAC 246-310-230\(4\)](#)

The proposed ASF will improve access to affordable, high-quality ambulatory surgical services to the East King County secondary health services planning area residents.

Approval of the proposed ASF will allow EEC to continue to offer a more convenient, lower-cost alternative to hospital-based outpatient endoscopy and gastroenterology services. Further, because freestanding ASFs are more efficient and cost-effective in comparison to hospital outpatient surgery departments, the contractual rates for purchasers in the East King County secondary health services planning area can be lower in a freestanding setting, which translates to cost savings to patients.

18. Provide an explanation of how the proposed project will have an appropriate relationship to the service area's existing health care system as required in [WAC 246-310-230\(4\)](#).

See answer to Question #17 above.

19. Identify whether any facility or practitioner associated with this application has a history of the actions listed below. If so, provide evidence that the proposed or existing facility can and will be operated in a manner that ensures safe and adequate care to the public and conforms to applicable federal and state requirements. [WAC 246-310-230\(3\)](#) and [\(5\)](#)
- a. A criminal conviction which is reasonably related to the applicant's competency to exercise responsibility for the ownership or operation of a health care facility; or
 - b. A revocation of a license to operate a healthcare facility; or
 - c. A revocation of a license to practice as a health profession; or
 - d. Decertification as a provider of services in the Medicare or Medicaid program because of failure to comply with applicable federal conditions of participation.

No facility or practitioner associated with EEC has any history with respect to criminal convictions related to the ownership or operation of a health care facility, license revocation, or other sanction described in WAC 246-310-230(3) or (5).

C. Cost Containment ([WAC 246-310-240](#))

Projects are evaluated based on the criteria in WAC 246-310-240 in order to identify the best available project for the planning area.

1. Identify all alternatives considered prior to submitting this project.

The proposed ASF will improve access, a key criterion for a CN. The proposed ASF will also provide a low cost, freestanding ASF in the health planning area to meet the needs of patients and help residents of the planning area avoid wait times for procedures and lower health care costs.

EEC has a presence in the East King County secondary health services planning area, and the proposed ASF will build upon this presence and offer other patients convenient access to surgical services. EEC is committed to providing high quality, affordable care in the East King County secondary health services planning area, and the proposed ASF

will help accomplish this goal. The proposed project promotes continuity of care with EEC's other services, and it offers cost containment as well.

Alternative 1: "Do Nothing"

EEC rejected a "do nothing" alternative. Planning area residents are underserved relative to the demand for gastroenterology diagnostic and therapeutic endoscopic services and must travel or wait to obtain care. EEC has a presence in the East King County secondary health services planning area and can add value to community health services by extending its continuum of care to additional residents of the community and other patients. A "do nothing" alternative strategy is detrimental to the community, in that such a strategy would do nothing to reduce the travel or wait times for gastroenterology diagnostic and therapeutic endoscopic services, would further restrict needed health care services within the health planning area, and would not improve the cost effectiveness of care delivery. There is no advantage to the "do nothing" alternative, so it was not considered feasible.

Alternative 2: Request Approval for a Freestanding ASF, i.e., The Proposed Project

In contrast to the "do nothing" approach, the advantages of a CN-approved ASF are clear. The relocation and expansion of the facility would afford increased access and local choice for the health planning area residents. It would increase patients' ease of access and improve their ability to receive high quality care. This model reduces the overall cost of care and passes these relative cost and efficiency advantages of a freestanding ASF to patients and payers.

There are no disadvantages to granting EEC's request for CN approval.

A CN-approved ASF would better serve the interests of the planning area residents and achieve East King County secondary health services planning area's desire to reduce wait times for outpatient surgical services.

The primary objective of the proposed project is to provide needed access to a high quality, low cost ASF in the planning area where there is clearly demonstrated need. Patients who need outpatient surgery will have the option to have their procedure in an ASF where they can obtain the same quality surgical experience, but at a lower cost. The proposed ASF will offer care that is both affordable and local.

2. Provide a comparison of the project with alternatives rejected by the applicant. Include the rationale for considering this project to be superior to the rejected alternatives. Factors to consider can include, but are not limited to: patient access to healthcare services, capital cost, legal restrictions, staffing impacts, quality of care, and cost or operation efficiency.

See answer to Question #1 above.

3. Identify any aspects of the facility's design that lead to operational efficiency. This could include but is not limited to: LEED building, water filtration, or the methods for construction, etc. [WAC 246-310-240\(2\) and \(3\)](#).

The proposed ASF would have more efficient HVAC and lighting systems than the existing ASF.

EXHIBIT A

THE EASTSIDE ENDOSCOPY CENTER, LLC
ORGANIZATIONAL CHART

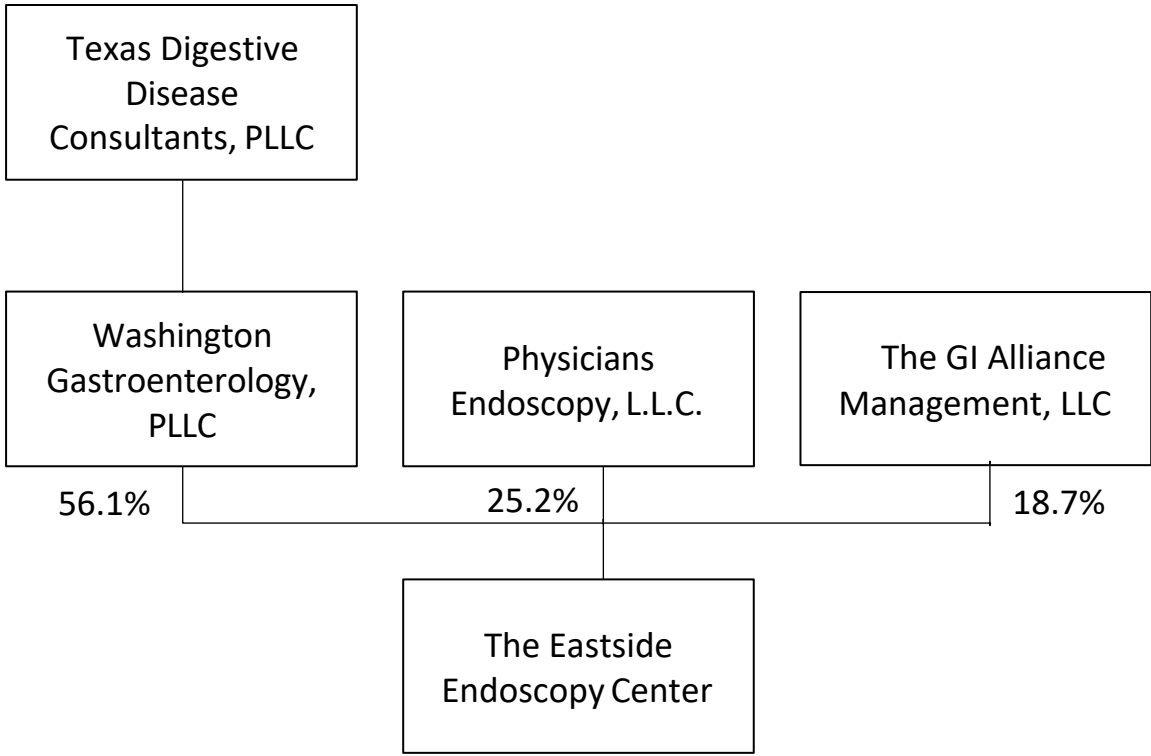


EXHIBIT B
LETTER OF INTENT

Eastside Endoscopy Center - Bellevue

1135 116th Avenue NE, Suite 570, Bellevue, WA 98004
p. 425.454.4768 | f. 425.462.8021 | www.washgi.com

September 19, 2023

Eric Hernandez, Manager
Certificate of Need Program
Department of Health
111 Israel Road S.E.
Tumwater, WA 98501

Sent via email: eric.hernandez@doh.wa.gov; fslcon@doh.wa.gov

Re: Letter of Intent
The Eastside Endoscopy Center, LLC

Dear Mr. Hernandez:

In accordance with WAC 246-310-080, The Eastside Endoscopy Center, LLC (“Eastside Endoscopy Center”) hereby submits this Letter of Intent proposing to operate a certificate of need approved ambulatory surgery center (“ASC”) in the East King County secondary health services planning area.

Eastside Endoscopy Center submits the following information:

1. *Description of proposed services:* Eastside Endoscopy Center was issued Certificate of Need #1609 (“CN #1609”) to operate its three-operating room ambulatory surgery center. Eastside Endoscopy Center is requesting that the Department of Health issue certificate of need approval to relocate its endoscopy center and expand it to four operating rooms.
2. *Estimated cost of proposed project:* The estimated capital expenditure associated with the proposed project is \$5,882,228.
3. *Identification of service area:* The service area for the proposed project is the East King County secondary health services planning area.

Thank you for your assistance in this matter. If you have any questions, please contact our attorney, Emily R. Studebaker, at estudebaker@studebakernault.com or (425) 279-9929.

Sincerely,



Nick Goralsky
VP of Operations

EXHIBIT C

SINGLE LINE DRAWINGS OF PROPOSED
AMBULATORY SURGICAL FACILITY

Exhibit A



EXHIBIT D

**THE EASTSIDE ENDOSCOPY CENTER, LLC
NON-DISCRIMINATION POLICY**

2.02 Non-Discriminatory Policy

Start Date: 3/6/17	Last Reviewed: 5/23/23	Revision Date:	Approved/Reviewed by: EEC Board of Managers
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The physicians and staff of the Center, along with any contracted providers, agree to comply with the provisions of the Federal Civil Rights Act of 1964 and any state regulations and requirements imposed so that no person, on the grounds of race, color, national origin, ancestry, age, sex, religious creed, or disability is excluded from any care or service while a patient at our Center

In addition, the physicians and staff agree to treat every patient with Respect, Consideration, Dignity, while ensuring their Privacy and Confidentiality, giving them access to information so that they may make informed decisions and Participate in their Care. These components of our commitment to our patients are outlined in the Patient's Rights and Responsibilities policy.

Copies of the center's nondiscriminatory policies shall be posted in locations accessible to the staff of the center and the general public.

If there are any changes to the center's non-discriminatory policy, a signed and dated copy will be provided to the Department of Health within 30 days of the effective date.

Form:
Statement of Non-Discrimination

EXHIBIT E

THE EASTSIDE ENDOSCOPY CENTER, LLC
ADMISSIONS POLICY

3.03 Scope of Care in the Center – Patient Criteria

Start Date:
03/06/17

Revision Date:
10/20, 3/21, 3/22

By: BOM

Procedures performed in the Center will meet the following criteria:

- A. GI diagnostic and therapeutic Endoscopic procedures as outlined on the Procedure List.
- B. No procedure shall exceed either four hours of procedure time or four hours of recovery time.
- C. The **highest level of anesthesia** to be used at the Center during a procedure will be Deep Sedation. An Anesthesia provider (Anesthesiologist for CRNA, if applicable) may administer Deep Sedation, or Moderate (Conscious) Sedation. At times a patient may elect to have a procedure with local medication only. The procedural physician and the RN in the room under the direction of the procedural physician may administer the Moderate (Conscious) Sedation.
- D. The **highest PS** (Physical Status) patient level to be done at the Center will be an ASA III patient.
- E. Adults and adolescents will be treated at the Center. Adolescents must meet the minimum requirement of 16 years of age AND 100 pounds. Patients age 16 and over will be treated as adults.
- F. Patients with a diagnosis of Sleep Apnea may be treated at the Center at the discretion of the Procedural Physician. Anesthesia providers will provide sedation to patients with a diagnosis of Sleep Apnea.
- G. See Pacemaker/Defibrillator Management Policy for restrictions on patients with internal defibrillators and pacemakers.
- H. Physicians shall not perform procedures on a spouse or first degree relative

Limitations may include:

- A. Patients with a BMI greater than 45 must be reviewed by a physician and CRNA for airway assessment prior to treatment at the Center.
- B. Ventilator dependent patients will not be seen at the Center.
- C. Patients with an AICD will be admitted to the facility under the discretion of the physician. See Pacemaker/Defibrillator Management Policy.

Urine Pregnancy Testing - All women will have urine testing for pregnancy the day of the procedure with the following exceptions;

- A. Post-menopausal for one year
- B. Surgical history of tubal ligation
- C. Surgical history of hysterectomy.

If a patient is unable to provide a urine sample, a waiver may be obtained.

Patients known to be pregnant or identified to be pregnant by urine testing on admission will not be treated at the Center.

GI Bleed:

Patients may have diagnostic and therapeutic procedures performed at the Center to assess gastrointestinal bleeding. This may include a history of anemia or iron deficiency or to evaluate melena, hematochezia, hematemesis, or bright red rectal bleeding and may include evaluation and treatment of bleeding post polypectomy. Patients with clinically significant active bleeding, suspected active variceal bleeding, or patients evidencing significant hemodynamic effects from bleeding, anemia, or volume

depletion should have their procedures done in a hospital setting. Patients with active GI Bleeding will be evaluated by a physician before scheduling at the Center.

- A. Clinically significant bleeding may be gross hematochezia or the passage of burgundy stools or clots in volume. It is not small amounts of bright red blood.
- B. Findings suggesting significant volume loss and hemodynamic effects from gastrointestinal bleeding include:
 - Orthostatic lightheadedness, near syncope, or syncope
 - Orthostatic vital signs documenting a drop in systolic blood pressure > 10 mm Hg, or rise in heart rate >15 bpm
 - Heart rate > 100
 - Systolic blood pressure < 100
- C. Patients with suspected active bleeding from esophageal varices will not be scheduled at the Center. Endoscopy may be performed to assess for the presence of esophageal varices, and for banding or other appropriate treatment, in the routine, non-emergent setting.

Foreign Body Removal – foreign body removal may be performed for medically placed devices only.

Refer to Patient Selection Guidelines for additional specific requirements.

EXHIBIT F

THE EASTSIDE ENDOSCOPY CENTER, LLC
CHARITY CARE POLICY

POLICY: Charity Care			
CATEGORY: Billing			
ORIGINATION DATE	01/01/2018	REVISION DATE	08/16/2023

I. POLICY: Charity Care Policy

II. PURPOSE

To provide a consistent method of handling patients who are unable to pay for services in a manner that Washington Gastroenterology (WAGI) can financially support.

Each division of WAGI will individually determine the ability and capacity to offer charity care to their patients. This policy is a summary of the individual division policies.

1. Digestive Health Specialists Division

- A. This division participates with Project Access on a limited basis.
- B. This division will honor Multicare financial assistance determinations for hospitalized patients.
 - 1) This will include one follow-up visit for the same problem within a reasonable time. This does not include labs ordered; patients must have these tests at MultiCare facilities.
 - 2) Any future appointments needed will be on a cash basis unless an exception is made based on clinical findings.
 - 3) Further procedures scheduled at the hospital will also follow Multicare financial assistance determinations.
 - 4) Multicare financial assistance is NOT valid at our endoscopy centers; patients must have procedures at Multicare facilities.

2. Eastside/Bellevue Division

- A. This division participates with Project Access.
- B. This division will honor charity care determinations from Overlake Medical Center if requested by the patient.
- C. This division has an application process to include determinations made depending on where the patient's income falls on the Federal Poverty Level scale.
- D. This division has an arrangement with Overlake Medical Center to provide post ER visits.
 - 1) No financial waiver will be signed for the office visit.
 - 2) Insurance will be billed, if the insurance does not pay, the billing department will adjust off the charges to charity care. This may require a phone call from the patient.
 - 3) Patients who have been previously discharged from the practice for collections will still be seen for a one-time follow-up visit.
 - 4) The only time an appointment can be denied is if the patient was previously discharged from the practice for due cause such as disruptive or abusive reasons. The physician must review the previous discharge and make the decision whether to reinstate the patient or not.
 - 5) If the patient needs additional care beyond the one-time follow-up ER visit for a procedure or additional office visits, the patient will either need to be referred

back to their own insurance network or be financially responsible for any additional charges.

3. Silverdale Division

- A. This division participates with Project Access.
- B. This division has an application process to include determinations based on Federal Poverty Levels. An application must be completed and returned within 14 calendar days with required supporting documentation.
- C. Charity care determinations are valid for a six-month period. If additional services are required beyond the initial six-month period, the patient's eligibility will be re-evaluated.
- D. This division will honor Virginia Mason Franciscan Health (VMFH) financial assistance determinations for hospitalized patients.
 - 1) This will include one follow-up visit for the same problem within a reasonable time.
 - 2) Any future appointments needed will be on a cash basis unless an exception is made based on clinical findings.
 - 3) Further procedures scheduled at the hospital will also follow VMFH financial assistance determinations.
 - 4) VMFH financial assistance is NOT valid at our endoscopy centers; patients must have procedures at VMFH facilities.

III. PROCESS

The process for each division will depend on the policy for that particular division, but the following are true for all divisions:

- A. If an account has been forwarded to an outside agency for extended payments and later qualifies for charity care according to the division's criteria, we will reduce the outstanding balance owing according to the determination. Refunds will not be issued on payments previously made.
- B. If an account has been sent to an outside collection agency and the patient qualifies for charity care according to the division's criteria, we will notify the collection agency. The account will be adjusted according to the determination, but refunds will not be issued on payments previously made.
- C. Patients with out-of-state Medicaid that are seen at a hospital will have services provided at the hospital adjusted to charity care. We will also provide one follow-up visit under charity care.
- D. Financial Assistance Approved is entered as a carrier in gMed with the approval dates.

1. Digestive Health Specialists Division

- A. Project Access volumes are managed by the division and will be scheduled per their protocol. These charges will be entered for tracking purposes then adjusted off the accounts receivable.
- B. Patients who have been seen at Multicare and have received a letter regarding financial assistance must present a copy of the letter to DHS.
- C. A billing note will be entered into the practice management system that the patient has qualified for Multicare financial assistance and any limitations (100% versus 50% etc.). It will also include a date of approval.
- D. Patient will have insurance listed as "private pay".
- E. A reference in appointment note will state patient is Multicare charity care.

- F. After services are received and charges posted an adjustment to charity care will be entered in the practice management system.

2. Eastside/Bellevue Division

- A. Project Access volumes are managed by the division and will be scheduled per their protocol. These charges will be entered for tracking purposes then adjusted off the accounts receivable.
- B. Under appointment notes indicate OHMC ER referral/reason being seen and insurance type.
- C. If we are not contracted with the insurance plan, then try to obtain a referral, regardless of whether a referral is in place or not, the patient will be seen for one follow-up visit.
- D. The patient will be informed we are not contracted with their insurance plan and we will see them for a one-time office visit.

3. Silverdale Division

- A. Project Access volumes are managed by the division and will be scheduled per their protocol. These charges will be entered for tracking purposes then adjusted off the accounts receivable.
- B. For patients making application verification of family gross income and number dependents will be performed. Documents included with the application will be reviewed.
- C. Patients will be notified in writing of approval or denial. The patients has a right to appeal the decision and submit additional supporting documentation.
- D. To have eligibility re-evaluated patients must verify in writing that circumstances have not changed.
- E. The discount schedule is based on current year's Federal Poverty Guidelines available at <http://aspe.hhs.gov/poverty/index.shtml>. The discount schedule is as follows:

Income % of Poverty Level	Discount Amount
100%	100%
200%	50%
300%	25%

Nick C. Isly

WAGI COO Signature

10/04/2021

Date

**Washington Gastroenterology
Eastside Endoscopy Center/Digestive Disease & Endoscopy Center
Financial Assistance Application**

Date _____

Account Number _____

SCREENING INFORMATION

Is the patient currently homeless?

Has the patient applied for Medicaid?

Does the patient currently receive state public services such as TANF, basic food, or WIC?

PLEASE NOTE

- We cannot guarantee that you will qualify for financial assistance, even if you apply.
- Once you send in the application, we may check all the information and may ask for additional information.
- All information must be completed in order to process this application.

PATIENT AND APPLICANT INFORMATION

Patient First Name:	Patient Middle Name:	Patient Last Name:	
Birth Date:	Patient SSN:	Employment Status:	
Person Responsible for paying the bill (if patient under 18):	Relationship to patient:	Birth Date:	SSN:
Mailing Address:		Main Contact Number (s) () ()	
Employment status of person responsible for paying billing: Length of employment (if applicable) Length of unemployment (if applicable) If you are not employed, how do you pay for basic needs (food, housing, etc)?			

FAMILY INFORMATION

List family members in your household, including you. "Family" includes people related by birth, marriage, or adoption who live together. Children must be under 18 years old or full-time students.

Family size: _____ attach additional page if necessary

Name	Date of Birth	Relationship to patient	If 18 years or older employer name or source of income	If 18 years or older total gross monthly income (before taxes)

All adult family members' income must be disclosed. Examples of income include:
 -wages -unemployment -self employment -workers' compensation -disability -SSI
 -child/spousal support -work study programs (students) -pension -retire account distributions

INCOME INFORMATION

REMEMBER: You must include proof of income with your application. If you do not have income, a statement about how you are meeting your basic living expenses (food, shelter) is required.

You must provide information on your family's income. Income verification is required to determine financial assistance. All family members 18 years old or older must disclose their income. Please provide proof for every identified source of income.

- A "W-2" withholding statement; or
- Current pay stubs (at least 1 month), if this fluctuations 3 months is required
- Last years' income tax return, including schedules if applicable
- Statements showing unemployment amounts, social security, retirement, or any other income.

ADDITIONAL INFORMATION

Please attach an additional page if there is other information about your current financial situation that you would like us to know, such as financial hardship, excessive medical expenses, seasonal or temporary income, or personal loss.

ITEMS TO SUBMIT:

- Proof of Income
- Tax return from last calendar year (or an explanation on why one wasn't filed) □ 1 month of bank statements

PATIENT AGREEMENT

I understand that my information may be verified, and information may be obtained from other sources to assist in determining eligibility for financial assistance or payment plans.

The information in this application is true, complete, and correct to the best of my knowledge. I understand if the financial information I give is determined to be false, the result may be denial of financial assistance, and I will be responsible and expected to pay for services provided.

Signature of person applying

Date

EXHIBIT G

THE EASTSIDE ENDOSCOPY CENTER, LLC PATIENT RIGHTS AND RESPONSIBILITIES POLICY

7.01 Credentialing Files

Start Date: 1/4/2023	Last Reviewed: 8/23/23	Revision Date: 8/23/23	Approved/Reviewed by: EEC Board of Managers
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PATIENT RIGHTS, RESPONSIBILITIES AND NOTIFICATION OF PHYSICIAN OWNERSHIP

Every patient has the right to be treated as an individual and to actively participate in and make informed decisions regarding their care. Our facility and medical staff have adopted the following rights and responsibilities, which are communicated to each patient or the patient's representative/surrogate prior to the procedure and/or care received.

PATIENT RIGHTS

- To receive treatment without discrimination as to race, color, religion, sex, national origin, disability, or source of payment.
- To receive considerate, respectful, spiritual and dignified care and communication.
- To be provided privacy and security during the delivery of patient care service and access to protective services, if needed.
- To receive information from the patient's physician about the patient's illness, course of treatment and prospects for recovery in terms that the patient can understand.
- To receive as much information about any proposed treatment or procedure(s) as the patient may need in order to give informed consent prior to the start of any procedure or treatment. When it is medically inadvisable to give such information to a patient, the information is provided to a person designated by the patient, or to a legally authorized person.
- To make decisions regarding the health care that is recommended by the physician. Accordingly, the patient may accept or refuse any recommended medical treatment. If treatment is refused, the patient has the right to be told what effect this may have on their health, and the reason shall be reported to the physician and documented in the medical record.
- To be free from mental and physical abuse, or exploitation during the course of patient care.
- Full consideration of privacy concerning medical care. Case discussion, consultation, examination and treatment are confidential and should be conducted discreetly.
- Confidential treatment of all communications and records pertaining to the patient's care and their stay in the facility.
- The patient's written permission shall be obtained before their medical records can be made available to anyone not directly concerned with their care. The facility has established policies to govern access and duplication of patient records.
- To have care delivered in a safe environment, free from all forms of abuse, neglect, harassment and/or reprisal.
- Reasonable continuity of care and to know in advance the time and location of their appointment, as well as the physician providing the care.
- Be informed by their physician or a delegate of the physician of the continuing health care requirements or unanticipated outcomes following their discharge from the facility.
- To know the identity and professional status of individuals providing services to them, and to know the name of the physician who is primarily responsible for their care.
- To know which facility rules and policies apply to their conduct while a patient.
- To be informed of their right to change providers, which includes but is not limited to Physicians, Anesthesia Providers, RNs, LPNs, MAs, and Endoscopy Technicians, if other qualified providers are available.
- If communication restrictions are necessary for patient care and safety, to know how the Center will document and explain the restriction to the patient and family.
- To have all patients' rights apply to the person who may have legal responsibility to make decisions regarding medical care on behalf of the patient. All personnel shall observe these patients' rights.
- To be informed of any research or experimental treatment or drugs and to refuse participation without compromise to patient care. The patient's written consent for participation in research shall be obtained and retained in his/her patient record.
- To examine and receive an explanation of their bill regardless of source of payment.
- To appropriate assessment and management of pain.
- To be advised if the physician providing care has a financial interest in the endoscopy center.

CANCELLATIONS

A scheduled appointment is a commitment of time between the patient and our practice. We have reserved that time just for the patient. When an appointment is missed or cancelled at the last minute, it affects three people: the patient, who still has medical needs; the patient who could have had that appointment time; and our team who spent time setting up for the appointment. We ask that when scheduled, the patient makes every effort to keep that commitment. **If the patient cannot keep the appointment, we ask that they provide a minimum notice of two (2) business days. Two late cancellations (less than 2 days' notice) or no shows may result in discharge from the practice.**

PATIENT RESPONSIBILITIES

- To provide complete and accurate information to the best of their ability about their health, any medications, including over-the-counter products and dietary supplements and any allergies or sensitivities.
- To follow the treatment plan prescribed by their provider, including pre-procedure and discharge instructions.
- To provide a responsible adult to transport them home from the facility and remain with them for 24 hours, if required by their provider.
- To inform their provider about any living will, medical power of attorney, or other advance health care directive in effect.
- To accept personal financial responsibility for any charges not covered by their insurance.
- To be respectful of all health care professionals and staff, as well as other patients.
- To contact us as soon as possible if you will not be able to keep your appointment. Two late cancellations (less than 48 hours' notice) or no-shows may result in discharge from the practice.

RIGHTS AND RESPECT FOR PROPERTY AND PERSON, PRIVACY AND SAFETY

The patient has the right to:

- Complain without fear of denial of care, be involved in all aspects of their care
- Personal privacy
- Voice a grievance regarding treatment or care that is, or fails to be furnished
- Receive care in a safe setting
- To be notified of unanticipated outcomes and the right to agree to their care
- Be free from all forms of abuse or harassment
- Confidentiality of personal medical information

IF AN INTERPRETER IS NEEDED

If an interpreter is needed, please let us know and one will be provided. If someone can translate confidential, medical and financial information for the patient, please make arrangements to have them accompany the patient on the day of the procedure.

WEAPONS

Weapons are not permitted in any WAGI facility with the exception of identified on-duty law enforcement personnel.

ADVANCE DIRECTIVES

- An "Advance Directive" is a general term that refers to your instructions about your medical care in the event you become unable to voice these instructions yourself. Each state regulates Advance Directives differently. State laws regarding Advance Directives are found in Washington State Statutes 70.122.010-920. In the state of Washington, the directive is used only if you have a terminal condition where life sustaining treatment would only artificially prolong the process of dying; or if you are in an irreversible coma and there is no reasonable hope of recovery. The Durable Power of Attorney for Healthcare allows a person to give instructions about future medical care.
- The patient has the right to informed decision making regarding your care, including information regarding Advance Directives and this facility's policy on Advance Directives. Applicable state forms will also be provided upon request. A member of our staff will be discussing Advance Directives with the patient (and/or patient's representative or surrogate) prior to the procedure being performed.

- The Endoscopy Center respects the rights of patients to make informed decisions regarding their care. The Center has adopted the position that an ambulatory surgery center is not the most appropriate setting for end-of-life decisions. Therefore, it is the policy of this surgery center that in the absence of an applicable properly executed Advance Directive, if there is deterioration in the patient's condition during treatment at the surgery center, the personnel at the center will initiate resuscitative or other stabilizing measures. The patient will be transferred to an acute care hospital, where further treatment decisions will be made.
- If the patient has Advance Directives, which have been provided to the surgery center that impact resuscitative measures being taken, we will discuss the treatment plan with the patient and his/her physician to determine the appropriate course of action to be taken regarding the patient's care.

COMPLAINTS / GRIEVANCES

If you have a problem or complaint, please speak to one of our staff to address your concern. If necessary, your problem will be advanced to center management for prompt resolution.

You have the right to have your verbal or written grievances investigated, be involved in the process, and to receive written notification of actions within 14 days. The following are the names and/or agencies you can contact:

Washington State Department of Health

PO Box 47857, Olympia, WA98504-7857

Phone 360.236.4700 | 800.633.6828 | HSQAComplaintintake@doh.wa.gov

Medicare Ombudsman

<https://www.cms.gov/center/special-topic/ombudsman/medicare-beneficiary-ombudsman-home> | Phone 800.633.4227

AAAHC

3 Parkway North Blvd, Ste 201, Deerfield, IL 60015 | Phone 847.853.6060 | info@aaahc.org

Washington Gastroenterology, Bellevue Eastside Division complies with applicable Federal civil rights laws and does not discriminate on the basis of race, color, national origin, age, disability or sex.

Washington Gastroenterology, Bellevue/Eastside Division cumple con las leyes federales de derechos civiles aplicables y no discrimina por motivos de raza, color, nacionalidad, edad, discapacidad o sexo.

Washington Gastroenterology, Bellevue/Eastside Division respecte les lois fédérales en vigueur relatives aux droits civiques et ne pratique aucune discrimination basée sur la race, la couleur de peau, l'origine nationale, l'âge, le sexe ou un handicap.

Washington Gastroenterology, Bellevue/Eastside Division

EXHIBIT H

**THE EASTSIDE ENDOSCOPY CENTER, LLC
HISTORICAL REVENUE AND EXPENSE
STATEMENTS**

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER
For the Period Ending December 31, 2020

	Monthly Activity			Year to Date				
	October 2020	November 2020	December 2020	2020 YTD Actual	2020 YTD Budget	Variance	2019 YTD Actual	Variance
SUMMARY								
PROCEDURES	596	526	592	5,836	8,954	(3,118)	9,491	(3,655)
CASES	529	474	517	5,161	7,895	(2,734)	8,380	(3,219)
SESSIONS	88	74	86	853			814	39
CPT's	708	616	698	6,924	10,478	(3,554)	11,094	(4,170)
WORKING DAYS	22	19	22	255	255	-	254	1
PROCEDURES PER DAY	27	28	27	23	35	(12)	37	(14)
PROCEDURES PER SESSION	7	7	7	7			12	(5)
CASES PER DAY	24	25	24	20	31	(11)	33	(13)
CPT's PER PROCEDURE	1.19	1.17	1.18	1.19	1.17	0.02	1.17	0.02
CPT's PER CASE	1.34	1.30	1.35	1.34	1.33	0.01	1.32	0.02
REVENUE PER PROCEDURE	640	643	668	663	648	16	651	12
EXPENSES PER PROCEDURE	534	552	485	592	469	123	435	157
NET INCOME PER PROCEDURE	105	91	183	71	179	(108)	216	(145)
CASH COLLECTIONS								
CHARGES	822,909	699,973	799,163	7,936,465			11,772,478	(3,836,013)
CASH COLLECTED	370,215	367,523	365,832	3,962,310			6,135,641	(2,173,331)
GROSS COLLECTIONS %	45.0%	52.5%	45.8%	49.9%			52.1%	-2.2%
INCOME								
FACILITY FEES	822,909	699,973	799,163	7,936,465	11,048,878	(3,112,413)	11,771,978	(3,835,513)
CONTRACTUAL ALLOWANCE	(441,656)	(361,877)	(403,651)	(4,065,000)	(5,248,217)	1,183,217	(5,593,371)	1,528,371
NET REVENUE	381,253	338,096	395,512	3,871,465	5,800,661	(1,929,196)	6,178,607	(2,307,142)
OPERATING EXPENSES								
EMPLOYEE WAGES								
NURSING STAFF	125,207	112,822	97,947	1,384,850	1,789,155	(404,306)	1,542,608	(157,758)
BONUSES	-	-	-	-	-	-	21,900	(21,900)
TOTAL EMPLOYEE WAGES	125,207	112,822	97,947	1,384,850	1,789,155	(404,306)	1,564,508	(179,658)
VARIABLE EXPENSES								
PAYROLL TAXES	10,847	8,740	10,834	117,462	152,078	(34,616)	137,124	(19,662)
PAYROLL FEES	222	220	321	2,990	3,375	(385)	2,615	375
FSCRA TAX CREDIT	(2,370)	(167)	(4,464)	(7,726)	-	(7,726)	-	(7,726)
PROFIT SHARING CONTRIBUTION	8,600	8,600	(37,608)	56,992	128,640	(71,648)	103,760	(46,768)
LIFE INSURANCE	157	-	207	1,894	1,980	(86)	2,642	(748)
SHORT TERM DISABILITY INSURANCE	-	-	-	-	-	-	(85)	85
MEDICAL INSURANCE	26,377	12,291	2,637	122,356	197,220	(74,865)	179,043	(56,687)

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER
For the Period Ending December 31, 2020

	Monthly Activity			Year to Date				
	October 2020	November 2020	December 2020	2020 YTD Actual	2020 YTD Budget	Variance	2019 YTD Actual	Variance
DENTAL INSURANCE	1,443	541	1,724	12,056	14,400	(2,344)	14,459	(2,403)
HSA	-	-	-	-	-	-	(231)	231
MEETINGS & TRAVEL	-	98	993	1,173	6,000	(4,827)	2,858	(1,685)
UNIFORMS	284	109	2,340	2,733	-	2,733	-	2,733
MEDICAL DIRECTOR FEES	4,376	4,376	4,376	52,512	52,512	-	52,512	-
MEDICAL SUPPLIES	30,702	35,087	19,791	293,291	397,260	(103,969)	437,539	(144,248)
DRUG SUPPLIES	2,695	6,312	4,856	44,024	55,836	(11,812)	68,409	(24,385)
ADMINISTRATIVE SUPPLIES	921	451	589	7,756	8,184	(428)	10,373	(2,618)
PRINTING & PUBLICATIONS	981	1,586	-	7,389	6,900	489	9,043	(1,655)
OFFICE EXPENSE	1,035	3,191	1,838	14,077	36,000	(21,923)	34,478	(20,400)
BANK FEES	2,542	1,649	2,074	23,348	42,000	(18,652)	44,691	(21,343)
FRAUD LOSS	-	-	-	3,724	-	3,724	-	3,724
INTERPRETER SERVICES	1,838	936	1,314	14,925	10,800	4,125	20,639	(5,715)
ELECTRONIC CLAIMS & RECALLS	520	600	520	14,720	-	14,720	-	14,720
DUES & SUBSCRIPTIONS	402	-	2,983	7,331	6,765	566	4,982	2,349
EDUCATION & SEMINARS	1,174	305	1,743	12,206	3,600	8,606	5,902	6,304
ADVERTISING	-	-	-	288	11,400	(11,112)	9,287	(8,999)
LINEN & LAUNDRY	5,283	-	9,831	51,147	66,000	(14,853)	70,015	(18,868)
TEMPORARY STAFFING	-	-	595	989	-	989	29,773	(28,784)
EQUIPMENT LEASE	1,201	212	2,300	17,404	18,300	(896)	19,685	(2,280)
MAINT & REPAIRS EQUIPMENT	2,365	3,157	2,069	35,231	24,000	11,231	41,915	(6,683)
MAINTENANCE CONTRACT	5,010	5,010	5,189	60,710	38,400	22,310	55,222	5,487
ACCOUNTING FEES	880	-	-	3,680	4,800	(1,120)	7,024	(3,344)
MANAGEMENT FEES	47,875	45,286	48,731	532,288	624,837	(92,549)	670,716	(138,429)
LEGAL FEES	-	-	-	1,096	-	1,096	5,598	(4,502)
CONSULTING FEES	438	756	456	6,660	6,000	660	6,649	11
CREDENTIALING	-	-	-	32	-	32	45	(13)
ACCREDITATION	-	-	-	6,526	-	6,526	-	6,526
RECRUITING	194	97	-	1,871	-	1,871	3,588	(1,717)
COMPUTER SERVICES	1,950	1,569	2,611	26,467	16,800	9,667	28,272	(1,805)
SOFTWARE SUBSCRIPTION	286	-	-	4,234	13,200	(8,966)	7,711	(3,477)
COMPUTER HARDWARE	-	731	313	31,216	-	31,216	-	31,216
COMPUTER INFRASTRUCTURE	-	-	-	-	-	-	111	(111)
TELEPHONE	(393)	451	722	11,858	21,600	(9,742)	14,349	(2,491)
PROMOTION	-	1,318	311	1,863	23,540	(21,677)	12,716	(10,853)
POSTAGE	26	-	-	134	240	(106)	236	(102)
BUSINESS TAXES	7,682	6,711	7,938	73,358	107,196	(33,838)	105,560	(32,202)
BUSINESS LICENSES	-	-	546	594	198	396	198	396
PROPERTY & OTHER TAXES	357	357	357	4,332	4,500	(168)	3,404	928

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER
For the Period Ending December 31, 2020

	Monthly Activity			Year to Date				
	October 2020	November 2020	December 2020	2020 YTD Actual	2020 YTD Budget	Variance	2019 YTD Actual	Variance
UTILITIES EXPENSE	55	55	45	574	480	94	464	110
REIMBURSABLE EXPENSES	(287)	(40)	(113)	-	-	-	-	-
DISABILITY INSURANCE	772	-	1,010	9,207	9,600	(393)	12,587	(3,380)
PROFESSIONAL LIABILITY INSURANCE	533	533	533	6,400	6,300	100	6,063	337
COMMERCIAL LIABILITY INSURANCE	944	944	944	10,854	9,300	1,554	9,595	1,259
CYBER LIABILITY INSURANCE	334	334	334	4,332	3,972	360	3,961	371
TOTAL VARIABLE EXPENSES	168,251	152,407	101,788	1,708,578	2,134,213	(425,635)	2,255,498	(546,920)
FIXED EXPENSES								
BUILDING RENT	14,616	14,616	14,616	175,262	179,386	(4,124)	180,340	(5,078)
DEPRECIATION EXPENSE	10,387	10,387	72,776	187,033	96,904	90,129	125,031	62,002
TOTAL FIXED EXPENSES	25,003	25,003	87,391	362,295	276,290	86,005	305,371	56,924
TOTAL WAGES & OPERATING EXPENSES	318,461	290,232	287,126	3,455,722	4,199,658	(743,936)	4,125,377	(669,654)
TOTAL OPERATING INCOME (LOSS)	62,792	47,865	108,385	415,742	1,601,002	(1,185,260)	2,053,230	(1,637,488)
NON-OPERATING (INCOME) EXPENSE								
HHS CARES ACT RELIEF FUND	-	-	-	(151,296)	-	(151,296)	-	(151,296)
MISCELLANEOUS INCOME	92	-	-	(717)	-	(717)	(699)	(18)
INTEREST INCOME	-	-	-	(1)	-	(1)	-	(1)
INTEREST EXPENSE	1,866	1,833	1,800	17,280	22,357	(5,076)	5,906	11,374
TOTAL NON-OPERATING (INCOME) EXPENSE	1,958	1,833	1,800	(134,733)	22,357	(157,090)	5,207	(139,940)
NET INCOME (LOSS)	60,834	46,032	106,586	550,475	1,578,646	(1,028,170)	2,048,023	(1,497,548)

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER
For the Period Ending December 31, 2021

	Monthly Activity			Year to Date				
	October 2021	November 2021	December 2021	2021 YTD Actual	2021 YTD Budget	Variance	2020 YTD Actual	Variance
SUMMARY								
PROCEDURES	566	592	577	6,873	6,197	676	5,836	1,037
CASES	511	531	522	6,097	5,462	635	5,161	936
SESSIONS	80	80	84	983			853	130
CPT's	689	720	688	8,209	7,374	835	6,924	1,285
WORKING DAYS	21	20	22	254	254	-	255	(1)
PROCEDURES PER DAY	27	30	26	27	24	3	23	4
PROCEDURES PER SESSION	7	7	7	7			7	0
CASES PER DAY	24	27	24	24	22	3	20	4
CPT's PER PROCEDURE	1.22	1.22	1.19	1.19	1.19	0.00	1.19	0.01
CPT's PER CASE	1.35	1.36	1.32	1.35	1.35	(0.00)	1.34	0.00
REVENUE PER PROCEDURE	683	678	641	653	676	(22)	663	(10)
EXPENSES PER PROCEDURE	529	518	625	506	582	(76)	592	(86)
NET INCOME PER PROCEDURE	154	160	16	147	93	54	71	76
CASH COLLECTIONS								
CHARGES	800,523	838,974	792,337	9,487,114			7,936,465	1,550,649
CASH COLLECTED	346,774	361,992	439,085	4,431,611			3,962,310	469,301
GROSS COLLECTIONS %	43.3%	43.1%	55.4%	46.7%			49.9%	-3.2%
INCOME								
FACILITY FEES	800,523	838,974	792,337	9,487,114	7,840,055	1,647,059	7,936,465	1,550,649
CONTRACTUAL ALLOWANCE	(414,148)	(437,365)	(422,685)	(4,996,889)	(3,652,104)	(1,344,785)	(4,065,000)	(931,889)
NET REVENUE	386,375	401,609	369,652	4,490,225	4,187,951	302,273	3,871,465	618,760
OPERATING EXPENSES								
EMPLOYEE WAGES								
STAFF WAGES & TAXES	125,224	122,884	161,655	1,479,922	1,626,335	(146,413)	1,502,312	(22,390)
TOTAL EMPLOYEE WAGES	125,224	122,884	161,655	1,479,922	1,626,335	(146,413)	1,502,312	(22,390)
VARIABLE EXPENSES								
PAYROLL FEES	273	331	-	3,140	2,615	525	2,990	149
FSCRA TAX CREDIT	-	-	-	(680)	-	(680)	(7,726)	7,046
PROFIT SHARING CONTRIBUTION	4,750	4,750	33,993	86,243	104,444	(18,200)	56,992	29,252
LIFE INSURANCE	136	127	163	1,440	2,642	(1,202)	1,894	(454)
MEDICAL INSURANCE	16,155	20,040	15,136	170,107	175,462	(5,355)	122,356	47,751
DENTAL INSURANCE	884	888	853	10,355	14,459	(4,104)	12,056	(1,701)
MEETINGS & TRAVEL	37	480	1,040	1,806	1,866	(60)	1,173	633
UNIFORMS	79	765	560	4,629	375	4,254	2,733	1,897

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER
For the Period Ending December 31, 2021

	Monthly Activity			Year to Date				
	October 2021	November 2021	December 2021	2021 YTD Actual	2021 YTD Budget	Variance	2020 YTD Actual	Variance
MEDICAL DIRECTOR FEES	3,282	3,282	3,282	37,196	52,512	(15,316)	52,512	(15,316)
MEDICAL SUPPLIES	30,974	33,811	32,957	341,714	291,398	50,317	293,291	48,424
DRUG SUPPLIES	4,222	4,044	3,192	51,981	44,667	7,314	44,024	7,957
ADMINISTRATIVE SUPPLIES	413	1,511	346	9,890	6,773	3,117	7,756	2,134
PRINTING & PUBLICATIONS	903	978	-	8,427	5,905	2,522	7,389	1,038
OFFICE EXPENSE	1,595	1,526	1,571	22,013	22,512	(499)	14,077	7,935
BANK FEES	1,196	1,309	1,391	16,066	24,000	(7,934)	23,348	(7,282)
FRAUD LOSS	-	-	-	-	-	-	3,724	(3,724)
INTERPRETER SERVICES	2,322	2,857	3,701	30,557	13,476	17,081	14,925	15,633
ELECTRONIC CLAIMS & RECALLS	-	-	-	-	-	-	14,720	(14,720)
DUES & SUBSCRIPTIONS	(1,577)	83	2,448	3,857	3,253	604	7,331	(3,474)
EDUCATION & SEMINARS	31	1,730	850	4,878	3,854	1,024	12,206	(7,328)
ADVERTISING	3,295	1,647	-	17,570	6,064	11,506	288	17,282
LINEN & LAUNDRY	4,573	8,952	-	51,548	38,858	12,690	51,147	400
TEMPORARY STAFFING	1,476	1,254	3,822	9,805	19,440	(9,635)	989	8,816
EQUIPMENT LEASE	1,833	1,285	1,531	18,534	18,200	334	17,404	1,129
MAINT & REPAIRS EQUIPMENT	2,467	2,638	2,218	25,310	41,915	(16,604)	35,231	(9,921)
MAINTENANCE CONTRACT	4,754	4,754	4,967	60,444	60,120	324	60,710	(266)
ACCOUNTING FEES	-	-	-	3,135	3,000	135	3,680	(545)
MANAGEMENT FEES	41,182	42,097	40,179	488,684	551,277	(62,593)	532,288	(43,604)
LEGAL FEES	5,012	-	-	6,088	-	6,088	1,096	4,992
CONSULTING FEES	582	474	774	6,619	5,880	739	6,660	(42)
CREDENTIALING	16	-	1	47	-	47	32	15
ACCREDITATION	-	-	-	45	-	45	6,526	(6,481)
RECRUITING	50	121	-	1,113	-	1,113	1,871	(758)
COMPUTER SERVICES	1,709	139	3,359	15,004	28,272	(13,268)	26,467	(11,463)
SOFTWARE SUBSCRIPTION	-	197	-	1,587	2,580	(993)	4,234	(2,648)
COMPUTER HARDWARE	-	-	-	-	-	-	31,216	(31,216)
TELEPHONE	313	315	333	4,356	4,980	(624)	11,858	(7,501)
PROMOTION	12	74	371	931	10,000	(9,069)	1,863	(932)
POSTAGE	31	234	-	284	154	129	134	150
BUSINESS TAXES	7,748	8,183	7,650	91,256	73,289	17,967	73,358	17,898
BUSINESS LICENSES	546	546	546	6,788	198	6,590	594	6,194
PROPERTY & OTHER TAXES	821	821	821	8,461	4,500	3,961	4,332	4,129
UTILITIES EXPENSE	64	64	64	764	552	212	574	189
MEALS AND ENT 50%	-	38	-	38	-	38	-	38
REIMBURSABLE EXPENSES	-	(100)	100	-	-	-	-	-
DISABILITY INSURANCE	645	598	779	6,850	9,600	(2,750)	9,207	(2,357)
PROFESSIONAL LIABILITY INSURANCE	377	377	377	4,519	6,420	(1,901)	6,400	(1,881)

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER
For the Period Ending December 31, 2021

	Monthly Activity			Year to Date				
	October 2021	November 2021	December 2021	2021 YTD Actual	2021 YTD Budget	Variance	2020 YTD Actual	Variance
COMMERCIAL LIABILITY INSURANCE	472	403	472	3,488	11,400	(7,912)	10,854	(7,366)
CYBER LIABILITY INSURANCE	-	-	-	-	4,200	(4,200)	4,332	(4,332)
TOTAL VARIABLE EXPENSES	143,652	153,621	169,844	1,636,885	1,671,110	(34,226)	1,591,116	45,769
FIXED EXPENSES								
BUILDING RENT	14,704	14,704	14,705	177,790	186,739	(8,949)	175,262	2,528
DEPRECIATION EXPENSE	15,586	15,586	14,155	185,602	124,656	60,946	187,033	(1,431)
TOTAL FIXED EXPENSES	30,290	30,290	28,860	363,391	311,395	51,997	362,295	1,097
TOTAL WAGES & OPERATING EXPENSES	299,167	306,796	360,359	3,480,198	3,608,840	(128,642)	3,455,722	24,475
TOTAL OPERATING INCOME (LOSS)	87,208	94,814	9,294	1,010,027	579,112	430,915	415,742	594,285
NON-OPERATING (INCOME) EXPENSE								
HHS CARES ACT RELIEF FUND	-	-	(4,113)	(811,579)	-	(811,579)	(151,296)	(660,283)
MISCELLANEOUS INCOME	-	(213,302)	213,302	92	-	92	(717)	809
PPP LOAN FORGIVENESS	-	-	(213,302)	(213,302)	-	(213,302)	-	(213,302)
INTEREST INCOME	-	-	-	-	-	-	(1)	1
INTEREST EXPENSE	1,006	982	958	16,935	17,577	(642)	17,280	(346)
GAIN OR LOSS ON SALE OF ASSETS	-	-	12,568	12,568	-	12,568	-	12,568
TOTAL NON-OPERATING (INCOME) EXPENSE	1,006	(212,320)	9,413	(995,287)	17,577	(1,012,864)	(134,733)	(860,554)
NET INCOME (LOSS)	86,202	307,134	(119)	2,005,314	561,535	1,443,779	550,475	1,454,838

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER
For the Period Ending December 31, 2022

	Monthly Activity			Year to Date				
	October 2022	November 2022	December 2022	2022 YTD Actual	2022 YTD Budget	Variance	2021 YTD Actual	Variance
SUMMARY								
PROCEDURES	640	598	604	7,367	7,027	340	6,873	494
CASES	582	552	546	6,655	6,194	461	6,097	558
SESSIONS	82	78	83	977			983	(6)
CPT's	734	690	711	8,607	8,361	246	8,209	398
WORKING DAYS	21	20	21	254	254	-	254	-
PROCEDURES PER DAY	30	30	29	29	28	1	27	2
PROCEDURES PER SESSION	8	8	7	8			7	1
CASES PER DAY	28	28	26	26	24	2	24	2
CPT's PER PROCEDURE	1.15	1.15	1.18	1.17	1.19	(0.02)	1.19	(0.03)
CPT's PER CASE	1.26	1.25	1.30	1.29	1.35	(0.06)	1.35	(0.05)
REVENUE PER PROCEDURE	684	720	730	674	655	19	653	21
EXPENSES PER PROCEDURE	441	552	591	482	507	(26)	506	(25)
NET INCOME PER PROCEDURE	243	167	139	193	148	44	147	46
CASH COLLECTIONS								
CHARGES	901,757	852,605	884,816	10,566,849			9,487,114	1,079,735
CASH COLLECTED	431,882	433,425	467,746	4,889,253			4,431,611	457,642
GROSS COLLECTIONS %	47.9%	50.8%	52.9%	46.3%			46.7%	-0.4%
INCOME								
FACILITY FEES	901,757	852,605	884,816	10,566,849	9,689,916	876,933	9,487,114	1,079,735
CONTRACTUAL ALLOWANCE	(463,913)	(422,136)	(443,611)	(5,599,768)	(5,084,878)	(514,890)	(4,996,889)	(602,879)
NET REVENUE	437,844	430,469	441,205	4,967,081	4,605,038	362,043	4,490,225	476,856
OPERATING EXPENSES								
EMPLOYEE WAGES								
STAFF WAGES & TAXES	127,668	128,776	162,478	1,553,657	1,596,840	(43,183)	1,489,726	63,931
TOTAL EMPLOYEE WAGES	127,668	128,776	162,478	1,553,657	1,596,840	(43,183)	1,489,726	63,931
VARIABLE EXPENSES								
PAYROLL FEES	-	-	-	507	3,313	(2,806)	3,140	(2,633)
FSCRA TAX CREDIT	-	-	-	-	-	-	(680)	680
PROFIT SHARING CONTRIBUTION	5,789	5,789	30,233	93,912	80,494	13,418	86,243	7,669
LIFE INSURANCE	146	145	159	1,868	1,264	604	1,440	428
MEDICAL INSURANCE	(12,044)	29,878	9,685	109,577	142,484	(32,907)	170,107	(60,529)
DENTAL INSURANCE	871	752	964	11,555	10,615	940	10,355	1,200
MEETINGS & TRAVEL	150	883	858	2,951	384	2,567	1,806	1,145
UNIFORMS	597	-	400	6,855	4,303	2,552	4,629	2,226

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER
For the Period Ending December 31, 2022

	Monthly Activity			Year to Date				
	October 2022	November 2022	December 2022	2022 YTD Actual	2022 YTD Budget	Variance	2021 YTD Actual	Variance
MEDICAL DIRECTOR FEES	1,641	1,641	1,641	19,692	39,384	(19,692)	37,196	(17,504)
MEDICAL SUPPLIES	22,953	44,531	19,924	325,847	342,362	(16,515)	341,714	(15,868)
DRUG SUPPLIES	6,252	5,091	6,016	53,367	55,830	(2,463)	51,981	1,386
ADMINISTRATIVE SUPPLIES	3,088	2,073	1,128	24,611	10,257	14,353	9,890	14,721
PRINTING & PUBLICATIONS	2,352	-	846	8,969	9,272	(303)	8,427	543
OFFICE EXPENSE	1,832	1,761	3,420	23,634	23,999	(365)	22,013	1,621
BANK FEES	1,089	885	1,016	15,200	19,200	(4,000)	16,066	(866)
INTERPRETER SERVICES	2,643	2,543	4,022	33,072	27,622	5,450	30,557	2,515
DUES & SUBSCRIPTIONS	455	210	1,966	4,771	4,467	304	3,857	913
EDUCATION & SEMINARS	899	63	1,298	6,486	2,978	3,507	4,878	1,607
ADVERTISING	1,998	1,998	1,998	24,117	20,400	3,717	17,570	6,548
LINEN & LAUNDRY	5,728	5,516	5,342	65,314	50,537	14,778	51,548	13,767
EQUIPMENT LEASE	1,412	1,409	3,493	20,331	19,000	1,331	18,534	1,798
MAINT & REPAIRS EQUIPMENT	2,215	2,239	4,329	26,286	23,379	2,908	25,310	976
MAINTENANCE CONTRACT	5,342	5,342	5,896	61,764	60,600	1,164	60,444	1,320
ACCOUNTING FEES	3,050	-	-	4,095	3,000	1,095	3,135	960
MANAGEMENT FEES	16,500	16,500	16,500	197,100	492,302	(295,202)	488,684	(291,584)
LEGAL FEES	-	594	985	1,579	-	1,579	6,088	(4,509)
CONSULTING FEES	515	530	1,323	7,269	6,120	1,149	6,619	651
BILLING FEES	26,271	25,828	26,472	298,025	-	298,025	-	298,025
CREDENTIALING	-	-	1	25	-	25	47	(22)
ACCREDITATION	-	-	-	-	-	-	45	(45)
RECRUITING	262	103	-	994	-	994	1,113	(119)
COMPUTER SERVICES	9,791	2,752	3,408	36,519	14,487	22,032	15,004	21,515
SOFTWARE SUBSCRIPTION	126	126	60	1,151	1,600	(449)	1,587	(435)
COMPUTER HARDWARE	120	-	-	2,089	-	2,089	-	2,089
TELEPHONE	307	307	325	3,755	4,500	(745)	4,356	(602)
PROMOTION	54	106	73	1,539	10,000	(8,461)	931	608
POSTAGE	26	22	-	520	29	491	284	237
BUSINESS TAXES	8,899	8,929	8,623	100,740	80,588	20,152	91,256	9,484
BUSINESS LICENSES	546	546	576	6,610	6,648	(38)	6,788	(178)
PROPERTY & OTHER TAXES	654	654	654	8,345	9,900	(1,555)	8,461	(116)
UTILITIES EXPENSE	75	75	75	900	780	120	764	136
MEALS AND ENT 50%	36	24	-	411	-	411	38	373
REIMBURSABLE EXPENSES	(1)	(44)	45	-	-	-	-	-
DISABILITY INSURANCE	686	680	749	8,848	7,800	1,048	6,850	1,997
PROFESSIONAL LIABILITY INSURANCE	337	337	337	4,044	4,800	(756)	4,519	(475)
COMMERCIAL LIABILITY INSURANCE	494	494	(345)	5,025	3,600	1,425	3,488	1,537
TOTAL VARIABLE EXPENSES	124,155	171,311	164,493	1,630,269	1,598,299	31,971	1,627,080	3,190

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER
For the Period Ending December 31, 2022

	Monthly Activity			Year to Date				
	October 2022	November 2022	December 2022	2022 YTD Actual	2022 YTD Budget	Variance	2021 YTD Actual	Variance
FIXED EXPENSES								
BUILDING RENT	14,705	14,705	14,704	176,981	176,458	523	177,790	(809)
DEPRECIATION EXPENSE	15,586	15,586	15,586	187,033	192,000	(4,967)	185,602	1,431
TOTAL FIXED EXPENSES	30,291	30,291	30,290	364,014	368,458	(4,444)	363,391	622
TOTAL WAGES & OPERATING EXPENSES	282,113	330,378	357,260	3,547,941	3,563,597	(15,656)	3,480,198	67,743
TOTAL OPERATING INCOME (LOSS)	155,731	100,091	83,945	1,419,140	1,041,441	377,699	1,010,027	409,114
NON-OPERATING (INCOME) EXPENSE								
HHS CARES ACT RELIEF FUND	-	-	-	-	-	-	(811,579)	811,579
MISCELLANEOUS INCOME	968	-	-	1,726	-	1,726	92	1,634
PPP LOAN FORGIVENESS	-	-	-	-	-	-	(213,302)	213,302
INTEREST EXPENSE	652	630	608	8,958	9,627	(669)	16,935	(7,977)
GAIN OR LOSS ON SALE OF ASSETS	-	-	-	-	-	-	12,568	(12,568)
TOTAL NON-OPERATING (INCOME) EXPENSE	1,620	630	608	10,684	9,627	1,057	(995,287)	1,005,971
NET INCOME (LOSS)	154,110	99,461	83,337	1,408,456	1,031,814	376,642	2,005,314	(596,857)

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER
For the Period Ending September 30, 2023

	Monthly Activity			Year to Date				
	July 2023	August 2023	September 2023	2023 YTD Actual	2023 YTD Budget	Variance	2022 YTD Actual	Variance
SUMMARY								
PROCEDURES	602	530	555	5,463	5,832	(369)	5,525	(62)
CASES	545	479	504	4,998	5,142	(144)	4,975	23
SESSIONS	75	68	75	708			734	(26)
CPT's	685	614	671	6,352	6,942	(590)	6,472	(120)
WORKING DAYS	20	23	20	191	191	-	192	(1)
PROCEDURES PER DAY	30	23	28	29	31	(2)	29	(0)
PROCEDURES PER SESSION	8	8	7	8			8	0
CASES PER DAY	27	21	25	26	27	(1)	26	0
CPT's PER PROCEDURE	1.14	1.16	1.21	1.16	1.19	(0.03)	1.17	(0.01)
CPT's PER CASE	1.26	1.28	1.33	1.27	1.35	(0.08)	1.30	(0.03)
REVENUE PER PROCEDURE	702	696	759	712	668	45	662	50
EXPENSES PER PROCEDURE	494	589	567	505	482	23	467	38
NET INCOME PER PROCEDURE	208	107	192	208	185	22	195	12
CASH COLLECTIONS								
CHARGES	1,044,030	955,764	1,051,310	9,828,816			7,927,671	1,901,145
CASH COLLECTED	367,930	400,302	401,558	3,760,947			3,556,200	204,748
GROSS COLLECTIONS %	35.2%	41.9%	38.2%	38.3%			44.9%	-6.6%
INCOME								
FACILITY FEES	1,044,030	955,764	1,051,310	9,828,816	8,435,896	1,392,920	7,927,671	1,901,145
CONTRACTUAL ALLOWANCE	(621,636)	(586,822)	(629,964)	(5,936,895)	(4,542,999)	(1,393,896)	(4,270,108)	(1,666,787)
NET REVENUE	422,394	368,942	421,346	3,891,921	3,892,897	(976)	3,657,563	234,358
OPERATING EXPENSES								
EMPLOYEE WAGES								
STAFF WAGES & TAXES	121,045	140,324	128,584	1,155,896	1,341,938	(186,042)	1,134,736	21,159
TOTAL EMPLOYEE WAGES	121,045	140,324	128,584	1,155,896	1,341,938	(186,042)	1,134,736	21,159
VARIABLE EXPENSES								
PAYROLL FEES	-	-	-	-	761	(761)	507	(507)
PROFIT SHARING CONTRIBUTION	5,789	5,789	5,789	52,101	52,200	(99)	52,101	-
LIFE INSURANCE	76	83	74	835	1,381	(545)	1,418	(583)
MEDICAL INSURANCE	8,829	10,534	10,779	105,847	69,150	36,697	82,059	23,788
DENTAL INSURANCE	562	635	590	6,334	9,674	(3,341)	8,967	(2,634)
MEETINGS & TRAVEL	-	-	1,647	1,647	1,084	563	1,060	587
UNIFORMS	-	-	76	3,516	4,207	(692)	5,858	(2,343)
MEDICAL DIRECTOR FEES	1,641	1,641	1,641	15,316	29,538	(14,222)	14,769	547

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER
For the Period Ending September 30, 2023

	Monthly Activity			Year to Date				
	July 2023	August 2023	September 2023	2023 YTD Actual	2023 YTD Budget	Variance	2022 YTD Actual	Variance
MEDICAL SUPPLIES	27,975	37,799	21,789	248,627	237,099	11,528	238,439	10,188
DRUG SUPPLIES	5,818	9,813	7,324	54,170	39,661	14,509	36,008	18,162
ADMINISTRATIVE SUPPLIES	1,549	1,104	589	9,779	18,194	(8,415)	18,322	(8,543)
PRINTING & PUBLICATIONS	(898)	6,085	2,659	8,745	6,799	1,946	5,772	2,973
OFFICE EXPENSE	3,452	(3,692)	20,966	55,230	17,026	38,204	16,620	38,610
BANK FEES	416	430	478	9,880	12,150	(2,270)	12,210	(2,330)
INTERPRETER SERVICES	3,290	1,958	3,945	27,870	26,361	1,509	23,865	4,005
DUES & SUBSCRIPTIONS	888	-	-	2,297	2,927	(630)	2,140	157
EDUCATION & SEMINARS	-	-	287	1,836	1,452	384	4,227	(2,391)
ADVERTISING	1,998	1,998	-	15,980	18,000	(2,020)	18,125	(2,145)
LINEN & LAUNDRY	5,150	4,632	5,274	49,847	54,165	(4,318)	48,728	1,119
EQUIPMENT LEASE	1,544	1,544	3,086	19,299	13,500	5,799	14,016	5,283
MAINT & REPAIRS EQUIPMENT	2,574	5,170	1,283	40,210	19,263	20,947	17,503	22,707
MAINTENANCE CONTRACT	11,589	1,892	6,087	54,426	45,000	9,426	45,185	9,241
ACCOUNTING FEES	-	1,000	2,700	3,700	2,750	950	1,045	2,655
MANAGEMENT FEES	16,500	16,500	16,500	148,500	148,500	-	147,600	900
CONSULTING FEES	531	493	793	4,811	5,025	(214)	4,900	(89)
BILLING FEES	25,344	22,137	25,281	233,515	233,574	(59)	219,454	14,061
CREDENTIALING	-	-	19	23	-	23	24	(1)
ACCREDITATION	6,576	137	-	6,713	-	6,713	-	6,713
RECRUITING	-	456	96	701	-	701	629	72
COMPUTER SERVICES	2,566	2,586	2,607	26,419	22,140	4,279	20,568	5,851
SOFTWARE SUBSCRIPTION	126	126	126	1,054	1,260	(206)	839	215
COMPUTER HARDWARE	706	-	-	1,916	1,500	416	1,969	(53)
TELEPHONE	306	286	261	2,693	3,150	(457)	2,816	(123)
PROMOTION	108	-	-	8,081	-	8,081	1,305	6,776
POSTAGE	66	30	9	193	702	(509)	472	(279)
BUSINESS TAXES	8,469	7,575	8,635	79,488	68,126	11,363	74,288	5,200
BUSINESS LICENSES	546	546	546	5,172	4,980	192	4,942	230
PROPERTY & OTHER TAXES	219	219	219	3,276	5,895	(2,619)	6,385	(3,109)
UTILITIES EXPENSE	81	67	81	937	675	262	675	262
MEALS AND ENT 50%	-	33	42	177	-	177	351	(175)
DISABILITY INSURANCE	367	411	368	4,042	7,650	(3,608)	6,734	(2,692)
PROFESSIONAL LIABILITY INSURANCE	586	586	586	5,270	3,150	2,120	3,033	2,237
COMMERCIAL LIABILITY INSURANCE	485	563	505	5,468	4,725	743	4,383	1,085
PHYSICIAN EXPENSE	-	-	1,746	1,746	-	1,746	-	1,746
TOTAL VARIABLE EXPENSES	145,823	141,165	155,484	1,327,685	1,193,394	134,291	1,170,311	157,374

FIXED EXPENSES

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER
For the Period Ending September 30, 2023

	Monthly Activity			Year to Date				
	July 2023	August 2023	September 2023	2023 YTD Actual	2023 YTD Budget	Variance	2022 YTD Actual	Variance
BUILDING RENT	14,991	14,991	14,991	134,180	132,337	1,843	132,867	1,313
DEPRECIATION EXPENSE	15,586	15,586	15,586	140,275	144,000	(3,725)	140,275	-
TOTAL FIXED EXPENSES	30,577	30,577	30,577	274,455	276,337	(1,882)	273,142	1,313
TOTAL WAGES & OPERATING EXPENSES	297,445	312,066	314,646	2,758,036	2,811,668	(53,633)	2,578,189	179,847
TOTAL OPERATING INCOME (LOSS)	124,949	56,876	106,701	1,133,885	1,081,229	52,657	1,079,374	54,511
NON-OPERATING (INCOME) EXPENSE								
MISCELLANEOUS INCOME	-	-	-	-	-	-	758	(758)
INTEREST EXPENSE	449	426	540	4,588	4,451	137	7,068	(2,480)
TOTAL NON-OPERATING (INCOME) EXPENSE	449	426	540	4,588	4,451	137	7,826	(3,238)
NET INCOME (LOSS)	124,500	56,450	106,161	1,129,297	1,076,778	52,519	1,071,548	57,749

EXHIBIT I

**THE EASTSIDE ENDOSCOPY CENTER, LLC
PRO FORMA REVENUE AND EXPENSE
PROJECTIONS**

**EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER**

	2025	2026	2027	2028	2029
SUMMARY					
PROCEDURES	15,018	15,319	15,625	15,938	16,256
CASES	13,752	14,027	14,307	14,593	14,885
SESSIONS	1,937	1,976	2,015	2,056	2,097
CPT's	17,384	17,732	18,086	18,448	18,817
WORKING DAYS	254	254	254	254	254
PROCEDURES PER DAY	59	60	62	63	64
PROCEDURES PER SESSION	8	8	8	8	8
CASES PER DAY	54	55	56	57	59
CPT's PER PROCEDURE	1.16	1.16	1.16	1.16	1.16
CPT's PER CASE	1.26	1.26	1.26	1.26	1.26
REVENUE PER PROCEDURE	721	721	721	721	721
EXPENSES PER PROCEDURE	509	508	507	506	505
NET INCOME PER PROCEDURE	212	213	215	216	217
CASH COLLECTIONS					
CHARGES	27,396,352	27,944,279	28,503,164	29,073,228	29,654,692
CASH COLLECTED	10,485,326	10,695,033	10,908,933	11,127,112	11,349,654
GROSS COLLECTIONS %	38.3%	38.3%	38.3%	38.3%	38.3%
INCOME					
FACILITY FEES	27,396,352	27,944,279	28,503,164	29,073,228	29,654,692
CONTRACTUAL ALLOWANCE	(16,224,281)	(16,548,767)	(16,879,742)	(17,217,337)	(17,561,683)
CHARITY CARE	(339,715)	(346,509)	(353,439)	(360,508)	(367,718)
NET REVENUE	10,832,356	11,049,003	11,269,983	11,495,383	11,725,291
OPERATING EXPENSES					
EMPLOYEE WAGES					
STAFF WAGES & TAXES	2,984,392	3,073,924	3,166,141	3,261,126	3,358,959
TOTAL EMPLOYEE WAGES	2,984,392	3,073,924	3,166,141	3,261,126	3,358,959
VARIABLE EXPENSES					
PROFIT SHARING CONTRIBUTION	134,298	138,327	142,476	146,751	151,153
LIFE INSURANCE	2,626	2,705	2,786	2,870	2,956
MEDICAL INSURANCE	285,203	285,203	285,203	285,203	285,203
DENTAL INSURANCE	17,230	17,230	17,230	17,230	17,230
UNIFORMS	6,879	6,879	6,879	6,879	6,879
MEDICAL DIRECTOR FEES	19,692	19,692	19,692	19,692	19,692
MEDICAL SUPPLIES	694,123	708,006	722,166	736,609	751,341
DRUG SUPPLIES	143,351	146,218	149,142	152,125	155,167

**EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER**

	2025	2026	2027	2028	2029
ADMINISTRATIVE SUPPLIES	28,119	28,682	29,255	29,841	30,437
PRINTING & PUBLICATIONS	18,439	18,623	18,809	18,997	19,187
OFFICE EXPENSE	87,373	88,247	89,129	90,021	90,921
BANK FEES	15,000	15,000	15,000	15,000	15,000
INTERPRETER SERVICES	71,775	71,775	71,775	71,775	71,775
DUES & SUBSCRIPTIONS	6,891	6,891	6,891	6,891	6,891
EDUCATION & SEMINARS	4,647	4,647	4,647	4,647	4,647
ADVERTISING	-	-	-	-	-
LINEN & LAUNDRY	137,732	141,864	146,120	150,504	155,019
EQUIPMENT LEASE	48,639	48,639	48,639	48,639	48,639
MAINT & REPAIRS EQUIPMENT	116,781	116,781	116,781	116,781	116,781
MAINTENANCE CONTRACT	145,017	145,017	145,017	145,017	145,017
ACCOUNTING FEES	2,750	2,750	2,750	2,750	2,750
MANAGEMENT FEES	396,000	396,000	396,000	396,000	396,000
CONSULTING FEES	12,055	12,055	12,055	12,055	12,055
BILLING FEES	649,941	662,940	676,199	689,723	703,517
CREDENTIALING	50	50	50	50	50
ACCREDITATION	6,713	6,713	6,713	6,713	6,713
RECRUITING	1,814	1,814	1,814	1,814	1,814
COMPUTER SERVICES	71,437	71,437	71,437	71,437	71,437
SOFTWARE SUBSCRIPTION	2,783	2,783	2,783	2,783	2,783
COMPUTER HARDWARE	5,748	5,748	5,748	5,748	5,748
TELEPHONE	7,296	7,296	7,296	7,296	7,296
PROMOTION	12,122	12,122	12,122	12,122	12,122
POSTAGE	550	550	550	550	550
BUSINESS TAXES	216,647	220,980	225,400	229,908	234,506
BUSINESS LICENSES	6,940	6,940	6,940	6,940	6,940
PROPERTY & OTHER TAXES	3,500	3,500	3,500	3,500	3,500
UTILITIES EXPENSE	2,569	2,569	2,569	2,569	2,569
MEALS AND ENT 50%	404	404	404	404	404
DISABILITY INSURANCE	12,068	12,430	12,803	13,187	13,582
PROFESSIONAL LIABILITY INSURANCE	14,053	14,053	14,053	14,053	14,053
COMMERCIAL LIABILITY INSURANCE	14,888	14,888	14,888	14,888	14,888
TOTAL VARIABLE EXPENSES	3,424,141	3,468,445	3,513,710	3,559,958	3,607,211
FIXED EXPENSES					
BUILDING RENT	838,356	838,356	838,356	838,356	838,356
DEPRECIATION EXPENSE	400,000	400,000	400,000	400,000	400,000
TOTAL FIXED EXPENSES	1,238,356	1,238,356	1,238,356	1,238,356	1,238,356

**EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER**

	2025	2026	2027	2028	2029
TOTAL WAGES & OPERATING EXPENSES	7,646,889	7,780,724	7,918,207	8,059,439	8,204,527
TOTAL OPERATING INCOME (LOSS)	3,185,467	3,268,279	3,351,776	3,435,944	3,520,764
NON-OPERATING (INCOME) EXPENSE					
INTEREST EXPENSE	496,000	396,000	291,800	177,000	54,200
TOTAL NON-OPERATING (INCOME) EXPENSE	496,000	396,000	291,800	177,000	54,200
BELLEVUE ENDOSCOPY NET INCOME (LOSS)	2,689,467	2,872,279	3,059,976	3,258,944	3,466,564
BELLEVUE ANESTHESIA PROJECTED NET INCOME	1,157,219	1,180,364	1,203,971	1,228,050	1,252,611
NET INCOME (LOSS)	3,846,686	4,052,642	4,263,947	4,486,994	4,719,175

EXHIBIT J

THE EASTSIDE ENDOSCOPY CENTER, LLC
PRO FORMA BALANCE SHEETS

**EASTSIDE ENDOSCOPY CENTERS
BALANCE SHEET
BELLEVUE ENDOSCOPY CENTER**

	2025	2026	2027	2028	2029
CURRENT ASSETS					
KEYBANK CHECKING	650,000	663,000	676,260	689,785	703,581
INVENTORY - MEDICAL SUPPLIES	70,000	72,100	74,263	76,491	78,786
ACCOUNTS RECEIVABLE	1,505,183	1,535,287	1,565,993	1,597,312	1,629,259
CONTRACTUAL ALLOWANCE	(839,955)	(856,754)	(873,889)	(891,367)	(909,194)
ACCOUNTS RECEIVABLE - ANESTHESIA	368,718	376,092	383,614	391,287	399,112
WAGI ANESTHESIA RECEIVABLE	278,535	288,823	258,810	256,081	257,764
PREPAID INSURANCE	4,000	4,000	4,000	4,000	4,000
PREPAID ASSETS	35,000	35,000	35,000	35,000	35,000
TOTAL CURRENT ASSETS	2,071,481	2,117,548	2,124,050	2,158,589	2,198,307
FIXED ASSETS					
MED EQUIP, FURN, & EQUIP	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
FURNITURE & EQUIPMENT	12,000	12,000	12,000	12,000	12,000
COMPUTER EQUIPMENT	6,500	6,500	6,500	6,500	6,500
PHONE SYSTEM	3,000	3,000	3,000	3,000	3,000
COMPUTER SOFTWARE	1,500	1,500	1,500	1,500	1,500
CONSTRUCTION/LHI	5,900,000	5,900,000	5,900,000	5,900,000	5,900,000
LESS ACCUMULATED DEPRECIATION	(1,800,000)	(2,250,000)	(2,700,000)	(3,150,000)	(3,600,000)
TOTAL FIXED ASSETS	5,923,000	5,473,000	5,023,000	4,573,000	4,123,000
TOTAL ASSETS	7,994,481	7,590,548	7,147,050	6,731,589	6,321,307
CURRENT LIABILITIES					
ACCOUNTS PAYABLE	109,964	111,063	112,174	113,296	114,429
PROFIT SHARING CONTRIBUTION PAYABLE	134,298	138,327	142,476	146,751	151,153
WAGI PAYABLE	107,966	109,046	110,136	111,238	112,350
ACCRUED SALARIES	40,000	41,200	42,436	43,709	45,020
ACCRUED EXPENSES	154,325	155,868	157,427	159,001	160,591
ACCRUED B&O TAXES	18,957	19,336	19,722	20,117	20,519
TOTAL CURRENT LIABILITIES	565,509	574,840	584,372	594,111	604,062
LONG TERM LIABILITIES					
KEYBANK NOTE - SCOPES	800,000	600,000	400,000	200,000	-
KEYBANK NOTE - CONSTRUCTION	4,750,000	3,650,000	2,500,000	1,200,000	-
TOTAL LONG TERM LIABILITIES	5,550,000	4,250,000	2,900,000	1,400,000	-
TOTAL LIABILITIES	6,115,509	4,824,840	3,484,372	1,994,111	604,062
TOTAL EQUITY	1,878,972	2,765,708	3,662,679	4,737,478	5,717,245

EXHIBIT K

MANAGEMENT AGREEMENT BETWEEN THE
EASTSIDE ENDOSCOPY CENTER, LLC AND
WASHINGTON GASTROENTEROLOGY, PLLC
DATED JANUARY 1, 2018

MANAGEMENT SERVICES AGREEMENT

THIS MANAGEMENT SERVICES AGREEMENT (the "Agreement"), effective as of January 1, 2018 (the "Effective Date"), is by and between Eastside Endoscopy Center, LLC, a Washington limited liability company, ("EEC"), and Washington Gastroenterology, PLLC., a Washington professional service corporation ("Manager").

RECITALS

A. Manager is a professional corporation providing services in Western Washington and employs management and administrative personnel.

B. EEC owns and operates endoscopy facilities located in Bellevue, WA and Issaquah, WA (the "Center") and is engaged in the business of providing comprehensive endoscopy and related services to patients at the Center. EEC has developed the Center with all necessary space and equipment appropriate for the performance of such services as determined by EEC. EEC desires to engage Manager, under the terms of this Agreement, to provide to the Center management and certain other services, and Manager wishes to accept such engagement, each upon the terms and conditions set out in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the obligations undertaken by the parties pursuant hereto, the parties agree as follows:

Section 1. Engagement/Basic Scope of Services

EEC, hereby engages Manager, on an exclusive basis, to provide the management services set forth on Exhibit 1 to this Agreement (the "Management Services"), and Manager hereby accepts such engagement, on the terms and conditions set out in this Agreement. Manager's engagement shall be exclusive during the term of this Agreement. EEC shall provide strategic direction and input directly or through its leadership to Manager regarding matters of policy for the Center and overall direction and approval of Center activities.

This Agreement is intended to be an exclusive arrangement between the parties, and, during the term of this Agreement, EEC should not engage another person or entity to provide management, administration, and support services for EEC which Manager agrees to perform unless EEC and Manager agree. EEC acknowledges that Manager provides similar practice management, administration, and support services to third parties and such services to third parties are authorized by EEC, provided that Manager agrees not to provide any similar management, administration, and support services to other practices that are in competition with EEC, and provided further that the provision of such other services does not adversely impact the proper performance of Management Services to EEC under this Agreement.

EEC and Manager acknowledge and agree that EEC will separately contract with a qualified person to serve as EEC Medical Director(s).

Section 2. Detailed Scope of and Limitations on Management Services

Manager's duties and limitations are as set forth on Exhibit 1.

2.1 Overall Duties and Limitations.

(a) In exchange for the compensation to be paid Manager under this Agreement, Manager shall provide all Management Services necessary for the proper operation of the Center including without limitation those specific services set forth in this Agreement. The Manager shall perform the Management Services in accordance with the performance metrics attached hereto as Exhibit 2.

2.2 Personnel. Manager shall make available to EEC all technical, administrative and other personnel necessary for the proper operation of the Center ("Manager Personnel"). All such Manager Personnel shall be properly licensed, if applicable, and properly trained to perform their duties. Manager will provide worker's compensation coverage to cover any of its Manager Personnel providing services for the Center (any approved Designated Service Provider similarly shall provide worker's compensation coverage to cover any of its Manager Personnel providing services for the Center).

No Manager Personnel shall be, or be deemed to be, an employee of EEC for any purpose, and no Manager Personnel shall be eligible to participate in any benefit program provided by EEC for its employees. Manager agrees that it shall be exclusively responsible for payment of all state, local and federal taxes, withholding payments, penalties, fees, fringe benefits, insurance premiums, contributions to insurance and pension or other deferred compensation plans, including but not limited to Social Security obligations and the filing of all necessary documents, forms and returns required for or pertaining to Manager Personnel. Manager shall bear sole responsibility for compensating all Manager Personnel who provide services at the Center in accordance with Manager's wage and benefit plans and all applicable state and federal labor laws. Manager shall be solely responsible for meeting the overtime obligations, if any, under the Fair Labor Standards Act and state wage laws applicable to all Manager Personnel.

2.3 Periodic Reports. Manager shall provide EEC with periodic reports regarding the provision of Management Services, in a format, with such detail, and on a schedule as may be reasonably required by EEC from time to time. At a minimum, Manager will provide EEC with monthly reports showing Center's cash collected and posted, service charges for the month, contractual adjustments posted for the month, an aged accounts receivable report, and any other report reasonably requested by EEC (the "Billing Reports"), and an operating statement and a cash flow statement for Center operations (the "Statements"). The Billing Reports and Statements shall

be delivered by the 10th day of the following month except in extenuating circumstances that will be communicated to EEC.

Section 3. Center Financial Matters

Management Services shall include the performance of the financial matters described on Exhibit 1 on behalf of EEC and the Center:

Section 4. Nature of Relationship

In the performance of its duties as the manager of the Center, Manager shall act solely as the manager of the Center and nothing contained in this Agreement shall be construed to create a joint venture or partnership between EEC and Manager. Manager's relationship with EEC is one of an independent contractor. Nothing in this Agreement shall create an employee, partner, joint venture or other relationship, or, except as expressly provided herein, a principal-agent relationship, between the parties. EEC shall not pay or withhold on behalf of Manager or any personnel of Manager any sums for income tax, worker's compensation or unemployment insurance, Social Security tax or any other withholding requirement of the law, or make available to Manager or any personnel of Manager any employee or other benefits.

Neither Manager nor any of Manager's employees or agents shall have any claim under this Agreement or otherwise against EEC for workers' compensation, unemployment compensation, vacation pay, sick leave, retirement benefits, Social Security benefits, disability insurance benefits, unemployment insurance benefits, or any other benefits. EEC shall not withhold on behalf of Manager any sums for income tax, unemployment insurance, Social Security or any other purposes, and all such withholdings or obligations shall be the sole responsibility of Manager. Manager shall indemnify, defend, and hold harmless EEC from any and all claims or amounts for income or payroll taxes, or employee benefits related to Manager or any of Manager's employees or agents. Furthermore, it is the intent of the parties that neither Manager nor any of Manager's employees or agents shall ever have any right whatsoever to participate in an employee benefit plan offered by EEC, even if Manager or any of Manager's employees or agents are later determined to be common law employees as was the case in Viscaino v. Microsoft, Inc., 97 F.3d 1187 (9th Cir. 1996).

In the event the Internal Revenue Service or any other government agency should question or challenge the independent contractor status of the parties, the parties hereto mutually agree that both parties shall have the right to participate in any discussion or negotiation occurring with the IRS or such other government agency relating to this issue, regardless of who initiated such discussions or negotiations. The provisions of this subsection notwithstanding, it is the express intent of the parties hereto that they each shall each have independent control over any agreement or settlement of their respective liability or obligations with the IRS or any other government agency.

Section 5. Compensation to Manager

The parties acknowledge and agree that all Management Services are provided by Manager net of any actual costs or expenses incurred by Manager on behalf of EEC provided however that any such costs and expenses that may be incurred by Manager are at all times subject to the review and approval by the EEC Board of Managers. EEC is directly responsible for all costs or expenses of Center operation, plus the Fee set forth in this Section 6.

6.1 Manager's Fees. Manager shall receive fees determined and paid as set forth on **Schedule 6.1** (the "Manager's Fees"). Not less than annually, the parties shall reevaluate, and adjust if necessary, the Manager's Fees to ensure that the Manager's Fees are consistent with the fair market value of the Management Services.

Invoices shall be submitted by Manager to a person designated by EEC monthly and shall reflect the amount of Fees for the prior month, shall clearly show the calculations supporting such Fee and shall be submitted with appropriate data supporting the invoiced amount such as the applicable accounts receivable roll or other supporting data as agreed between the parties. Invoices shall be approved for payment by Manager from the EEC Account within thirty (30) days of date of invoice. Fees not in dispute which are not approved and paid within thirty (30) days of invoice date shall accrue interest until paid at an annual rate of one percentage point above the Prime Rate.

6.2 Safe Harbor. Pursuant to and consistent with guidance in the form of "Safe Harbor" regulations and regulatory exceptions promulgated under federal fraud and abuse and Stark II laws, respectively, the parties acknowledge and confirm that the fees to be paid to Manager are based on fair market value in arms-length transactions of comparable services and have not been determined in a manner that takes into account the volume or value of any referrals or business otherwise generated between the parties.

6.3 Taxes. Manager shall pay all taxes applicable to its operations, as required under federal, state and local law, including federal income tax, state business and occupation tax, and all other similar applicable taxes whether from the Internal Revenue Service or any state or local taxing authority. EEC shall pay all taxes applicable to EEC's operations, revenues, income or services as required under federal, state and local law, including federal income tax, state business and occupation tax, and all other similar applicable taxes whether from the Internal Revenue Service or any state or local taxing authority.

Section 7. Default; Remedies

This Agreement may be terminated under Section 8.1 of this Agreement for an Event of Default as defined in this Section 7.

7.1 Default by EEC. It shall constitute an event of default under this Agreement (an "Event of Default") by EEC if EEC:

7.1.1 Fails to pay the Fee after such payment is due and payable within fifteen (15) days of receipt of written notice thereof from Manager.

7.1.2 Materially breaches an obligation under this Agreement and fails to cure such breach within 30 days of written notice of such breach from Manager. Manager shall provide EEC with written notice describing such breach with reasonable specificity, including any steps that must be taken to cure such breach. If EEC fails to cure such breach to the reasonable satisfaction of Manager within thirty (30) days after receipt of such written notice, Manager shall have the remedies set forth in Section 7.3; provided, however, that if such cure cannot be completed within such thirty (30) day period, the cure period shall be extended so long as EEC shall initiate such cure within such thirty (30) day period and thereafter diligently pursue it to completion, provided further, however, that such cure period shall not in any event be extended more than ninety (90) days after receipt of the notice of such breach. Any disputes regarding whether EEC has materially breached this Agreement shall be resolved pursuant to the dispute resolution procedures under Section 7.4, and the occurrence of an Event of Default under this Section 7.2.2 and any remedies under Section 7.3 shall abide the completion of the dispute resolution process determining such material breach.

7.2 Default by Manager. It shall constitute an event of default under this Agreement (an "Event of Default") by Manager if Manager:

7.2.1 Commits violation of law, fraud, misappropriation, or embezzlement of EEC's assets or property.

7.2.2 Fails to notify EEC of an actual or suspected HIPAA privacy or security incident.

7.2.3 Materially breaches any other obligation under this Agreement and fails to cure such breach within 30 days of written notice of such breach from EEC. EEC shall provide Manager with written notice describing such breach with reasonable specificity, including any steps that must be taken to cure such breach. If Manager fails to cure such breach to the reasonable satisfaction of EEC within thirty (30) days after receipt of such written notice, EEC shall have the remedies set forth in Section 7.3; provided, however, that if such cure cannot be completed within such thirty (30) day period, the cure period shall be extended so long as Manager shall initiate such cure within such thirty (30) day period and thereafter diligently pursue it to completion, provided further, however, that such cure period shall not in any event be extended more than ninety (90) days after receipt of the notice of such breach. Except as

otherwise provided in this Agreement, any disputes regarding whether Manager has materially breached this Agreement shall be resolved pursuant to the dispute resolution procedures under Section 7.4, and the occurrence of an Event of Default under this Section 7.2.2 and any remedies under Section 7.3 shall abide the completion of the dispute resolution process determining such material breach.

7.3 Remedies in the Event of Default. If the event of an Event of Default by either Manager or EEC, the non-defaulting party shall have all rights and remedies available under law or this Agreement. In the enforcement of all rights and remedies available to a party, each party shall bear its own attorney fees.

7.4 Dispute Resolution. Disputes under this Agreement shall be resolved as follows:

EEC and Manager will first attempt to settle all disputes arising under this Agreement, including, but not limited to, disputes relating to the wrongful termination of this Agreement, through informal means. Disputes shall be first promptly addressed by a three-person panel composed of (a) one representative of EEC; (b) one representative of Manager; and (c) a third person selected by mutual agreement of the other two. This three-person panel shall receive written and/or oral information from a respective representative of Manager and EEC and shall endeavor to make a recommendation for a reasonable resolution of any disagreements arising under this Agreement. Except for disputes concerning termination of this Agreement, this Agreement will remain in effect in accordance with its terms pending the outcome of the informal panel, and the parties will continue to provide services to each other and to patients as provided by this Agreement.

In the event either party does not accept the recommendation of the panel, the dispute may be submitted to formal mediation and either party may bring the dispute (including the recommendation of the panel) to mediation as the parties may agree.

If the dispute is still not resolved, the dispute shall be resolved by arbitration as follows. Either party may submit such dispute to binding arbitration, before a single arbitrator selected by mutual agreement, or in the absence of mutual agreement, before a single arbitrator selected in the same manner as the selection of the mediator, and otherwise conducted in accordance with the provisions of RCW 7.04, and the rules of the arbitrator so selected or appointed. Arbitration shall not be required where the moving party seeks injunctive or other equitable relief, but not damages. The parties agree that the recommendation of the informal panel will be admissible as evidence in the arbitration. Judgment upon the award rendered may be entered in any court having jurisdiction. All post-arbitration procedures will be in conformity with RCW 7.04. Both parties will act in good faith and with due diligence to resolve the matter through arbitration as quickly as possible. Except for disputes concerning termination of this Agreement, this Agreement will remain in effect in accordance with its terms pending the outcome of arbitration, and the parties will continue to provide services to each other as provided by this Agreement.

In any dispute arising out of this Agreement, the parties shall bear their own costs and attorneys' fees, provided that in any litigation to enforce an arbitration award, the prevailing

party in such action shall be entitled to recover from the other party its costs and reasonable attorneys' fees in addition to any other relief granted.

Section 8. Term of the Agreement

8.1 Term. The initial term of this Agreement shall be for one (1) year from the effective date hereof (the "Initial Term"). This agreement shall automatically renew for additional consecutive one (1) year terms after the Initial Term, on the same terms, conditions and provisions as contained herein, together with any authorized and approved amendments hereto, unless EEC, upon determination by the Board of the Managers, gives written notice to the Manager of its intent not to renew this Agreement at least (90) days prior to the expiration of the then current term.

This Agreement shall also be terminated upon the earlier to occur of: (i) the dissolution of EEC; (ii) the date EEC ceases to operate the Center; (iii) the date a party is excluded or suspended from participating status in the Medicare or Medicaid or other governmental programs by governmental action for violation of applicable law; or (iv) upon an Event of Default by a defaulting party under Section 7.1 or 7.2 following completion of the procedures set forth in Section 7.1 or 7.2 of this Agreement.

8.2 Effect of Termination. Upon the termination of this Agreement for any reason:

8.2.1 All amounts due Manager hereunder, whether as Fees or as reimbursement for advanced expenses, shall be paid to Manager by EEC within thirty (30) days of the effective date of any termination. Any amounts not timely paid shall accrue interest until paid at one percentage point above the Prime Rate.

8.2.2 Each party hereto shall promptly deliver to the other party all proprietary information, including administrative, accounting and personnel policy and procedure manuals, and all computer software systems of such other party. Each party shall cooperate with the other party to effect the termination and transition to another management company if one is appointed. Upon termination, Manager shall deliver to EEC all Center funds, if any, controlled by or in the possession of Manager as agent for EEC.

8.2.3 The following provisions of this Agreement shall survive any such termination: Subsection 3.2, Section 5, Section 7 and Section 9.

Section 9. Miscellaneous

9.1 Disclaimer of Employment of Employees of Other Party. No person employed by EEC or engaged by EEC as an independent contractor, nor any person engaged by Manager as an independent contractor, shall be or be deemed to be an employee of Manager, and Manager shall have no liability for payment of any wages, payroll taxes and other expenses of employment of such person. No person employed by Manager or engaged by Manager as an independent contractor shall be or be deemed to be an employee of EEC, and EEC shall have no

liability for payment of any wages, payroll taxes and other expenses of employment of such person.

9.2 Non-Assumption of Liabilities. Manager shall not, solely by virtue of entering into and performing this Agreement, become liable for, and EEC shall be responsible for any of the existing or future obligations, liabilities or debts of EEC and shall be financially and legally responsible for all of its expenses, liabilities, and attorney's fees arising out of or resulting from or attributable to the existing or future obligations, liabilities or debts of EEC. Manager, in its role as Manager, shall have only an obligation to use reasonable care in the management and handling of the funds generated from the operation of the Center. EEC shall not, solely by virtue of entering into and performing this Agreement, become liable for, and Manager shall be responsible for any of the existing or future obligations, liabilities or debts of Manager that EEC is not specifically obligated for hereunder and shall be financially and legally responsible for all of its expenses, liabilities, and attorney's fees arising out of or resulting from or attributable to the existing or future obligations, liabilities or debts of Manager that EEC is not specifically obligated for hereunder.

9.3 Access to Records; Confidentiality of Records. Manager shall, during the term hereof, be given complete access to the Center, its records, offices and facilities in order to carry out Manager's obligations hereunder, subject to confidentiality requirements pertaining to patient medical records. Manager shall use its best efforts to maintain the confidentiality of all files and records, including patient records, of the Center, disclosing the same only as required or permitted by law in any particular instance.

The parties agree to comply with the terms of the HIPAA Business Associate Agreement attached to this Agreement.

9.4 Rights Cumulative; No Waiver. No right or remedy herein conferred upon or reserved to either of the parties hereto is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder, or now or hereafter legally existing upon the occurrence of an event of default hereunder. The failure of either party to insist at any time upon the strict observance or performance of any of the provisions of this Agreement or to exercise any right or remedy as provided in this Agreement, shall not impair any such right or remedy or be construed as a waiver or relinquishment thereof with respect to subsequent defaults. Every right and remedy given by this Agreement to the parties hereto may be exercised from time to time and as often as may be deemed expedient by the parties, as the case may be.

9.5 Headings. The section and paragraph captions and headings contained in this Agreement are included for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

9.6 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original document and all of which, taken together, shall be deemed to constitute but a single original document.

9.7 Notices. EEC and Manager shall each designate an individual who shall be authorized to communicate with the other party with respect to this Agreement. All notices or other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been delivered to a party upon personal delivery to that party or: (i) on the second (2nd) business day following delivery by facsimile transmission to the telephone number provided by the party for such purposes, if simultaneously mailed as provided herein; (ii) on the second (2nd) business day following deposit for overnight delivery with a bonded courier holding itself out to the public as providing such services, with charges prepaid; or (iii) on the fourth (4th) business day following deposit with the United States Postal Service, postage prepaid, and in any case addressed to the party's address set forth below, or to any other address that the party provides by notice, in accordance with this Section 9.8, to the other party:

If to EEC:

Eastside Endoscopy Center, LLC
1135 116th Ave NE #570
Bellevue, WA 98004
Attn: Robert Wohlman

If to Manager:

Washington Gastroenterology, PLLC
3209 S 23rd Street, Suite 340
Tacoma, WA 98405
Attn: Nick Goralsky

9.8 Entire Agreement. This Agreement, including any exhibits, schedules, lists and other documents and writings referred to herein or delivered pursuant hereto, all of which form a part hereof, contains the entire understanding of the parties with respect to its subject matter. It merges and supersedes all prior and/or contemporaneous agreements and understandings between the parties, written or oral, with respect to its subject matter and there are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter hereof other than those expressly set forth herein. This Agreement may be amended only by a written instrument duly signed by the parties or their respective heirs, successors, assigns or legal personal representatives.

9.9 Severability. In the event that any provision of this Agreement, or the application thereof to any person or circumstance is held by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, or the application of the invalid, illegal or unenforceable provision to any other person or circumstance, and this Agreement shall then be construed as if such invalid, illegal or unenforceable provision had not been contained in this Agreement, but only to the extent of such invalidity, illegality or unenforceability.

9.10 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state of Washington.

9.11 Confidentiality/Privacy. In connection with the parties' respective responsibilities under this Agreement, it will be necessary for one party (the "Disclosing Party") to disclose confidential and proprietary information to the other party (the "Receiving Party"). The parties anticipate that each will be a Disclosing Party as to disclosures it makes to the other party and a Receiving Party as to disclosures of the other party to it.

For purposes of this Agreement, "Confidential Information" means financial, legal, economic, business and/or general information disclosed or made available by the Disclosing Party or its Representatives to the Receiving Party or its Representatives, whether orally, in writing, in the form of computer data, or by visual inspection, and all analyses, compilations, summaries, extracts and copies thereof, regardless of whether such information is specifically identified as "confidential." "Representatives" means directors, officers, employees, agents, attorneys, accountants, experts and advisors of a party or any of its affiliates during and within the scope of their engagement.

The term "Confidential Information" does not include information which (i) was known to the Receiving Party or its Representatives prior to the date of its disclosure pursuant to this letter; (ii) is or becomes generally available to the public other than through an unauthorized disclosure of the Receiving Party or its Representatives in violation of this letter; (iii) becomes available to the Receiving Party or its Representatives from a source other than the Disclosing Party or its Representatives, provided that such source does not have a direct or indirect business relationship with the Receiving Party or is not, to the Receiving Party's knowledge, prohibited from transmitting such information to the Receiving Party by a contractual, legal or fiduciary obligation to the Disclosing Party or its Representatives; or (iv) is independently developed by the Receiving Party or any of its Representatives not using Confidential Information.

Except as otherwise required by law or as otherwise provided in this Agreement, each party agrees (i) to keep confidential and not disclose, and to cause its Representatives to keep confidential and not disclose, to any person any Confidential Information it or any of its Representatives receives from the Disclosing Party or its Representatives; and/or (ii) not to duplicate or use, and to cause its Representatives not to duplicate or use, any Confidential Information for any purpose other than allowed under this Agreement, without the Disclosing Party's prior written consent.

The Receiving Party or its Representatives shall be entitled to disclose the Confidential Information of the Disclosing Party and provide copies of the same, without the Disclosing Party's prior written consent, to those Representatives of the Receiving Party who need to know such Confidential Information solely for the purposes contemplated under this Agreement. The Receiving Party shall not make more copies of the Disclosing Party's Confidential Information than are reasonably necessary thereto. The Receiving Party shall take reasonable precautions to assure that only those Representatives who reasonably require Confidential Information in connection with this Agreement may obtain access to the same. The

Receiving Party shall be responsible for any violations of the provisions of this Agreement caused by any of the Receiving Party's Representatives.

If the Receiving Party or anyone whom the Receiving Party transmits any Confidential Information pursuant to this letter is compelled by law to disclose any Confidential Information of the Disclosing Party, the Receiving Party will provide the Disclosing Party with notice (unless such notice is prohibited by law, in which case the Receiving Party shall provide notice as soon as it is permitted to do so) prior to disclosing such Confidential Information, so that the Disclosing Party may seek an appropriate protective order and/or waive compliance with this letter. If, in the absence of a protective order or the receipt of a waiver hereunder, a Receiving Party is nonetheless legally compelled to disclose such Confidential Information, it may without liability hereunder, furnish that portion of such Confidential Information that is legally required and will exercise reasonable best efforts to obtain assurance that confidential treatment will be accorded such Confidential Information, provided that the Disclosing Party agrees to pay the cost of such reasonable best efforts.

The Confidential Information shall remain the property of the Disclosing Party, and the Disclosing Party may demand the return thereof at any time by notice to the Receiving Party. Furthermore, either party may, at any time, withdraw its authorization for exchanging Confidential Information by notifying the other party in writing. In either event, upon receipt of such notice, the Receiving Party shall, at the Disclosing Party's option, either (i) return to the Disclosing Party all data, memoranda and other written materials, together with any tapes and computer stored information, including all copies thereof, containing or relating to the Disclosing Party's Confidential Information, in the possession of the Receiving Party or its Representatives; or (ii) cause each of its Representatives to destroy each copy of any such materials or the parts thereof containing or relating to the Disclosing Party's Confidential Information. Any destruction pursuant to (ii) in the preceding sentence shall be promptly confirmed in writing.

Where inconsistent with or more protective than the provisions of this Section 9.11, the provisions of the HIPAA Business Associate Agreement attached to this Agreement shall apply to any protected health information to the extent such protected health information may also be considered Confidential Information.

9.12 Legal Compliance/Legal Jeopardy. Nothing in this Agreement shall be interpreted as requiring either party to limit or withhold items or services from patients in violation of any federal, state or local law. Nothing in this Agreement shall create any obligation on the part of either party or any provider or other person employed by or contracted with either party to refer patients to any other party. Nothing in this Agreement shall be interpreted as requiring either party to make referrals of any items or services to the other in violation of any federal, state or local law or regulation. The parties acknowledge and agree that all financial remuneration to be paid or received under this Agreement is negotiated at arm's length and is intended to be commercially reasonable and fair market value for the actual services rendered without regard to or in exchange for any other business generated between the parties.

The parties shall respectively conduct all activities under this Agreement in conformity with applicable laws, rules and regulations.

Each party hereby represents and warrants that neither it, nor any affiliate, nor any of its or any affiliate's personnel now or hereafter engaged to provide services under this Agreement is, or at any time has been, excluded from participation in any federally-funded health care program, including Medicare and Medicaid. Each party hereby agrees to immediately notify the other party of any threatened, proposed, or actual exclusion from any federally-funded health care program, including Medicare and Medicaid. In the event that either party or any affiliate, or any of its or any affiliate's personnel (unless such personnel are immediately terminated), is excluded from participation in any federally-funded health care program during the term of this Agreement, this Agreement shall automatically terminate as of the date of such exclusion or breach.

In the event either party to this Agreement, in consultation with and upon an opinion of its legal counsel, develops a good faith concern that any provision of the Agreement or any activity of a party under this Agreement is in violation of any applicable federal, state, or local laws or any regulation, order, or policy issued under any such laws, such party shall immediately notify the other party in writing of such concern and the specific activities giving rise to such concern and the reasons therefore. The parties shall meet as soon as practicable to agree on a method for resolving such concern. If the parties are, despite best efforts in good faith, unable to reach agreement under this Section 9.13 within sixty (60) days of receipt of the notice, then this Agreement shall be terminated.

In the event any applicable federal, state, or local law or any regulation, order, or policy issued under any such laws, is changed (or judicial interpretation thereof is developed or changed) in a way which will have a materially adverse effect on the benefits anticipated by either party to this Agreement, as determined in consultation with and upon an opinion of its legal counsel, the adversely affected party shall notify the other party in writing of such change and the anticipated effect of such change. The parties shall make a good faith effort to negotiate amendments to this Agreement to compensate for such change. If an agreement on amendments to this Agreement under this Section 9.13 is not reached within sixty (60) days of receipt of the notice, then this Agreement shall be terminated.

9.13 Insurance/Claims. The provisions of this Section 9.13 are in addition to the insurance to be maintained under Section 3.2.

9.13.1 Each party, at such party's sole expense, will maintain appropriate levels of professional and comprehensive general liability insurance through programs of insurance and/or self-insurance, consistent with industry and practice standards and subject to mutually agreed terms and limits of coverage. Each party shall provide immediate notice of the termination of their professional or general liability insurance. Upon request by a party, the other party shall provide copies of binders or canceled checks for, or other appropriate evidence of, all insurance policies required by this Agreement. In the event any coverage is "claims-made" coverage, upon termination of this Agreement, each party agrees to obtain or maintain continuous and uninterrupted extended coverage ("tail" coverage) for claims arising from events occurring during the term of this Agreement. The parties shall cooperate fully in the investigation and defense of all claims including, but not limited to, meeting with investigators

and/or counsel, appearing for deposition, trial and other hearings relating to, services provided under this Agreement.

9.13.2 In connection with any malpractice or other negligence or intentional misconduct claim made against it, each party shall provide the other with prompt notice of any such claim against it, and, to the extent permitted under the terms thereof, shall in all cases give written notice within five (5) days of a settlement or judgment entered against it. Each party shall also provide the other with immediate notice of any claim against it for violation of any federal antitrust, privacy and confidentiality, Medicare, fraud and abuse, anti-kickback, and physician self-referral law or regulation, or its intent to enter into a corporate integrity agreement with the Office of Inspector General of the U.S. Department of Health and Human Services.

9.13.3 Each party shall be responsible for its own acts of negligence and/or reckless acts or omissions in the performance of its duties hereunder and shall be financially and legally responsible for all of its expenses, liabilities, and attorney's fees arising out of or resulting from or attributable to any such acts or omissions.

9.14 Ownership of and Access to Books and Records. EEC owns all books and records of or related to EEC created pursuant to the Management Services performed by Manager pursuant to this Agreement. Manager is prohibited from using or disclosing EEC books and records for any purpose other than the performance of Management Services. All Manager's separate books and records shall be owned by Manager, subject to the audit rights of EEC.

Pursuant to 42 U.S.C. § 1395x(v)(1)(I), until the expiration of four (4) years after the furnishing of services under this Agreement, each party shall make available, upon written request by the Secretary of the United States Department of Health and Human Services, or upon request by the Comptroller General of the United States General Accounting Office, or any of their duly authorized representatives, a copy of this Agreement and such books, documents and records as are necessary to certify the nature and extent of the costs of the services furnished under this Agreement.

If either party carries out any of its duties under this Agreement through a subcontract, with a value or cost of ten thousand dollars (\$10,000) or more over a twelve (12) month period, with a related organization, such subcontract shall contain a clause to the effect that until the expiration of four (4) years after the furnishing of such services pursuant to such subcontract, the related organization shall make available, upon written request by the Secretary of the United States Department of Health and Human Services or upon request by the Comptroller General of the United States General Accounting Office, or any of their duly authorized representatives, a copy of such subcontract and such books, documents and records as are necessary to verify the nature and extent of such costs.

9.15 Intellectual Property. EEC shall be the sole owner and holder of all right, title and interest in any materials, ideas, innovations, treatment plans or other documents relating to the Management Services or the Center prepared by or on behalf of Manager under this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by them or their duly authorized representative as of the date first set forth above.

EEC:

Eastside Endoscopy Center, LLC

By: _____

Its: _____

MANAGER:

Washington Gastroenterology, PLLC

By: Ralph Kateman

Its: PRESIDENT

Schedule 6.1

Manager Fees

6% of Center gross revenue for all billing services and 6% of Center gross revenue for all of the Management Services.

Exhibit 1

Management Services

A. Billing and Collection.

(a) Manager, acting as EEC's agent under this Agreement, shall provide such billing and collection services as are reasonably necessary to attempt to collect in a timely manner all charges ("Charges") made in the name of EEC resulting from EEC's provision (either directly or through contracting providers) of outpatient surgical and endoscopy services to patients at the Center. EEC hereby appoints Manager its true and lawful attorney-in-fact to take the following actions for, on behalf of, and in the name of EEC:

- i. bill and collect, on behalf of EEC, all Charges;
- ii. take possession of and endorse in the name of and on behalf of EEC all cash, notes, checks, money orders, insurance payments, and any other instruments received as payment for Charges (and EEC will cause individuals who receive any payments in connection with Charges for the benefit of EEC directly to deliver such amounts directly to Manager, to be handled pursuant to this Agreement in a manner consistent with other payments for Charges for the benefit of EEC);
- iii. deposit, or cause to be deposited, all such collections directly into the Lock Box Account (as that term is defined in subsection (c) below);
- iv. place accounts for collection, settle, settlement and compromise claims, and institute legal action for the recovery of accounts in accordance with a policy mutually agreed upon with EEC; and
- v. acquire and maintain specified equipment and software necessary to provide Services hereunder at the Corporate Billing Office (CBO) and as further detailed in Exhibit A.

EEC shall execute such instruments as are necessary to evidence the appointment of Manager as its agent hereunder.

(b) Manager shall use its best efforts to ensure the collection of Charges and shall be authorized to settle and compromise Charges when, in Manager's reasonable judgment, such action is necessary. Manager may, but is not required, to refer accounts to a collection agency if all other collection means have been exhausted. All third-party fees, including attorney's fees incurred to effect collections shall be additional charges under this Agreement and shall be paid directly by EEC. EEC has the right to request that it has the ability to review any proposed settlement or compromise of \$250 or greater, and accounts to be sent to collections.

(c) All amounts due from payors relating to the Charges shall be deposited into a designated lock box bank account ("Lock Box Account"). The Lock Box Account shall be held solely in the name of EEC at Key Bank ("Bank"). EEC shall provide instructions to the

Bank, upon execution of this Agreement, to transfer all proceeds deposited into the Lock Box Account, to a separate bank account, which is also held in the name of EEC ("Transfer Account") on a daily basis. EEC hereby authorizes Manager, on EEC's behalf, to make deposits to and withdrawals from the Transfer Account; provided, however, that all proceeds from the Transfer Account shall be paid directly to EEC, except that Manager may deduct and pay to itself any amounts due to it as compensation under this Agreement. EEC also authorizes Manager to execute withdrawals from the Transfer Account in order to pay other EEC-related expenses as necessary and in a timely fashion. EEC understands that the Transfer Account is automatically transferred daily into a Master Bank account from which all operating expenses and member distributions of the EEC are paid by the Manager for and on behalf of EEC. EEC shall have the right to terminate Manager's authority with respect to the Transfer Account at any time, without notice, and for any or no reason. Further, EEC hereby authorizes Manager to instruct all payors of Charges to send all payments due to the EEC with respect to the Charges directly to the Lock Box Account. EEC shall immediately forward payments received from any party relating to any Charge to the lockbox, properly endorsed.

(d) Nothing in this Agreement shall be construed as a guaranty by Manager as to the collectability of any Charges or other accounts or receivables of EEC.

B. Management.

Manager, acting as EEC's agent under this Agreement, shall provide such management services as are reasonably necessary to ensure the smooth, efficient and financially sound operation of EEC. Management services shall include, but may not be limited to, the following:

- i. Financial accounting and reporting and budgeting.
- ii. Processing of accounts payable.
- iii. Human resources management.
- iv. Cash management services.
- v. Asset management.
- vi. Risk management.
- vii. Assistance with such things as regulatory compliance, quality assurance, HIPAA compliance and efficiency management.
- viii. Purchasing.
- ix. Information Technology

C. Equipment.

The Manager will be responsible for the following equipment, software, or installation/training services necessary to provide Services hereunder:

1. Initial gMed license fees (or other selected scheduling, billing and collections software package deemed acceptable by the Manager, at its sole discretion).
2. All initial installation service expenses from third party vendors, except travel, necessary for the installation of the billing system at the EEC.
3. All initial training service expenses from third party vendors, except travel, necessary for the staff training on the billing system at the EEC.
4. EEC hardware and software for the CBO only.
5. Cost of development, installation, and training for an interface between the billing software and the clinical dictation software to push the schedule and demographic information from the billing system into the clinical dictation software (e.g., HL7 ADT & SUI Interface).
6. Cost of development, installation and training for an interface between the billing software and the clinical dictation software to electronically pull the charge data from the clinical dictation system into the billing system (e.g., HL7 DFT Interface).

D. Computer Hardware and Software.

EEC will be responsible for the following equipment, software or installation/training services necessary to provide Services hereunder:

1. Provision of a local area network at EEC (to include, but not be limited to, the following: hardware, software and communications systems) necessary to support the gMed billing system (or other selected scheduling, billing and collections software package deemed acceptable by the Manager, at its sole discretion) including the cost of software licenses and equipment (e.g., firewall, router, etc.) related to such.
2. Cost of computer equipment and general software located at EEC's site to access the billing software.
3. Annual maintenance and support fees for the billing software package.
4. Additional follow-up installation or training services from third party vendors, if requested by EEC.
5. Travel expenses for all third party vendors in relation to installation and training services.

6. Travel expenses for all third party vendors in relation to maintenance or repairs services not covered through the annual maintenance and repair support agreement.

7. Cost of development, installation and training of an interface (if applicable) to the professional practice's billing system in order to download appropriate patient demographic and insurance information into the gMed billing system (or other selected scheduling, billing and collections software package deemed acceptable by the Manager, at its sole discretion). Such information will be used by the Manager to allow for efficient facility fee billing efforts for EEC.

Exhibit A to Exhibit 1

gMed practice management and electronic medical record software

Exhibit 2

Performance Metrics

1. Billing - Manager shall use best efforts to submit all insurance claims to payers within three (3) business days after rendering of services at the Facility provided that the applicable billing codes are finalized and available to Manager for such claims.
2. Accounts Payable - 95% of non-disputed invoices will be processed and paid within the due dates identified on the invoice or as otherwise directed by the Company as long as Manager received the invoice for payment at least 5 business days prior to the due date. Otherwise, non-disputed invoices received by Manager after the due date will be paid in the next regular weekly check run.
3. Financial Reporting/Mostly AR Reports - Monthly financial/billing reports and general ledger will be delivered within eight (8) days after the end of each month.
4. Billing Metrics - Days sales outstanding (accounts receivable aging) are maintained, on average, at less than fifty (50) days
5. Billing and Administrative - Manager shall acknowledge each substantive concern brought to its attention by the Board of Managers or the Facility Medical Directors within five business days after receipt thereof, research such and will provide a recommendation to the Board relating to the same within 10 business days.
6. Billing - Manager shall perform the Billing and Collection Services in compliance with any applicable ICD-10 standards and requirements.
7. Billing - Write Offs (as defined below) shall not exceed four percent (4%) on average on a twelve-month trailing basis (e.g. approximately a ninety-six percent (96%) collection rate on average). Manager shall report Write Offs by reason code monthly. "Write Offs" shall mean those amounts that were expected to be collected but no longer eligible for payment under the specific payer policies, including, but not limited to timely filing, no authorization. It is understood that contractual allowances are not considered Write Offs and are accounted for in the billing system as a contractual adjustment under the contract with the payer or per the explanation of benefits from the payer.
8. Billing - Payments will be posted to patient accounts, on average, within three business days of receipt of the EOB from the insurance plan or patient.
9. Billing - Billing reports will be transmitted to the Company within five (5) business days following the month-end close.

**EXHIBIT A
MANAGEMENT FEE**

Endo Center estimates its annual expenses as outlined below.

The estimated expenses of the Endo Center that WAGI shall pay using Endo Center owned bank accounts are as follows:

The 2017 estimated expenses of Endo Center are \$2,364,379.00 (annually) paid in equal payments each month. Monthly payments shall be \$197,031.58 per month.

The 2018 estimated expenses of Endo Center are \$2,423,489.00 (annually) paid in equal payments each month. Monthly payments shall be \$201,957.42 per month.

The 2019 estimated expenses of Endo Center are \$2,484,076.00 (annually) paid in equal payments each month. Monthly payments shall be \$207,066.33 per month.

The 2020 estimated expenses of Endo Center are \$2,546,178.00 (annually) paid in equal payments each month. Monthly payments shall be \$212,181.50 per month.

The Management Fee will be six percent (6%) of all expenses WAGI pays on behalf of Endo Center.

If the Term of this Agreement covers two different calendar years, the monthly payment shall increase January of the calendar year. For example, if the Term of this Agreement is September 1, 2017 to August 31, 2018, the Management Fee shall be the 2017 Management fee during the 2017 calendar year and shall increase to the 2018 Management Fee in January 2018 for the remainder of the Term.

EXHIBIT L

**AMENDED AND RESTATED OPERATING
AGREEMENT OF THE EASTSIDE ENDOSCOPY
CENTER, P.L.L.C. AND AMENDMENTS THERETO**

**AMENDED AND RESTATED OPERATING AGREEMENT
OF
THE EASTSIDE ENDOSCOPY CENTER, P.L.L.C**

This AMENDED AND RESTATED OPERATING AGREEMENT (this "Agreement") is made this 1st day of March, 2005, by and among the Members of The Eastside Endoscopy Center, P.L.L.C., a Washington professional limited liability company (the "Company"), identified in Exhibit A, each of whom, by executing the Agreement, agrees to remain a Member of the Company.

1 FORMATION OF P.L.L.C.

1.1 Formation of Company; Certificate of Formation. Members previously organized a professional limited liability company for the purposes and subject to the terms and conditions of this Agreement pursuant to the Washington Limited Liability Company Act, RCW Chapter 25.15 and caused to be executed and filed with the Washington Secretary of State a Certificate of Formation of the Company in the form attached to this Agreement as Exhibit B.

1.2 Name and Place of Business. The name of the Company and the name under which its business shall be conducted is THE EASTSIDE ENDOSCOPY CENTER, P.L.L.C. The initial principal office of the Company and the place where the records required to be maintained by the Company pursuant to the Act are kept is 1135 - 116th Avenue N.E., Suite 570, Bellevue, Washington 98004. The Company may relocate its place of business or establish one or more other place or places of business as the Members may from time to time determine.

1.3 Nature of Business. The Company shall engage in the business of operating one or more clinics for the purposes of providing endoscopies and related medical procedures to patients and for no other purposes unless authorized in each instance by Supermajority Vote. The Company shall have the power and authority to engage in all activities as may be necessary, incidental or convenient to carry out the foregoing purposes, including but not limited to acquiring or leasing equipment, procuring office space and investing its resources, to the full extent permitted by the Act.

1.4 Term. The term of the Company shall commence when the initial Certificate of Formation is filed with the Washington Secretary of State pursuant to Section 1.1 of this Agreement and shall continue until December 31, 2050, unless sooner terminated in accordance with the provisions of this Agreement.

1.5 Registered Office And Registered Agent. The address of the Company's initial registered office in the State of Washington shall be 1201 Third Avenue, Suite 2900, Seattle, Washington 98101. The name of the Company's initial registered agent at such address shall be Terence P. Lukens. The registered office and the registered agent may be changed by the Managing Members from time to time in accordance with the Act and the procedures established by the Washington Secretary of State.

1.6 Professional Liability Insurance Requirements. The Company shall at all times maintain one or more policies of professional liability insurance in the amount and

otherwise in accordance with the requirements of RCW 25.15.045(2) of the Act, with such insurers and subject to such deductibles as may be determined by the Managing Members.

1.7 No Managers. The Company will not have Managers but instead will be managed by the Members as provided by this Agreement.

2 DEFINITIONS. Certain terms are defined in the text of this Agreement. In addition, the following terms used in this Agreement, when they appear with their initial letters capitalized, shall have the respective meanings set forth below unless otherwise expressly provided in this Agreement or unless the context otherwise requires:

“Act” shall mean the Limited Liability Company Act of the State of Washington, RCW chapter 25.15, as amended and in effect from time to time.

“Additional Capital Contribution” shall mean an additional Capital Contribution to the Company approved by the Members as provided by Section 6.2 of this Agreement.

“Additional Member” shall mean a Member who acquires Units from the Company other than an Initial Member or a Substitute Member.

“Advances” shall mean loans to the Company made by a Member in accordance with Section 6.4.

“Affiliated Person” or “Affiliate” shall mean, with reference to a specified Person, (a) any member of such Person’s Immediate Family (as defined herein); (b) any Person who owns directly or indirectly ten percent (10%) or more of the beneficial ownership in such Person; (c) any one or more Legal Representatives (as defined herein) of such Person and/or the Legal Representative of any Persons referred to in the preceding clauses (a) or (b); or (d) any entity in which any one or more of such Person and/or the Persons referred to in the preceding clauses (a), (b) or (c) owns directly or indirectly ten percent (10%) or more of the beneficial ownership.

“Agreement” shall mean this Operating Agreement, as amended and in effect from time to time.

“Capital Account” shall mean the capital account maintained for each of the Members in accordance with Section 6.6 of this Agreement. In the case of a Transfer permitted by the provisions of this Agreement, the Transferee shall succeed to the Capital Account of the Transferor.

“Capital Contribution” shall mean the amount of money paid or property contributed to the Company by a Member (or his predecessor in interest) with respect or attributable to his interest in the Company. “Capital Contributions” include Additional Capital Contributions. Advances shall not be considered Capital Contributions.

“Certificate of Formation” shall mean the Certificate of Formation for the Company required by RCW 25.15.070 of the Act, executed and filed initially in the form attached as Exhibit B, as amended from time to time in accordance with the Act and the provisions of this Agreement.

“Clinic” shall mean the practice-based endoscopy unit owned and operated by the Company.

“Code” shall mean the Internal Revenue Code of 1986, as amended and in effect from time to time, and/or corresponding provisions of subsequent revenue laws.

“Company Minimum Gain” shall mean the amount determined by computing, with respect to each Company Nonrecourse Liability, the amount of gain (of whatever character), if any, that would be realized by the Company if it disposed of (in a taxable transaction) the property subject to such liability in full satisfaction of such liability, and by then aggregating the amounts so computed. Company Minimum Gain shall be determined in a manner consistent with the requirements of temporary Treasury Regulation 1.704-2(b)(3).

“Company Nonrecourse Liability” shall mean any Company liability (or portion of such liability): (a) that is considered nonrecourse under Treasury Regulation 1.1001-2; and (b) for which no Member (or person related to such Member) bears the economic risk of loss.

“Confidential Information” shall mean any and all policies, procedures, contracts, quality assurance techniques, plans, market studies, projections, pro formas, managed care initiatives, strategies, utilization management, physician lists, patient records, credentialing, financial, statistical and other information of the Company, including (but not limited to) information embodied on magnetic tape, computer software or any other medium for the storage of information, together with all notes, analyses, compilations, studies or other documents prepared by the Company or others on behalf of the Company containing or reflecting such information. Confidential Information does not include information which:

- (a) was lawfully made available to or known by third person on a non-confidential basis prior to disclosure by a Member;
- (b) is or becomes publicly known through no wrongful act of a Member; or
- (c) is received by a Member from a third party other than in breach of confidence.

“Deemed Capital Account” shall mean a Member’s Capital Account, as calculated from time to time, adjusted: (i) by adding to such account the sum of (A) the Member’s share of minimum gain as determined under Treasury Regulations 1.704-2(g)(1) and 1.704-2(i)(5), plus (B) the amount of such Member’s obligation to restore his deficit Capital Account, as determined under Treasury Regulation 1.704-1(b)(2)(ii)(b) and (c); and (ii) by subtracting from such Capital Account the sum of (A) allocations of loss and deduction that, as of the end of the Company’s taxable year, reasonably are expected to be made to such Member, plus (B) Distributions that, as of the end of the Company’s taxable year, reasonably are expected to be made to such Member to the extent they exceed certain reasonably expected offsetting increases to such Member’s Capital Account, such expected allocations, Distributions and Capital Account increases to be determined in a manner consistent with Treasury Regulation 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

“Delinquent Member” shall mean a Member who fails to make a required Capital Contribution, who shall be subject to the remedies provided by Section 6.5.

“Disability” means the inability of a Member by reason of mental or physical illness, disease or injury, to perform his or her usual and customary professional duties for a minimum period of twelve (12) consecutive months as determined by the Consent of the Managers.

“Dissociated Member” shall mean a Member as to whom an Event of Dissociation from the Company has occurred, as provided by the Act and/or Section 11.1 of this Agreement.

“Distributable Cash” shall mean: (a) all cash received by the Company in the ordinary course of its business or upon Sales or Dispositions (excluding Capital Contributions) and (b) any amounts released from previously established reserves, less: (i) all expenses paid or incurred by the Company, including fees and reimbursements, if any, payable to the Managing Members (but excluding depreciation and other noncash expenses of the Company and Distributions to the Members), (ii) amortization of the principal of any Company loans, (iii) all capital expenditures paid in cash by the Company in the ordinary course of its business, and (iv) such amounts to establish or add to reserves for any Company purposes as the Managing Members determine to be appropriate.

“Distribution” shall mean any cash or other property distributed to the Members arising from their holding of Units in the Company, but shall not include compensation or reimbursements made to a Managing Member (if any) under the provisions of Section 4.11 of this Agreement.

“Event of Dissociation” shall mean an Event of Dissociation of a Member as provided by the Act and/or Section 11.1 of this Agreement.

“Immediate Family” with respect to any individual, means his or her ancestors, spouse, issue, spouses of issue, any trust principally for the benefit of any one or more of such individuals, his or her estate, and any entity beneficially owned by such individuals or trusts for their principal benefit.

“Initial Members” shall mean the persons who were the initial Members when the Certificate of Formation was originally filed with the Washington Secretary of State.

“Legal Representative” shall mean, with respect to any individual, a duly appointed executor, administrator, guardian, conservator, personal representative or other legal representative appointed as a result of the death, minority or incompetency of such individual.

“Majority Vote” shall mean the vote or written consent of Members (other than Dissociated Members) who hold more than 50 percent of the total number of outstanding Units; provided, that if there are only two Members, “Majority Vote” shall mean the vote or written consent of both Members.

“Managing Member” shall mean a Member appointed under Section 4.1 of this Agreement and otherwise elected at each annual meeting of the Members as a Managing Member, who will have the powers and duties set forth in Section 4 and elsewhere in this Agreement for the Managing Members.

“Members” shall mean the Initial Members, any Substituted Members and any Additional Members. The term “Member” includes a Managing Member.

“Member Nonrecourse Debt” shall mean any Company liability (a) that is considered non-recourse under Treasury Regulation 1.1001-2 or for which the creditor’s right to repayment is limited to one or more assets of the Company, and (b) for which no Member (or related person to such Member) bears the economic risk of loss.

“Member Nonrecourse Debt Minimum Gain” shall mean, with respect to any Member, the sum of (a) the deductions attributable to Member Nonrecourse Debt that have been allocated to such Member, plus (b) the aggregate amount of Distributions made to such Member of proceeds of such debt that are allocable to an increase in Company Minimum Gain attributable to debt (but only if such Member or a related person to such Member bears the economic risk of loss for such debt) in excess of the sum of (c) such Member’s aggregate share of the net decreases in Company Minimum Gain attributable to such debt and (d) such Member’s share of the decreases in Company Minimum Gain attributable to such debt resulting from revaluations of Company property subject to such debt. The net increase (or decrease) in Company Minimum Gain that is attributable to Member Nonrecourse Debt equals the sum of (i) any increase (or decrease) in the net increase in Company Minimum Gain during a year that would result if such Member Nonrecourse Debt were treated as a Company Nonrecourse Liability and (ii) any decrease (or increase) in the net decrease in Company Minimum Gain during a year that would result if such Member Nonrecourse Debt were treated as a Company Nonrecourse Liability.

“Net Income” or “Net Loss” shall mean the taxable income or taxable loss of the Company (including the Company’s share of income or loss of any venture or other entity in which the Company owns an interest) as determined for federal income tax purposes, computed by taking into account each item of Company income, gain, loss, deduction or credit not already included in the computation of taxable income and loss. Net Income shall also include items of income exempt from federal income tax and Net Loss shall include expenditures of the Company which are neither deductible nor properly chargeable to capital account under Code Section 705(a)(2)(B) or which are treated as such expenditures under Treasury Regulation 1.704-1(b)(2)(iv)(i).

“Percentage Interest” shall mean, as to each Member, the ratio which the number of Units held by that Member as of a particular time bears to the aggregate number of Units owned by all Members as of such time.

“Person” or “Party” shall mean any natural person, partnership (whether general or limited), limited liability company, trust, estate, association or corporation.

“Sale or Disposition” shall mean any of the following Company transactions: (a) sales, exchanges or other dispositions of real or personal property (including a foreclosure sale); (b) receipt of condemnation proceeds; (c) financing or refinancing, if any, of the Company’s assets and properties; and (d) recoveries of damage awards and insurance proceeds (other than business or rental interruption insurance proceeds).

“Substantially All of the Assets” shall mean assets representing two-thirds (2/3ds) or more of the book value of the Company’s assets as of the end of the most recently completed calendar year.

“Substituted Member” shall mean a Transferee who is admitted as a Member of the Company as provided by Section 10 of this Agreement.

“Supermajority Vote” shall mean the vote of more than 75% of the Units issued and outstanding.

“Transfer” shall mean a sale, exchange, transfer, assignment, gift, pledge, security interest, lien, encumbrance, hypothecation or other disposition of Units or any interest in Units.

“Transferee” shall mean a person to whom a Member Transfers his Units or any interest in Units.

“Transferor” shall mean a Member who Transfers his Units or any interest in Units.

“Two-Thirds Vote” shall mean the vote or written consent of Members (other than Dissociated Members) who hold two-thirds (2/3ds) or more of the total number of outstanding Units.

“Unit” shall mean a unit of membership interest in the Company representing a Capital Contribution by a Member in cash in an amount determined by the Members, together with any additional Units issued by the Company in accordance with this Agreement, which shall entitle the holder of such Unit to an interest in the Company’s Net Income, Net Loss, Distributions, tax credits and other Company items as specified in Sections 6, 7 and 8 of this Agreement. Additional Members shall have such number of Units as is mutually agreed between the Additional Member, on the one hand, and the existing Members, on the other hand.

3 RIGHTS AND DUTIES OF MEMBERS.

3.1 Management Rights. The Members shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company’s business and affairs. Such authority, power and discretion will, however, be exercised by the Members through a committee of Members designated as “Managing Members” in accordance with Section 4 of this Agreement, except for such matters which, under the terms of this Agreement or provisions of the Act not inconsistent with this Agreement, are subject to the vote, approval or consent of the Members.

3.2 Supermajority Vote. The Members will exercise their management powers by Supermajority Vote, except as otherwise provided by this Agreement or provisions of the Act not inconsistent with this Agreement.

3.3 Liability of Members to Third Parties. No Member shall be personally liable for any debt, obligation or liability of the Company, whether arising in contract, tort or

otherwise, solely by reason of being a Member or acting as a Managing Member of the Company. The failure of the Company to observe any formalities or requirements relating to the exercise of its powers or management of its business or affairs under this Agreement or the Act shall not be grounds for imposing personal liability on the Members (including Managing Members) for liabilities of the Company.

3.4 Dedication of Effort. Each Member shall devote his or her best efforts to serving the Company and its patients in a professional and courteous manner. No Member shall be required to devote full time and attention to the affairs of the Company but, instead, only such time and attention as is required: (a) as to members who are physicians, to serve the Company's patients in a professionally competent manner; (b) to attend to the management and business of the Company as contemplated by this Agreement; and (c) as otherwise required to satisfy such Member's obligations under this Agreement.

3.5 Non-Competition; Conflicts of Interest. During the term of a Member's membership in the Company and for a period of two (2) years thereafter, other than through the Company, no Member shall, without the prior written approval of the Managing Members and a majority of the Members, directly or indirectly own, manage, operate, control or participate in any manner in the ownership, management, operation or control of, or serve as a partner, employee, principal, agent, consultant or otherwise contract with, or have any financial interest in, or aid or assist any other person or entity that operates a facility (including an office or practice based facility or operating site or room that provides any of the services offered by the Company) to provide outpatient endoscopy services within King, Snohomish or Pierce Counties in the State of Washington, nor may a Member own or operate equipment in his or her office of the type used by the Clinic; provided, however, that the geographic limitation should not extend beyond 25 miles from the Clinic. Further provided, this Subsection 3.5 shall not be interpreted to restrict any Member who is a physician ("Physician Member") from practicing medicine and performing procedures at any location, including any inpatient or outpatient setting, or in his or her office, as long as such Physician Member's office does not constitute a Medicare-certified, third-party accredited, or state-licensed ambulatory surgery center and as long as such Physician Member does not charge or receive a facility or technical fee, or site-of-service differential, for services of the type the Clinic provides. Each Member will disclose and make available to the Company any business opportunity for such business of which such Member becomes aware in his capacity as a Member or otherwise, provided that no such disclosure or offer shall be required with respect to business opportunities that are not within the scope and purpose of the Company. Each Member further will be accountable to and hold in trust for the Company any income, compensation or profit which such Member may hereafter derive from any such activity.

3.6 Professional Liability. Each Member will hold the Company and each other Member (and each Member's heirs, successors and assigns) harmless from any cost, liability or damage (including, without limitation, the costs of enforcing this indemnity) incurred by such indemnified persons as a result of any actual or alleged act of negligence or professional malpractice on the part of that Member to the extent that such costs, liabilities and damages are not paid or reimbursed under a policy of insurance carried by the Company (including deductibles and claims in excess of applicable coverage limits).

3.7 Authority of Members to Bind the Company. Only the Managing Members and authorized agents of the Company shall have the authority to bind the Company. No Member other than a Managing Member shall take any action as a Member to bind the Company and shall indemnify the Company for any costs or damages incurred by the Company as a result of the unauthorized action of such Member.

3.8 Additional Members. No Additional Members shall be admitted to the Company or additional Units created or issued by the Company unless approved by Supermajority Vote of the Members. The requirement of unanimity shall extend to the determination of the number of Units to be created and issued and the required Capital Contribution for such Units.

3.9 Membership Restrictions.

3.9.1. Permissible Relationships.

(a) The Members understand that the Company's operations are subject to various state and federal laws regulating permissible relationships between the Members and entities such as the Company, including 42 U.S.C. § 1320a-7b(b) (the "Fraud and Abuse Statute"), and 42 U.S.C. § 1395nn (the "Stark Act"). It is the intent of the parties that the Company operate in a manner consistent with the foregoing statutes. Accordingly, each Member represents and warrants that he, she or it: (i) has not received loans for the purpose of investing in the Clinic from the Company or from any investor in the Company; (ii) has not been barred or suspended from participation in the Medicare and/or Medicaid programs; (iii) for a Physician Member, shall derive approximately one-third (1/3) of his or her medical practice income from all sources for the previous fiscal year or previous 12-month period from his or her own performance of procedures that are outpatient surgical procedures; (iv) for a Physician Member shall fully inform each patient, prior to referring patients to the Clinic, of such physician's investment interest in the Clinic; and (v) for a Physician Member, shall treat patients receiving medical benefits or assistance under any federal health care program in a nondiscriminatory manner. The Members also acknowledge that the Stark Act and similar Washington State laws may restrict the Clinic (as presently formed) from providing Designated Health Services (as defined by the Stark Act as amended from time to time).

(b) The ASC and the Members shall not provide "Designated Health Services," within the meaning of the self-referral provisions of Stark II and the regulations promulgated thereunder unless such services may be provided in compliance with one or more exceptions to the ban on self-referrals set forth in Stark II, the regulations promulgated there under, or any successor statutes and/or regulations thereto. Further, if, in the future, any of the services that the Clinic provides are deemed to be "Designated Health Services," such services shall be provided by the Clinic only if such services may be provided in compliance with one or more exceptions to the ban on self-referrals set forth in Stark II, the regulations promulgated there under, or any successor statutes and/or regulations thereto.

3.9.2. Membership. No Person shall be eligible to become a Physician Member (or remain a Physician Member, as applicable) (an "Eligible Physician") unless the following eligibility requirements are satisfied: (1) such Member shall be a physician, licensed

and registered, in good standing, to practice medicine in the State of Washington and Board certified or Board eligible in the specialty of gastroenterology, or a professional services corporation which is owned and managed solely by individuals meeting the requirements of an Eligible Physician as set forth herein; (2) such Member shall abide by the requirements of Subsections 3.9.1 and 3.9.2 hereof; (3) such Member shall maintain an active practice of medicine in the greater Bellevue, Washington area, and if able to refer patients to the Clinic for services, shall be able to perform surgical services at the Clinic, (4) such Member shall maintain active privileges at the Clinic and at least one hospital within ten (10) miles of the Clinic; and (5) under applicable law, such Member's ownership shall not disqualify (and, without further action, would not disqualify) the Company or the Clinic from engaging in operations as a state-licensed, third-party accredited, or Medicare-certified ambulatory surgery center for any reason, or from having such Member perform cases at the Clinic.

3.10 Withdrawal of a Member. Except in connection with Retirement (as defined below), no Member may withdraw or resign from the Company at any time. If a Member withdraws or resigns as a Member in violation of this Subsection 3.10, such Member hereby agrees that such withdrawal or resignation will constitute a breach of this Agreement and an Adverse Dissociation Event. The Company may offset any damages due to such a breach against any amounts otherwise distributable to such Member in addition to any remedies otherwise available to the Company; provided, however, such offset shall be limited to the balance of such Member's capital account and any capital distributions due and owing to such Member. No assessment of damages shall account for or be based on the volume or value of referrals to the Center generated by such Member. For purposes hereof, Retirement shall mean: a Physician Member ceases to practice medicine and publicly announces such retirement or, if he or she does not publicly announce such retirement, the Managing Members determine in their reasonable discretion that such person no longer practices medicine or performs endoscopy procedures on at least a substantially part-time basis (i.e., approximately 25 hours per week, for at least 30 weeks per year).

4 MANAGING MEMBERS.

4.1 Managing Members. There shall be three Managing Members, who must be Members of the Company. Notwithstanding any other provision of this Agreement, Physicians Endoscopy, LLC, its successors and assigns, shall have the right to choose one Managing Member, and the other Members shall have the right to choose the other two Managing Members.

4.2 Term of Office as Managing Member. No Managing Member shall have any contractual right to such position. The initial Managing Members shall serve until the first annual meeting of the Members (as provided under Section 5.2 of this Agreement). The Managing Members shall thereafter be elected by the Members by Supermajority Vote at each succeeding annual meeting of the Members, taking into account the provisions of Section 4.1. Any Member may succeed himself or herself as a Managing Member. Each Managing Member shall serve until the earliest of:

- (a) An Event of Dissociation of such Managing Member;

(b) The removal of such person as a Managing Member by the Members as provided by Section 4.15 of this Agreement; or

(c) Until his or her successor is elected and qualified at the next succeeding annual meeting of the Members.

4.3 Management by Managing Members.

4.3.1. Rights and Powers. The Managing Members shall have the power, on behalf of the Company and in its name, to exercise all authority, rights and powers conferred on the Company by law and those required, convenient or appropriate to the management of the Company's business, subject only to those matters which under this Agreement or provisions of the Act not inconsistent with this Agreement are subject to approval of the Members, including, without limitation, the power:

(a) To acquire, maintain, improve, repair, replace, hold and dispose of equipment or other property and assets;

(b) To enter into leases, contracts and guarantees;

(c) To incur liabilities, borrow money, issue notes, bonds and other obligations and secure obligations by mortgage or pledge of any of the Company's property or income, up to \$200,000 in the aggregate annually for each expenditure or group of related expenditures;

(d) To establish benefit and incentive plans for any or all of the current or former Members, employees and agents of the Company, and to pay benefits pursuant to such plan;

(e) To institute, prosecute and defend legal proceedings in the Company's name;

(f) To acquire and enter into insurance contracts for the protection of the Company and the Member, for the conservation of Company assets, or for any purpose convenient or beneficial to the Company;

(g) To appoint employees and agents of the Company including, but not limited to, medical directors, office managers, medical technicians, nurses, receptionists, bookkeepers, general contractors, architects, engineers, technicians, consultants, insurance brokers, agents, Managing Members, accountants, lawyers, and others on such terms and for such compensation as the Managing Members may determine and to pay compensation or additional compensation on account of services rendered to the Company;

(h) To prepare or cause to be prepared reports, statements and other relevant information for distribution to the Members, including annual reports required by this Agreement;

(i) To open accounts and deposit and maintain funds in the name of the Company in banks or savings and loan associations;

(j) To sign checks or certificates on behalf of the Company;

(k) To make a change in the Company's registered office or agent for service of process;

(l) To make all filings as may be necessary or proper to provide that this Agreement shall constitute, for all purposes, an agreement of a limited liability company under the terms of the laws of the State of Washington as in effect from time to time;

(m) To take such actions as are necessary or desirable in connection with the Company's affairs to the extent permitted by law except as the same may be prohibited by the terms of this Agreement;

(n) To sign and deliver any certificate which any person dealing with the Company or a Managing Member may rely upon as authority with respect to: (i) the identity of the Managing Member or any Member, (ii) the existence or nonexistence of any fact or facts which constitute a condition precedent to acts by the Managing Member or in any other manner germane to the affairs of the Company, (iii) the persons who are authorized to execute and deliver any instrument or document of the Company, or (iv) any act or failure to act by the Company or as to any other matter whatsoever involving the Company or any Member; and

(o) To execute, acknowledge and deliver any and all instruments to effectuate the foregoing, and to take all such related actions as the Managing Members shall deem necessary or appropriate.

4.3.2. Restrictions. Notwithstanding any other provision in this Agreement to the contrary, the Managing Members shall not take any of the following actions without the Supermajority Vote of the Members of the Company:

(a) Issue Units or authorize, create, designate, determine or issue any new class of Units of the Company, or issue new Units of the Company, or securities convertible into Units of the Company, or issue options or warrants to purchase Units of the Company, or approve of the Transfer of any Units, or approve the admission of a Member as a substituted Member pursuant to Section 10 hereof;

(b) Enter into any transaction or agreement with a Member or departing Member, including, without limitation, any settlement or compromise of a claim;

(c) Authorize the merger, consolidation or similar combination with any other entity, or authorize the sale of all or substantially all the assets of the Company;

(d) Approve a recapitalization, reclassification, reorganization, split or other similar event affecting the Units of the Company;

(e) Effect any bankruptcy, dissolution or liquidation event with regard to the Company;

(f) Borrow money or otherwise obtain credit or other financial accommodations in excess of \$200,000, or mortgage, pledge or otherwise dispose of all or any part of the business of the Company and/or all or any part of the assets of the Company in excess of \$50,000;

(g) Enter into, renew, amend or terminate any arrangement or agreement with any management company, consulting company or other senior employee or executive of the Company; provided the approval of a Member with whom the Company is party to a current agreement shall not be required; provided, further, no party shall be permitted to use the approval process to cause the Company to enter into an agreement with itself or one of its affiliates (for example, by blocking approval of all agreements with other proposed parties); provided further, that if Physicians Endoscopy LLC's contract to manage the Clinic has been terminated, the approval of Physicians Endoscopy, LLC shall not be required to approve, renew, amend or terminate a management services contract or other such engagement with another management company as long as the potential third party management company is not an affiliate of another Member;

(h) With regard to staff privileges of the Clinic, close or limit the staff privileges of the Clinic;

(i) Pursuant to Section 13 hereof, amend this Agreement or the Certificate of Formation; and

(j) Require Additional Capital Contributions pursuant to Subsection 6.2 hereof, require a Member to provide debt guarantees of the Company, approve a change in the Multiple used for the Formula Amount in Subsection 11.2(a) hereof, and approve expenditures in excess of \$200,000.

4.4 Duties. The Managing Members shall have the duty and responsibility for providing continuing administrative and executive support, advice, consultation, analysis and supervision with respect to the functions of the Company, including decisions regarding rate schedules for medical services provided by the Company to its patients, Company financing, the Sale or Disposition of the Property, and compliance with federal, state and local regulatory requirements and procedures.

4.5 Delegation of Authority. The Managing Members may, without being relieved of liability: (a) delegate any or all of their rights, powers, duties and/or responsibilities under this Agreement; or (b) appoint, employ, contract for or otherwise deal with a medical director, office manager and/or other person to perform any acts or services for the Company on behalf of the Managing Members.

4.6 Fiduciary Duty. The Managing Members shall have a fiduciary responsibility for the safekeeping and use of all funds of the Company, whether or not in a Managing Member's immediate possession or control.

4.7 Actions of the Managing Members. Each Managing Member has the power to bind the Company as provided in this Section 4. Matters within the authority of the Managing Members shall be decided by a majority in number (and not by a "Majority Vote" as defined in Section 2) of the Managing Members. No act in contravention of such determination shall bind the Company to persons having knowledge of such determination. Notwithstanding such determination, the act of a Managing Member for the purpose of apparently carrying on in the usual way the business or affairs of the Company, including the exercise of the authority in this Section 4, shall be binding upon the Company and no person dealing with the Company shall have any obligation to inquire into the power or authority of a Managing Member acting on behalf of the Company.

4.8 Notice of Limitation of Liability. The Managing Members shall use their best efforts, in the conduct of the Company's business, to put all suppliers and other persons with whom the Company does business on notice that the Members are not liable for Company obligations and all agreements to which the Company is a party shall include a statement to the effect that the Company is a professional limited liability company organized under Washington law. The Managing Members, however, shall not be liable to the Members for any failure to give such notice to such suppliers or other Persons.

4.9 Preservation of Tax Status. The Managing Members shall use their best efforts to take such actions as are necessary to preserve the Company's status as a partnership or other pass-through entity for federal income tax purposes in light of any amendments to the Code or administrative or judicial interpretations issued under the Code and are authorized to take such steps as they deem necessary or advisable to preserve such tax status.

4.10 Accounting Matters. The Managing Members shall make all decisions as to accounting matters in accordance with the accounting methods adopted by the Company and substantially in accordance with generally accepted accounting principles and procedures applied on a consistent basis, including selection of the Company's accounting year (which may be the calendar year) and the accounting method or methods to be used by the Company in keeping its books and records. The Managing Members may rely on the Company's independent accountant to determine whether such decisions are in accordance with generally accepted accounting principles.

4.11 Compensation of Managing Members. Each Managing Member shall be reimbursed all reasonable expenses incurred in managing the Company and shall be entitled to compensation in an amount to be determined from time to time by Supermajority Vote of the Members.

4.12 Managing Members' Standard of Care. A Managing Member's duty of care in the discharge of the Managing Member's duties to the Company and the other Members is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct, or a knowing violation of law. In discharging his duties, a Managing Member shall be fully protected in relying in good faith upon the business records of the Company and upon such information, opinions, reports or statements as are provided by any of the other Managing Members, Members or agents, or by any other person, as to matters which the Managing Member reasonably believes are within such other person's professional or expert competence

and who has been selected with reasonable care by or on behalf of the Company, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits or losses of the Company or other facts pertinent to the existence and amount assets from which distributions to Members might properly be paid.

4.13 Indemnification.

4.13.1. Right to Payment. Subject to the limitations and conditions as provided in this Section 4.13 or the Act, each Member who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitration or investigative (a "Proceeding"), or any appeal in such a Proceeding or any inquiry or investigation that could lead to such a Proceeding, by reason of the fact that such Member is or was a Managing Member of the Company shall be indemnified by the Company to the fullest extent permitted by the Act, as the same may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than such law permitted the Company to provide prior to such amendment) against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements and reasonable expenses (including, without limitation, attorneys' fees) actually incurred by such Member in connection with such Proceeding.

4.13.2. Limitations. Notwithstanding Section 4.13.1, no Member shall be indemnified for: (a) acts or omissions of such Member finally adjudged to be intentional misconduct or a knowing violation of law; (b) conduct so adjudged to be in violation of RCW 25.15.235 of the Act relating to limitations on distributions; or (c) any transaction with respect to which it was so adjudged that such Member received a benefit in money, property, or services to which such Member was not legally entitled.

4.13.3. Continuance of Indemnity. Indemnification under this Section 4.13 shall continue as to a Member who has ceased to be a Member or to serve in the capacity which initially entitled such Member to indemnity hereunder. The rights granted pursuant to this Section 4.13 shall be deemed contract rights and no amendment, modification or repeal of this Section 4.13 shall have the effect of limiting or denying any such rights with respect to acts or omissions arising prior to any such amendment, modification or repeal.

4.13.4. Advance Payment. The right to indemnification conferred in this Section 4.13 shall include the right to be paid or reimbursed by the Company the reasonable expenses incurred by a Member of the type entitled to be indemnified under this Section 4.13 who was, is or is threatened to be made a named defendant or respondent in a Proceeding in advance of the final disposition of the Proceeding and without any determination as to the Member's ultimate entitlement to indemnification; provided, however, that any such advance payment shall be made only upon delivery to the Company of a written affirmation by such Member of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification under this Section 4.13 and a written undertaking in form acceptable to the disinterested Managing Members, by or on behalf of such Member, to repay all amounts so advanced if it shall ultimately be determined that such Member is not entitled to be indemnified under this Section 4.13 or otherwise.

4.13.5. Nonexclusivity of Rights. The right to indemnification and the advancement and payment of expenses conferred in this Section 4.13 shall not be exclusive of any other right which a Member may have or hereafter acquire under any law (common or statutory) or under any provision of the Certificate of Formation, this Agreement, any other agreement, any vote or disinterested Members or otherwise.

4.14 Limitation of Liability. No Managing Member shall be liable, for damages or otherwise, to the Company or the other Members for any act or omission by such person except to the extent that the Act, as the same may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment does not adversely affect any right or protection of such Managing Member for actions or omissions prior to such amendment), prohibits elimination or limitation of such Managing Member's liability.

4.15 Removal of Managing Member. Provided that the Managing Member of Physicians Endoscopy, LLC may only be removed by Physicians Endoscopy, LLC, a Managing Member may be removed by Supermajority Vote of the Members at any annual meeting or at any special meeting of the Members called for that purpose.

5 MEETINGS OF MEMBERS.

5.1 General. Actions and decisions requiring the approval or consent of the Members pursuant to any provision of this Agreement may be made or authorized either by vote of the required number of Members taken at a meeting of the Members or by unanimous written consent without a meeting as provided by Section 5.6 of this Agreement. In addition, emergency action may be taken in accordance with the provisions of Section 5.11 of this Agreement. Dissociated Members shall not be entitled to receive notices, vote, call meetings, or act as proxies, and their consent shall not be required for any purpose under this Agreement. Dissociated Members and the Units held by Dissociated Members shall be excluded for purposes of determining the number of Units required for decisions or actions to be taken under this Agreement.

5.2 Annual Meetings. An annual meeting of the Members, for the election of the Managing Members and for the transaction of such other business as may properly come before such meeting, shall be held on such date and at such time as the Managing Members shall fix and set forth in the notice thereof, which date shall be within thirteen (13) months subsequent to the date of this Agreement or the last annual meeting of Members, whichever most recently occurred.

5.3 Special Meetings. Special meetings of the Members, for any purpose or purposes, may be called by the Managing Members or by Members holding at least twenty percent (20%) of the Units.

5.4 Place of Meetings. All meetings of Members shall be held at the principal office of the Company unless the Members unanimously consent in writing or by their attendance at such meeting to its being held at another location either within or outside of the State of Washington.

5.5 Notice of Meetings. Written notice stating the place, day and hour of any meeting of Members and, in the case of a special meeting, the purpose or purposes for which such meeting has been called, shall be given no fewer than ten (10) nor more than sixty (60) days before the date of such meeting, by or at the direction of the Managing Members or the Members calling the meeting, to each Member entitled to vote at such meeting.

5.6 Unanimous Written Consent Actions. Any action required or permitted to be taken at a meeting of Members may be taken without a meeting by unanimous written consent of the Members in lieu of the meeting. A Member's written consent may be evidenced by his or her signature on a counterpart of the proposal or by a separate writing (including a facsimile) that identifies the proposal with reasonable specificity and states that such Member consents to such proposal.

5.7 Vote by Proxy. A Member may vote (or execute a written consent) by proxy given to any other Member. Any such proxy must be in writing and must identify the specific meeting or matter to which the proxy applies or state that it applies to all matters (subject to specific reservations, if any) coming before the Company for approval under a provision of this Agreement prior to a specified date (which shall be no later than 11 months after the date in which such proxy is given). Any such proxy shall be revocable at any time and shall not be effective at any meeting at which the Member giving such proxy is in attendance.

5.8 Conduct of Meetings. All meetings of Members shall be presided over by the chairperson of the meeting, who shall be one of the Managing Members, as designated by the Managing Members. The chairperson of any meeting of Members shall determine the order of business and the procedure at the meeting.

5.9 Meetings by Telephone. Meetings of the Members may be held by means of conference telephone or by any other means of communication by which all participants can hear each other simultaneously during the meeting, and such participation shall constitute presence in person at such meeting, except where participation in such meeting is for the express purpose of objecting to the holding of, or the transaction of any business at, such meeting.

5.10 Waiver of Notice. When notice of a meeting of Members is required to be given to a Member, a waiver thereof in writing signed by such Member and delivered to the Company for inclusion in the minutes or other records of the Company, whether before, at, or after the time stated therein, shall be equivalent to the giving of such notice. A Member's attendance at a meeting constitutes a waiver of such Member's right to object to the lack of or defective notice, unless the Member, at the beginning of such meeting, objects to the holding of or the transaction of business at such meeting.

5.11 Emergency Procedures. Notwithstanding any other provision of this Agreement, in the event that Members who could authorize a Company action or decision at a duly called meeting reasonably determine, in writing, that the Company is facing a significant business emergency that requires immediate action, such Members may, without complying with general applicable procedures for meetings or actions by unanimous written consent, authorize any action or decision that they deem reasonably necessary to allow the Company to benefit from a significant opportunity or to protect the Company from significant loss or damage,

provided that they make reasonable efforts under the circumstances to contact and consult all Members concerning such action or decision and the reasons why such action or decision must be made without observing generally applicable procedures.

5.12 Records. The Company shall maintain permanent records of all actions taken by the Members pursuant to the provisions of this Agreement, including minutes of all Members' meetings, copies of all actions taken by consent of the Members, and copies of all proxies pursuant to which one Member votes or executes a consent on behalf of another.

6 CONTRIBUTIONS AND CAPITAL ACCOUNTS.

6.1 Initial Contributions. Each Additional Member shall make the Capital Contribution described in the agreement by which such Additional Member is admitted as a Member.

6.2 Additional Contributions. In addition to the Initial Capital Contributions, the Managing Members may determine from time to time that additional Capital Contributions are needed to enable the Company to conduct its business (an "Additional Capital Contribution"). Any Additional Capital Contribution must be approved by the Members by Supermajority Vote. Additional Capital Contributions shall be due ten (10) days after such approval by the Members or such later date (not to exceed 120 days after Member approval) which the Managing Members designate by notice to the Members. Each Member shall be entitled to contribute a proportionate share of such Additional Capital Contribution in accordance with his or her Percentage Interest. In the event any one or more Members do not make their Additional Capital Contribution, the Managing Members may give the other Members the opportunity to make the contribution as provided by Section 6.5.

6.3 No Return of Capital Contributions. Except as provided by this Agreement, no Member shall have the right to the return of any part of a Capital Contribution. An unrepaid Capital Contribution shall not be a liability of the Company or of any Member. No Member shall be paid interest in respect of either a Capital Account or a Capital Contribution.

6.4 Advances by Members. If the Managing Members determine that the Company does not have sufficient cash to enable the Company to operate its business and maintain its assets and to discharge its costs, expenses, obligations and liabilities, any Member who may so agree may, with the consent of the Managing Members, advance all or part of the necessary funds (the "Advance") to or on behalf of the Company. Any such Advance by a Member shall constitute a loan from such Member to the Company, shall bear interest at the rate as agreed between the Member making the Advance, on the one hand, and the Managing Member(s), on the other hand, from the date made until repaid in full and shall not be deemed to be a Capital Contribution by such Member.

6.5 Enforcement of Commitments. In the event any Member (a "Delinquent Member") fails to make the Delinquent Member's required Capital Contribution, including any Additional Capital Contribution, the Managing Members shall give the Delinquent Member a notice of such failure. If the Delinquent Member fails to make such Capital Contribution in full, plus reimbursement of any costs incurred by the Company in connection with the Delinquent

Member's failure to have made his or her Capital Contribution, within ten (10) days after the date of giving of such notice, by further notice the Company will be entitled to one or more of the following remedies, as determined by the Managing Members:

(a) Reduce (or eliminate) the Delinquent Member's Units in the proportion by which such Member has failed to make his or her Capital Contribution;

(b) Expel the Member;

(c) Apply any Distributions otherwise to be paid to the Delinquent Member to such Capital Contribution, including interest at 18 percent per annum, until the Capital Contribution is paid in full, or otherwise subordinate the Delinquent Member's Units to the Units of other Members;

(d) Conduct a forced sale of the Delinquent Member's Units and, for purposes of enforcing a Member's obligation to make any Capital Contribution, each Member hereby grants the Company a continuing security interest in such Member's Units;

(e) Permit other Members to advance the Delinquent Member's Capital Contribution that is in default, on terms and subject to conditions as the other Member or Members may agree;

(f) Take such action (including, without limitation, legal proceedings) as the Managing Members may deem appropriate to obtain payment by the Delinquent Member of the Delinquent Member's Capital Contribution that is in default, together with interest at 18 percent, all at the cost and expense of the Delinquent Member; or

(g) Exercise any other rights and remedies available at law or in equity as the Managing Members may deem appropriate.

6.6 Maintenance of Capital Accounts.

(a) A separate Capital Account shall be maintained for each Member. Each Member's Capital Account shall be increased by (i) the amount of Capital Contributions made by such Member to the Company, and (ii) such Member's share of Company Net Income (including any income or gain that is exempt from federal income taxation). Each Member's Capital Account shall be decreased by (A) the amount of Distributions made to such Member by the Company, and (B) such Member's share of Net Loss (including such Member's share of expenditures of the Company which are neither deductible nor properly chargeable to such Member's Capital Account under Code Section 705(a)(2)(B) or are treated as such expenditures under Treasury Regulation 1.704-1(b)(2)(iv)(j)).

(b) In the event that property (other than cash) is contributed (or deemed contributed pursuant to the provisions of Code Section 708) by a Member to the Company, the computation of Capital Accounts, as set forth in this Section 6.6, shall be adjusted as follows:

(i) The contributing Member's Capital Account shall be increased by the fair market value of the property contributed to the Company by such Member (net of liabilities secured by such contributed property that the Company is considered to assume or take subject to under Code Section 752); and

(ii) As required by Treasury Regulations 1.704-1(b)(2)(iv)(g) and 1.704-1(b)(4)(i), if any Member's Capital Account reflects a fair market value of property which differs from such property's adjusted basis, each Member's Capital Account shall be adjusted to take account of the amount of book gain, book loss (other than book loss attributable to expenditures of the Company), book depreciation and book amortization allocated to such Member pursuant to Subsection 8.5.1. of this Agreement and shall not take into account the Net Income, Net Loss and depreciation for tax purposes allocated to such Member pursuant to this Section 6.6.

(c) In the event that property is distributed (or deemed distributed pursuant to the provisions of Code Section 708) by the Company to a Member, the following special rules shall apply:

(i) The Capital Accounts of the Members first shall be adjusted (as provided in Treasury Regulation 1.704-1(b)(2)(iv)(e)) to reflect the manner in which the unrealized income, gain, loss and deduction inherent in such property (that has not already been reflected in the Members' Capital Accounts) would be allocated to the Members if there were a taxable disposition of such property for its fair market value on the date of distribution; and

(ii) The Capital Account of the Member who is receiving the distribution of property from the Company shall be charged with the fair market value of the property at the time of distribution (net of liabilities secured by such property that such Member is considered to assume or take subject to under Code Section 752).

(d) The foregoing provisions are intended to satisfy the capital account maintenance requirements of Treasury Regulation 1.704-1(b)(2)(iv) and such provisions shall be modified to the extent required by such regulation or any successor regulation or Code section.

6.7 Deficiency in Member's Capital Account. If, following the first to occur of (i) the date on which there is a liquidation of the Company within the meaning of Treasury Regulation 1.704-1(b)(2)(ii)(g), or (ii) the date upon which there is a liquidation of a Member's interest in the Company pursuant to Treasury Regulation 1.761-1(d) (a "Member Liquidation"), the Member with respect to whom such Member Liquidation has occurred has a negative Capital Account balance (after taking into account all Capital Account adjustments for the taxable year of the Company during which such Member Liquidation occurs), then such Member shall, on or before the later of the last day of the taxable year of the Company in which such Member Liquidation occurs or 90 days after the occurrence of such Member Liquidation (the taxable year to be determined without regard to Code Section 706(c)(2)(A)), contribute cash to the Company in such amount as is necessary to restore his negative Capital Account balance to zero.

6.8 Purchase Price for New Physician Members. The purchase price for future sales of membership Units to new Physician Members shall be calculated as follows: the price of future Unit redemptions and sales shall be determined by first calculating the average EBITDA of the prior two fiscal years and then multiplying that average EBITDA by a multiple of 3.5 to determine total valuation. The Per Unit redemption price will then be calculated by dividing the total valuation by 50 total Units.

7 DISTRIBUTIONS.

7.1 Periodic Distributions. Within forty-five (45) days after the end of each fiscal quarter of the Company, and at such other times as the Managing Members shall, in their discretion, deem appropriate, the Managing Members shall cause the Company to distribute Distributable Cash to each Member in accordance with the Percentage Interest of such Member. The Managing Members may cause property of the Company other than cash to be distributed to the Members; provided, however, that: (a) immediately prior to any such distribution, the Capital Accounts of all Members shall be adjusted as provided in Treasury Regulation 1.701-1(b)(2)(iv)(f); and (b) such distribution shall be made in accordance with each Member's Percentage Interest of the fair market value of the property so distributed.

7.2 Withholding. The Managing Members may cause the Company to withhold from any Distribution made pursuant to this Agreement, and may pay over to appropriate federal, state or local governmental authorities, any amounts required to be withheld pursuant to the Code or provisions of applicable state or local law. All amounts withheld pursuant to this Section 7.2 in connection with a Distribution to any Member to satisfy a tax imposed upon such Member shall be treated as an amount distributed to such Member for all purposes of this Agreement.

7.3 Distributions on Termination. In connection with the final Sale or Disposition of all or Substantially All of the Assets, any Distributable Cash shall be allocated among, and distributed to, the Members in proportion to, and to the extent of, their positive Capital Accounts after the Net Income or Net Loss from any Sale or Disposition has been allocated pursuant to Sections 8.1 through 8.4 of this Agreement. Any such Distribution shall be made in compliance with Treasury Regulation 1.704-1(b)(2)(ii). It is the intention of the Members, and the provisions of this Agreement shall be construed and interpreted to give effect to such intention (to the fullest extent permitted under Treasury Regulations issued pursuant to Code Section 704(b)), that Distributions of Distributable Cash, whether in connection with a Terminating Sale or otherwise, shall be made in accordance with Section 7.1.

7.4 Restrictions of Distributions. The Company may be restricted from making Distributions under the terms of notes, mortgages or other types of debt obligations which it may issue or assume in conjunction with borrowed funds, if any, or under the provisions of RCW 25.15.235 of the Act. In addition, Distributions are subject to the payment of Company expenses and to the maintenance of sufficient reserves for alterations, repairs, improvements, maintenance and replacement of furniture, fixtures and equipment. Distributions may also be restricted or suspended in circumstances when the Managing Members determine that such action is in the best interest of the Company.

7.5 Working Capital Reserves. The Company shall endeavor to maintain a cash reserve for normal repairs, replacements, capital improvements and contingencies in an amount determined by the Managing Members. In any calendar quarter, the Managing Members may determine that reserves are in excess of the amount deemed sufficient in connection with the Company's operations and such reserves may be reduced. The amount of such reduction for a particular quarter shall be allocated and distributed in the same manner as Distributable Cash.

8 TAX ALLOCATIONS.

8.1 Apportionment Among Members. Except as otherwise provided in this Section 8, Net Income, Net Loss, and Credits of the Company shall be apportioned among such Members in accordance with their Percentage Interests.

8.2 Limitation on Allocation Among Members of Net Loss. Notwithstanding any other provision of this Section 8, Net Loss shall not be allocated to a Member to the extent that such allocation would cause, or would increase, a deficit balance in such Member's Deemed Capital Account as of the end of the Company taxable year to which such allocation relates. Any amount which, but for the provisions of the foregoing sentence, would be allocated to a Member shall be allocated to those Members that have positive balances in their Deemed Capital Accounts as of the end of such year pro rata to such positive balances until the positive balance of each Member's Deemed Capital Account has been reduced to zero. In no event, however, shall there be a reallocation of any item of income, gain, loss or deduction allocated among the Members pursuant to this Agreement for prior years.

8.3 Income Characterization. Such portion of Net Income allocated pursuant to Section 8.1 which is treated as ordinary income attributable to the recapture of depreciation shall, to the extent possible, be allocated among the Members in the proportion which (a) the amount of depreciation previously allocated to each Member relating to the Property which is the subject of the Sale or Disposition bears to (b) the total of such depreciation allocated to all Members. This Subsection 8.3 shall not alter the amount of allocations among the Members pursuant to Section 8.1, but merely the character of gain so allocated. For purposes of determining the amount of depreciation previously allocated to a Member, the depreciation previously allocated to any prior owner of such Member's Units shall be deemed to have been allocated to such Member.

8.4 Minimum Gain Chargeback; Qualified Income Offset.

8.4.1. Minimum Gain Chargeback.

(a) If there is a net decrease in Company Minimum Gain during a Company taxable year, each Member shall be allocated, before any other allocation is made pursuant to this Section 8 for such taxable year, items of income and gain for such year (and, if necessary, subsequent years) in the proportion to, and to the extent of, an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulation 1.704-2(g).

(b) If there is a net decrease in Member Nonrecourse Debt Minimum Gain during a Company taxable year, then each Member with a share of the Company

Minimum Gain attributable to such Debt at the beginning of such year shall be allocated, before any other allocation is made pursuant to this Section 8 for such taxable year, items of income and gain for such year (and, if necessary, subsequent years) in proportion to, and to the extent of, an amount equal to such Member share of the net decrease in Company Minimum Gain determined in accordance with Treasury Regulation 1.704-2(g).

(c) Amounts required to be allocated pursuant to this Subsection 8.4.1 shall consist first of gains recognized from the disposition of items of Company property subject to one or more Company Nonrecourse Liabilities or Member Nonrecourse Debts, as the case may be, to the extent of the decrease in Company Minimum Gain attributable to the disposition of such items of property, with the remainder of such allocation, if any, made up of a pro rata portion of the Company's other items of income and gain for that taxable year. Allocations under this Subsection 8.4.1 shall be made in a manner consistent with the requirements of Treasury Regulations 1.704-2(f) and (i) and shall be made prior to any allocations under Subsection 8.4.2.

8.4.2. Qualified Income Offset. If any Member unexpectedly receives either an allocation of loss and deduction pursuant to Code Section 704(e)(2) or 706(d) or Treasury Regulation 1.751-1(b)(2)(ii) or a Distribution to the extent it exceeds offsetting increases to such Member's Capital Account, the effect of which allocation or Distribution is to cause or increase a deficit balance in such Member's Deemed Capital Account, such Member shall be allocated items of income and gain in an amount and manner sufficient to eliminate the deficit balance in his Deemed Capital Account as quickly as possible. Allocations made pursuant to this subsection shall be made in a manner consistent with the requirements of Treasury Regulation 1.704-1(b)(2)(ii)(d).

8.4.3. Compliance With Code and Treasury Regulations. It is the intent of the Members that the provisions of this Section 8.4 result in this Agreement containing a "Minimum Gain Chargeback" and a "Qualified Income Offset" within the meaning of Treasury Regulation 1.704-1(b)(2)(ii)(d) and Treasury Regulation 1.704-2(f) and that the allocations made in this Agreement otherwise comply with the requirements of the Code and such Treasury Regulations. If any provision of this Agreement would result in such not being the case, that provision shall be deemed automatically to have been amended, retroactive to the date of this Agreement, such that the provision and the Agreement as a whole are consistent with the requirements of the Code and such Treasury Regulations.

8.5 Special Provisions.

8.5.1. Adjustments to Reflect Book Value. Notwithstanding any other provision of this Agreement, income, gain, loss and deduction with respect to property which has a variation between its book value computed in accordance with Treasury Regulation 1.704-1(b) and its basis computed for federal income tax purposes shall be shared among Members so as to take account of such variation in a manner consistent with the principles of Code Section 704(c) and Treasury Regulation 1.704-1(b)(2)(iv)(g).

8.5.2. Reallocation to Restore Capital Accounts. To the maximum extent permitted under the Code, allocations of Net Income and Net Loss shall be modified so

that the Members' Capital Accounts reflect the amounts they would have reflected if the adjustments required by Section 8.4 had not occurred.

8.5.3. Allocation of Company Nonrecourse Liabilities. Pursuant to Treasury Regulation 1.752-3(a)(3), "excess" Company Nonrecourse Liabilities, as described in such Treasury Regulation, shall be allocated among the Members in accordance with the allocation of Net Income pursuant to Section 8.1 of this Agreement.

9 BOOKS, RECORDS, ACCOUNTING REPORTS, TAXES.

9.1 Maintenance of Records. This Agreement and all amendments to or restatements of this Agreement, the records required to be kept under RCW 25.15.135 of the Act, and the Company's books, records and tax returns shall be maintained at Company expense at the principal office of the Company, or at such other place or places as the Managing Members may determine, and shall be open to inspection, examination and copying by a Member or his authorized representatives at all reasonable times. Upon request, a Member and/or his authorized representative shall be provided with a copy of this Agreement, the Certificate of Formation, and all amendments to or restatements of such documents. A reasonable charge for copy work may be imposed by the Company.

9.2 Tax Information. Within 75 days after the end of each calendar year, the Managing Members shall cause the Company's accountants to send to each Member such tax information as shall be necessary for the preparation of the Members federal (and any state) income tax return.

9.3 Annual Report. The Managing Members shall arrange to have prepared at least annually, as of the end of each calendar year, at Company expense: (a) unaudited financial statements (balance sheet and statements of income or loss and Members' equity) prepared in accordance with generally accepted accounting principles; (b) a statement of Distributions of Distributable Cash during the preceding year; and (c) a summary report of the activities of the Company. Such information shall be distributed to the Members within 120 days after the close of each taxable year of the Company.

9.4 Filing Tax Returns. The Managing Members, at Company expense, shall cause information returns for the Company to be prepared and timely filed with the appropriate authorities.

9.5 Filing Reports with Governmental Entities. The Managing Members, at Company expense, shall cause to be prepared and timely filed, with appropriate federal and state regulatory and administrative bodies, all reports required to be filed with such entities under then current applicable laws, rules and regulations. Such reports shall be prepared on the accounting or reporting basis required by such regulatory bodies. Any Member shall be provided with a copy of any such report upon request, without charge.

9.6 Tax Matters Partner. Robert Wohlman, M.D. is hereby designated as the initial "Tax Matters Partner" of the Company in accordance with Section 6231(a)(7) of the Code and, in connection with and in addition to all other powers given by that Code section, shall have all other powers needed to perform fully his duties as Tax Matters Partner including, without

limitation, the power to retain all attorneys and accountants of its choice and right to manage administrative tax proceedings conducted at the Company level by the Internal Revenue Service with respect to Company matters. The Tax Matters Partner may be changed from time to time by the Managing Members. Any Member has the right to participate in such administrative proceedings relating to the determination of Company items at the Company level. The expense of such administrative proceedings undertaken by the Tax Matters Partner shall be paid by the Company. Each Member who elects to participate in such proceedings shall be responsible for any expense incurred by such Member in connection with such participation. Further, the cost to a Member of any adjustment and the cost of any resulting audit or adjustment of a Member's return shall be borne solely by the affected Member. The designation made in this Section 9.6 is expressly consented to by each Member as an express condition to becoming a Member. The Company shall defend and indemnify the Tax Matters Partner from and against any damage or loss (including attorneys' fees) arising out of or incurred in connection with any action taken or omitted to be taken by him in carrying out his responsibilities as Tax Matters Partner, provided such action taken or omitted to be taken does not constitute fraud, gross negligence, breach of fiduciary duty or willful misconduct.

10 TRANSFER OF UNITS.

10.1 Restriction on Transfers. No Member may Transfer or otherwise dispose of or encumber all or any portion of its Membership Units without the Supermajority Vote of the Members of the Company pursuant to Section 4.3.2, which consent may be given or withheld for any reason or no reason; provided, however, that any decision shall not take into account the volume or value of referrals of a Transferee, and provided further that if a Member wishes to Transfer his or her Units to an existing Member, no approval shall be required. Any Transferee must sign a counterpart to this Agreement agreeing to be bound by all terms hereof prior to such Transfer being deemed effective. Any Transfer in violation hereof shall be treated as an Adverse Dissociation Event. The Units of a Member and any interest of such Member's spouse in such Units shall remain subject to this Agreement regardless of the termination, for any reason, of the marital relationship of any Member and the Member's spouse. During the marriage of the Member and such Member's spouse, such Member's obligations to sell or offer to sell Units pursuant to this Agreement shall include any interest of such Member's spouse in the Units. Any Units Transferred in contravention of this Agreement shall be void of all voting, inspection and other rights with respect to the pledgee/Transferee, and any such Transfer shall be null and void ab initio and shall be considered an Adverse Dissociation Event, and shall be subject to purchase by Company pursuant to Section 11.1(c) of this Agreement.

10.2 Irreparable Harm. Each Member specifically acknowledges that a breach of Section 10.1 would cause the Company and the Members to suffer immediate and irreparable harm which could not be remedied by the payment of money. Notwithstanding the arbitration provisions otherwise contained herein, in the event of a breach or threatened breach by a Member of the provisions of Section 10.1, the Company or other Members shall be entitled to injunctive relief to prevent or end such breach, without the requirement to post bond. Nothing herein shall be construed to prevent the Company or other Members from pursuing any other remedies available to it for such breach or such threatened breach, including the recovery of damages, reasonable attorneys' fees and expenses.

10.3 Assignee of a Member's Membership Units. If, notwithstanding the prohibitions in Section 10.1, a Member Transfers all or any portion of its Membership Units (whether voluntarily, involuntarily or by operation of law, including, but not limited to, the death, divorce, Disability (as defined herein), Retirement (as defined herein), or bankruptcy of a Member) and a Person acquires such Membership Units, (but is not admitted as a substituted Member pursuant to the terms of this Agreement) such Person shall:

(a) be treated as an assignee of such Member's Units, as provided in the Act and shall not be treated as a Member of the Company (unless the provisions of Section 10.4 have been met);

(b) have no right to participate in the business and affairs of the Company or to exercise any rights of a Member under this Agreement or the Act;

(c) share in distributions from the Company with respect to the transferred Units on the same basis as the transferring Member previously had; and

(d) be required to transfer the Units to the Company in accord with the redemption provisions hereof relating to Adverse and Non-Adverse Dissociation Events.

10.4 Admission of Transferees. Subject to the Transfer permitted by Section 10.1, and subject to Washington state law, no Transferee who is not already a Member may be admitted to the Company as a substituted Member except upon the Supermajority Vote of all of the Members of the Company. Notwithstanding anything to the contrary contained herein regarding the amendment of this Agreement, the Managing Members may cause this Agreement and, if required by applicable law, the Certificate of Formation, to be supplemented or amended to reflect the properly approved substitution of Members.

10.5 Obligations of Permitted Transferees. In the case of any approved Transfer or disposition of Units, the Transferee shall execute and/or deliver, as applicable, an appropriate instrument agreeing to be bound by this Agreement as a Member and such additional agreements or instruments as the Board may require, and a cashiers check sufficient to cover all of the Company's expenses connected with such substitution, including the costs of legal review. Any permitted Transferee of Units shall receive and hold such Units subject to this Agreement and all of the restrictions, obligations and rights created hereunder, and the Members and each Transferee shall be bound by their obligations under this Agreement with respect to each subsequent Transferee.

10.6 Confidential Information. Each Member acknowledges that the Confidential Information is valuable property of the Company and undertakes that for so long as he, she or it is a Member, and thereafter until such information otherwise becomes publicly available other than through breach of this Section 10.6, shall:

(a) treat the Confidential Information as secret and confidential;

(b) not disclose (directly or indirectly, in whole or in part) the Confidential Information to any third party except with the prior written consent of Company;

(c) not use (or in any way appropriate) the Confidential Information for any purpose other than the performance of the business of the Company and otherwise in accordance with the provisions of this Agreement;

(d) recognize and acknowledge that the Company's trade secrets and other Confidential Information or proprietary information, as they may exist from time to time, are valuable, special and unique assets of the Company's business. Accordingly, during the term of the Company, each Member shall hold in strict confidence and shall not, directly or indirectly, disclose or reveal to any person, or use for his, her or its own personal benefit or for the benefit of anyone else, any trade secrets, confidential dealings or other Confidential Information or proprietary information of any kind, nature or description (whether or not acquired, learned, obtained or developed by a Member alone or in conjunction with others) belonging to or concerning the Company, or any of its customers or clients or others with whom they now or hereafter have a business relationship, except: (i) with the prior written consent of all of the other Members; (ii) in the course of the proper performance of the Member's duties hereunder; or (iii) as required by applicable law or legal process. Each Member confirms that all such Confidential Information constitutes the exclusive property of the Company.

Given the secretive and competitive environment in which the Company does business, and the fiduciary relationship that the Members have with the Company, each Member agrees to promptly deliver to the Company, at any time when the Company so requests, all memoranda, notes, records, drawings, manuals and other documents (and all copies thereof and therefrom) in any way relating to the business or affairs of the Company or any of its customers and clients, whether made or compiled by such Member or furnished to it by the Company or any of its employees, customers, clients, consultants or agents, which such Member may then possess or have under his, her or its control. Each Member confirms that all such memoranda, notes, records, drawings, manuals and other documents (and all copies thereof and therefrom) constitute the exclusive property of the Company. Notwithstanding the foregoing paragraph or any other provision of this Agreement, each Member shall be entitled to retain any written materials received by such Member in his, her or its capacity as a Member; and

(e) limit the dissemination of and access to the Confidential Information to such of the Company's and the Member's officers, directors, managers, employees, agents, attorneys, consultants, professional advisors or representatives as may reasonably require such information for the performance of Company business and ensure that any and all such persons observe all the obligations of confidentiality contained in this Section 10.6.

10.7 Non-solicitation. During the term of a Physician Member's membership in the Company and for a period of two (2) years thereafter, no Physician Member, nor any of his, her or its Affiliates, shall employ or offer employment to any person who is employed by the Company or by Physicians Endoscopy, LLC during the term of this Agreement without the prior written approval of Physicians Endoscopy, LLC.

10.8 Additional Covenants. If a court of competent jurisdiction should declare this Section 10, or any other provision of this Agreement, unenforceable because of any unreasonable restriction of duration, activity and/or geographical area, then the Parties hereby

acknowledge and agree that such court shall have the express authority to reform this Agreement to provide for reasonable restrictions and/or grant the Company such other relief at law or in equity, reasonably necessary to protect the interests of the Company.

11 DISSOCIATION OF MEMBERS.

11.1 Redemption of a Member. Events of Dissociation are divided for purposes of differentiating the Company's redemption obligations to the Member according to which type of Dissociation Event occurs.

(a) For purposes of this Section 11, with respect to a Member, an "Adverse Dissociation Event" means in the case of:

- (i) any Member:
 - (aa) the improper Transfer (or attempt to Transfer) of Units;
 - (bb) the conviction of any felony;
 - (cc) any breach of this Agreement;
 - (dd) any event of bankruptcy; or
 - (ee) the exclusion, suspension or debarment from participation in the Medicare or Medicaid programs.
- (ii) a Physician Member, in addition to (a)(i) above:
 - (aa) the failure of a Physician Member to maintain active unrestricted staff privileges at the Clinic (or failure to meet the requirements of Subsections 3.9.1 and 3.9.2);
 - (bb) revocation or suspension of a license to practice medicine or any other license required by any health care licensing authority in the State of Washington; or
 - (cc) the failure to maintain active, unrestricted staff privileges at a minimum of one (1) hospital within ten (10) miles of the Clinic.

(b) For purposes of this Section 11, with respect to a Member, a "Non-Adverse Dissociation Event" means with respect to:

- (i) any Member:
 - (aa) an event of death at any time;

- (bb) Disability or adjudication of incompetence at any time;
- (cc) Retirement at any time; or
- (dd) completely and fully terminating the practice of medicine in the Immediate Area. For purposes of this Section 11, Immediate Area shall be defined as a fifty (50) mile radius of the Clinic.

Each Event of Dissociation, if curable, shall trigger termination only after written notice of the specific Event of Dissociation is provided to the Member(s) to which such Event of Dissociation has occurred, and if a cure has not been made within thirty (30) days of the date of such written notice or such longer time period as is reasonably necessary to effect such cure as long as such Member is diligently pursuing a cure.

(c) If an Adverse Dissociation Event shall occur with respect to any Member, the Company may elect, at the Company's sole option, and upon sixty (60) days written notice to such Member, to purchase the Member's Units. Written notice shall be provided within the later of two (2) years after the Company has received actual knowledge (meaning knowledge of a majority of the Managing Members) of the occurrence of such Adverse Dissociation Event or two (2) years after the expiration of any applicable cure period. If any Member's Units are purchased because of the occurrence of an Adverse Dissociation Event, the amount to be paid for the Units owned by such Member shall be equal to the balance of the departing Member's Capital Account, discounted by forty percent (40%) (the "Adverse Purchase Price").

(d) If a Non-Adverse Dissociation Event shall occur with respect to any Member, in the event that such Member is unable, for any reason, to Transfer his or her Units to another Eligible Physician in accordance with Section 10 hereof, the Company shall purchase from such Member, and the Member shall sell to the Company, such Member's Units. The amount to be paid for the Member's Units shall be equal to the Formula Amount (defined below) multiplied by the Member's Unit Proportion (defined below) (the "Non-Adverse Purchase Price"). For purposes of this Section 11, "Unit Proportion" equals the number of Units held by the Member divided by the number of all Units then issued and outstanding.

11.2 Formula Amount.

(a) The Formula Amount for purposes of this Section 11 shall be determined by subtracting the Company's outstanding long-term debt and long-term liabilities as of the date of the Dissociation Event, determined in accordance with generally accepted accounting principles, from the Company's EBITDA (annual net operating income, excluding extraordinary gains and losses, calculated before deduction of interest, taxes, depreciation and amortization) multiplied by a number (the "Multiple") which shall initially be set at three and one-half (3.5). For this purpose, the EBITDA of the Company shall be based on the average of the EBITDA for the Company for the three (3) calendar years immediately prior to the year in which the Event of Dissociation occurs. For example, if the Event of Dissociation occurs in

2005, the Formula Amount shall be calculated using the average of 2004's, 2003's and 2002's EBITDA.

(b) All calculations of the Formula Amount shall be handled by the Company's regularly retained accountants and such calculations shall be final and binding upon all parties to this Agreement. All Members acknowledge and agree that the Formula Amount is intended to provide a reasonable amount to handle redemption situations in a manner which will minimize disputes and appraisal-related costs and expenses regarding valuation of Units for purposes of redemption, and all Members waive any and all rights to contest the use of the Formula Amount in lieu of an appraisal or other method for any and all purposes. The Managing Members, subject to the restrictions set forth in Section 4.3.2 hereof, shall have the ability to adjust the Multiple used for the Formula Amount based on their assessment of the market conditions for surgery centers on an annual basis or whenever determined; provided, once adjusted, the Multiple may not be adjusted for the next twelve (12) months; provided further, the Multiple may not be adjusted after a Event of Dissociation has occurred with regard to the Member. Rather, the Multiple shall remain the Multiple in effect up to such date.

11.3 Payments. Payments for Units hereunder, whether at an Adverse Purchase Price or a Non-Adverse Purchase Price shall be made as follows: twenty-five percent (25%) on the initial payment date, which shall be within ninety (90) days after the calculation of the Valuation Price (the "Purchase Date"), and twenty-five percent (25%) on each of the anniversaries of the Purchase Date with interest on the outstanding principal balance accruing at the short-term Applicable Federal Rate on the initial payment date. Notwithstanding any such delay in the payment of amounts due, the Member's rights as a Member shall cease on the Purchase Date. Aggregate payments to be made by the Company in connection with Events of Dissociation shall not exceed seven and one-half percent (7.5%) of the Company's collected revenues. If payments are so restricted, payments shall be made in proportion to amounts owed to all Members then being redeemed. In sum, notwithstanding any other provisions of this Agreement, the Company shall not be required to make payments to former Members pursuant to this Subsection 11.3 which, in the aggregate, would exceed seven and one-half percent (7.5%) of the aggregate collections of the Company for any such period. If the aggregate amount of payments otherwise due to former Members pursuant to this Subsection 11.3 would reasonably be expected to exceed this limitation in any calendar year or portion thereof, with the approval of a majority of the Members, the Company shall pay such former Members, on a pro rata basis, based on the amount still owed such Members, payments totaling seven and one-half percent (7.5%) of the Company's anticipated aggregate collections for such period, and the balance of that period's payment obligations to such former Members shall be deferred to the following calendar year or years, until such amounts can be paid without violating such limitation with respect to any such year or years. Within thirty (30) days following the end of each calendar year, the Company shall make a pro rata adjusted payment to the former Members if and to the extent that actual aggregate collections during the prior year (or relevant portion thereof) have exceeded the anticipated amount.

12 TERMINATION AND WINDING UP.

12.1 Termination Events. The Company shall be terminated and dissolved upon the earliest to occur of the following:

- (a) The dissociation of all but one (1) Member;
- (b) The written consent of all of the Members in favor of the termination, dissolution and winding up of the Company;
- (c) The expiration of the term of the Company; or
- (d) The disposition of all or Substantially All of the Assets and the receipt of the final payment of the purchase price for all such assets.

12.2 Liquidation and Distribution of Assets. Upon a dissolution and termination of the Company for any reason, the Managing Members shall take full account of the Company's assets and liabilities, shall liquidate the assets as promptly as is consistent with obtaining their fair market value, and, subject to Section 12.3, shall apply and distribute the proceeds in the following order:

- (a) To the payment of creditors of the Company, excluding secured creditors whose obligations will be assumed or otherwise transferred on the liquidation of Company assets;
- (b) To the repayment of any Advances made by the Members to the Company;
- (c) To the payment of any amounts payable to the Managing Members pursuant to Section 4.11 of this Agreement; and
- (d) The remainder to the Members pursuant to the provisions of Section 7.4 of this Agreement.

12.3 Establishment of Reserve Fund. With the approval of the Members by Two-Third Votes, a pro rata portion of the distributions that otherwise would be made to the Members pursuant to Section 12.1 and 12.2 of this Agreement may be withheld to provide a reasonable reserve for Company liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Company, provided that such withheld amounts shall be distributed to the Members as soon as practicable.

13 AMENDMENTS TO AGREEMENT.

13.1 General Procedure. An amendment to the Certificate of Formation and/or this Agreement may be proposed by the Managing Members or by Members who hold twenty percent (20%) or more of the outstanding Units. Proposed amendments shall be submitted to the Managing Members, who may require as a condition of submitting the amendment to the Members that the sponsor obtain an unqualified opinion of qualified legal counsel to the effect that the amendment: (i) is permitted by applicable law; (ii) will not impair the limited liability of the Members; (iii) will not impair the Company's status as a partnership or pass-through entity for federal income tax purposes or otherwise result in material adverse tax consequences to any Member; and (iv) will not result in the violation of any applicable securities laws. Upon obtaining such opinion, if required, the Managing Member shall submit the

amendment to the Members for their consideration and such amendment shall be deemed approved if consented to by a Supermajority Vote except that no such amendment may:

(a) Increase the obligations of any Member under this Agreement to make any Capital Contribution or Additional Capital Contribution, or to make any loan or extend credit, to or on behalf of the Company, or to modify the limited liability of any Member, without the consent of such Member;

(b) Reduce the Percentage Interest of the existing Members without the consent of each Member adversely affected by such change unless such change is uniform among the Members (on a pro rata basis);

(c) Provide for the maintenance of Capital Accounts in a manner which violates the provisions of Treasury Regulation 1.704-1(b)(2)(iv) or any successor regulation or Code section; or

(d) Modify this Section 13.1 without the consent of all Members.

13.2 Execution of Amendments. All amendments to the Certificate of Formation and/or this Agreement which have been approved as provided by this Section 13 need only be signed by the Managing Members unless applicable law also requires execution by one or more other Members, in which event such amendment shall require the signature(s) of such other Member(s) or their attorney(s)-in-fact. Each Member appoints each Managing Member as his or her attorney-in-fact for purposes of executing any such amendment.

14 MISCELLANEOUS.

14.1 Binding Provisions. The terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the heirs, permitted successors and assigns of the respective Members.

14.2 Severability. In the event any sentence or paragraph of this Agreement is declared by a court of competent jurisdiction to be void, such sentence or paragraph shall be deemed severed from the remainder of the Agreement and the balance of the Agreement shall remain in effect.

14.3 Notices. All notices under this Agreement shall be deemed to have been duly given if in writing and delivered by personal service or by certified mail or air courier, posted to the address maintained by the Company for such person or at such other address as he may specify in writing.

14.4 Headings. Section titles or captions contained in this Agreement are inserted only as a matter of convenience and for reference. Such titles and captions in no way define, limit, extend or describe the scope of this Agreement nor the intent of any provision of this Agreement.

14.5 Meanings. Whenever required by the context, the singular shall include the plural, and vice-versa and the masculine gender shall include the feminine and neuter genders, and vice-versa.

14.6 Governing Law. All terms and provisions of the Agreement and the rights and duties of all Members and Dissociated Members shall be construed under the laws of the State of Washington and the Act.

14.7 Power to Reconstitute. In the event that the State of Washington amends the Act in any manner which precludes the Company, at any time, from obtaining an opinion of counsel to the effect that the Company will be treated as a partnership for federal income tax purposes and not as an association taxable as a corporation, then the Managing Members may, in their sole discretion, reconstitute the Company under the laws of another state.

14.8 Arbitration. Except as otherwise provided under applicable state law, any dispute, controversy or claim arising out of or in connection with, or relating to, this Agreement or any breach or alleged breach of this Agreement, shall be submitted to, and settled by, arbitration to be held in Seattle, Washington in accordance with the provisions of Chapter 7.04 of the Revised Code of Washington, as amended, and with respect to matters not covered in such statute, by the Rules of the American Arbitration Association; provided, however, that in the event of any conflict between such statute and such rules, the provisions of the statute shall control; and provided further, that not withstanding anything in such statute or rules to the contrary: (a) the arbitrator's decision and award shall be made according to the terms and provisions of this Agreement and the applicable law, and such award shall set forth findings of fact and conclusions of law of the arbitrator upon which the award is based in the same manner as is required in a trial without a jury before a judge of a Superior Court of the State of Washington; (b) the arbitrator shall award attorneys' fees to the prevailing party in accordance with Section 14.12 of this Agreement; and (c) in any such arbitration, there shall be a single arbitrator and any decision made shall be final, binding and conclusive on the parties. The fees of the arbitrator shall be borne equally by the parties except that, in the discretion of the arbitrator, any award may include a party's share of such fee if the arbitrator determines that the dispute, controversy or claim was submitted to arbitration without material factual or legal basis.

14.9 Entire Agreement. This Agreement, together with its exhibits and such other agreements referred to in this Agreement, the terms of which are incorporated into this Agreement by this reference, supersedes any and all oral or written agreements previously made relating to the subject matter of this Agreement, and constitutes the entire agreement of the parties relating to the subject matter of this Agreement.

14.10 Further Assurances. Each Member shall execute and deliver any and all additional papers, documents, instruments and other writings, and shall do any and all acts and things reasonably necessary, in connection with the performance of his obligations under this Agreement and/or requested by the Managing Members to carry out the intent of the parties to this Agreement.

14.11 Saving Clause. If any provision of this Agreement shall be found to be contrary to the Act, such provision shall be deemed amended, without any action required of the

Members, in order to conform to the Act. If any court of law should determine that either the granting or execution of any of the rights or powers granted to the Members in this Agreement shall cause the Company to be taxable as an association taxable as a corporation, or shall cause the Members to be liable to creditors of the Company by reason of taking part in the control of the business of the Company, then such right or power shall be deemed to be void ab initio and of no force and effect. In such event, the rights or powers in question shall be vested solely in the Managing Members, who shall have complete power and authority to act in the place of the Members.

14.12 Attorneys' Fees and Costs.

14.12.1. Upon Default. In the event there is a default under this Agreement by any Member and the nondefaulting Member or Members engage an attorney or attorneys to prepare a notice or notices and/or otherwise to communicate with the defaulting Member, then the defaulting Member or Members shall be jointly and severally liable to the other Member or Members for each nondefaulting Member's attorneys' fees incurred for such services.

14.12.2. Actions by Members. If any Member commences an action, including an arbitration, against any other Member or Members arising out of or in connection with this Agreement, the prevailing Member shall be entitled to have and recover from each of the non-prevailing Member or Members, jointly and severally, the prevailing Member's attorneys' fees and costs.

14.13 Parties in Interest. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement upon any Person other than the parties to this Agreement and their respective permitted successors and assigns. Nothing in this Agreement is intended to relieve or discharge the obligations or liabilities of any third Person to any party to this Agreement, nor shall any provision give any third Person any right of subrogation or action over or against any party to this Agreement.

14.14 No Election of Remedies. The parties' rights and duties set forth in this Agreement shall be deemed in addition to and not in lieu of rights the parties may have at law, in equity, or otherwise.

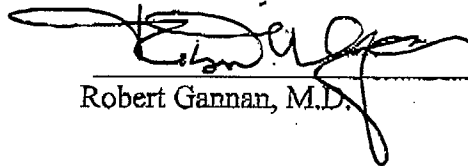
14.15 Incorporation by Reference. All exhibits referenced in and attached to this Agreement are incorporated as terms of the Agreement, as if fully set forth in the main body of this Agreement. Notwithstanding the foregoing, if and to the extent there is any conflict between the provisions of this Agreement and the provisions of any exhibit, the provisions of this Agreement shall control.

14.16 Counterparts. This Agreement and any amendment to this Agreement may be executed in counterparts, each of which shall be deemed an original instrument and all of which together shall constitute a single instrument.

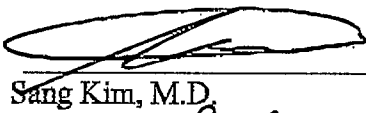
14.17 Waiver of McGuireWoods LLP Conflict. McGuireWoods, LLP ("MW") has acted to develop this Agreement. In this regard, the Members acknowledge that MW has informed each Member that a conflict of interest exists in MW's representation in such formation

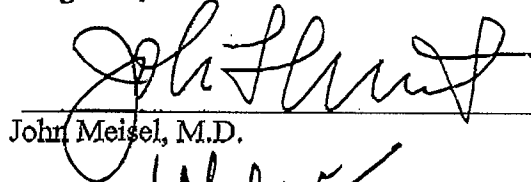
and that each Member has been advised to seek outside counsel and business advice to review all documents relating to the Company and to advise each Member as to the effects, consequences and legalities of the documents. Further, it is expected that the Physician Members will engage counsel to negotiate the terms of this Agreement on their behalf, as necessary. It is also acknowledged that MW provides counsel to Physicians Endoscopy, LLC and will not negotiate on behalf of the Company any terms of any agreement between the Company and Physicians Endoscopy, LLC.

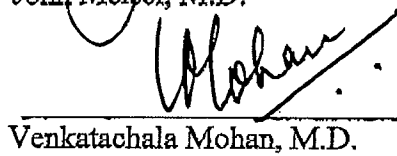
IN WITNESS WHEREOF, the Members have caused this Agreement to be executed and delivered, effective as of the day and year first above written.

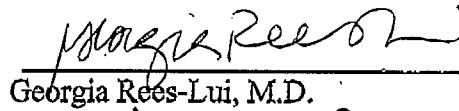

Robert Gannan, M.D.

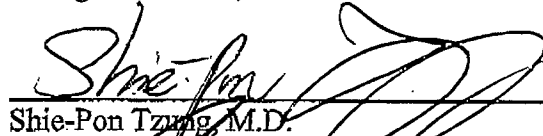
Kalle Kang, M.D.

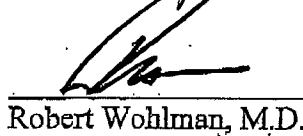

Sang Kim, M.D.


John Meisel, M.D.


Venkatachala Mohan, M.D.


Georgia Rees-Lui, M.D.


Shie-Pon Tzeng, M.D.


Robert Wohlman, M.D.


Physicians Endoscopy, LLC

EXHIBIT A

Name	Ownership (Units)*
Robert Wohlman, M.D.	4.768
John Meisel, M.D.	4.768
Robert Gannan, M.D.	3.5
Kalle Kang, M.D.	3.5
Georgia Rees-Lui, M.D.	4.768
Venkatachala Mohan, M.D.	4.768
Shie-Pon Tzung, M.D.	4.768
Sang Kim, M.D.	1.66
Physicians Endoscopy, LLC	17.5
Total	50

EXHIBIT B

**CERTIFICATE OF FORMATION
PROFESSIONAL LIMITED LIABILITY COMPANY**

The undersigned hereby submits this Certificate of Formation for the purpose of forming a professional limited liability company pursuant to the Washington Limited Liability Company Act, RCW Ch. 25.15.

1 Name.

The name of the professional limited liability company (the "Company") is: THE EASTSIDE ENDOSCOPY CENTER, P.L.L.C.

2 Duration.

The latest date on which the Company is to dissolve is: DECEMBER 31, 2050.

3 Registered Agent and Office.

The name of the initial registered agent of the Company is: TERENCE P. LUKENS.

The initial registered office of the Company, which address is identical to the business office of the registered agent in Washington, is:

1201 Third Avenue, Suite 2900
Seattle, WA 98101

4 Principal Place of Business.

The street address of the Company's initial principal place of business is:

1135 116th Avenue, Suite 570
Bellevue, WA 98004

WHEA\103537v4

**FIRST AMENDMENT TO THE AMENDED AND RESTATED OPERATING
AGREEMENT AND UNANIMOUS WRITTEN CONSENT IN LIEU OF
MEETING OF THE MANAGING MEMBERS
AND THE MEMBERS OF
EASTSIDE ENDOSCOPY CENTER, L.L.C.**

The undersigned, constituting all of the Managing Members and the Members of Eastside Endoscopy Center, L.L.C., a Washington limited liability company (the "Company"), hereby evidence their consent, in lieu of a meeting, to the adoption of the following amendments and resolutions effective as of October 1, 2007 (the "Effective Date"):

WHEREAS, the Members entered into the Company's Amended and Restated Operating Agreement on March 1, 2005 (the "Operating Agreement");

WHEREAS, pursuant to Sections 3.8 and 4.3.2(a) of the Operating Agreement, the Company shall not issue new units without the Supermajority Vote of the Members (defined as the vote of more than seventy-five percent (75%) of the Units of the Company issued and outstanding);

WHEREAS, pursuant to Sections 3.8 and 4.3.2(a) of the Operating Agreement, additional Members shall not be admitted to the Company without the Supermajority Vote of the Members;

WHEREAS, George R. Winters, M.D. ("Dr. Winters"), a person who meets the requirements of an Eligible Physician (as set forth in Section 3.9.2 of the Operating Agreement), desires to be admitted as a Member of the Company;

WHEREAS, Dr. Winters has signed a Operating Agreement Counterpart Signature Page and Subscription Form (the "Subscription Agreement, attached hereto as Exhibit A), which provides that Dr. Winters shall be bound by all of the terms and conditions of the Operating Agreement as though an original signatory thereto;

WHEREAS, the Company desires to approve the Dr. Winters's Subscription Agreement and admit Dr. Winters as a Member of the Company;

WHEREAS, Exhibit A of the Operating Agreement sets forth the Members of the Company and the number of Units each Member owns in the Company;

WHEREAS, the Company was formed as a limited liability company in the State of Washington, however, certain of the Company's governing documents and other agreements (including, but not limited to, the Operating Agreement), indicate that the Company is a professional limited liability company;

WHEREAS, pursuant to Sections 4.3.2(i) and 13 of the Agreement, the Agreement may only be amended upon Supermajority Vote of the Members;

WHEREAS, the Company desires to clarify that while the Company was originally formed as a professional limited liability company in the State of Washington, it now operates as

a limited liability company and that its correct name is "Eastside Endoscopy Center, L.L.C." rather than "Eastside Endoscopy Center, P.L.L.C.";

WHEREAS, the Members desire to approve Dr. Winter's pledge of his Units as collateral for a from US Bank in connection with his loan to buy the Four and Seven Hundred Sixty-Eight Thousandths (4.768) Units (the "Winters Units");

WHEREAS, the Members desire to amend the definition of "Transfer" set forth in Section 2 of the Operating Agreement to clarify that encumbrances must be approved by the Supermajority Vote of the Members, and if approved, transfers resulting from such encumbrances shall constitute a proper Transfer;

WHEREAS, the Company desires to amend the Operating Agreement to include an additional Events of Dissociation as set forth below;

WHEREAS, the Members desire to amend the Operating Agreement to provide that any Member may pledge such Member's Units as collateral for a loan, so long as such Member has received prior approval of such pledge;

WHEREAS, the Members desire to amend the Operating Agreement to provide that if a Member who has received approval to pledge such Member's Units to a lender as collateral for a loan defaults on such loan (the "Default Event"), the Company shall have the obligation to redeem such Units from such lender at the Non-Adverse Purchase Price; provided that, if such Member experiences an Event of Dissociation prior to the Default Event, the Company's redemption obligations shall be according to such Event of Dissociation (either Adverse or Non-Adverse) and the Company shall have the right to redeem such Member or lender, as applicable, pursuant to the Operating Agreement, and neither the Member nor the lender shall have any further rights with respect to the Units after the Company has so redeemed the Member or lender, as applicable; and

WHEREAS, pursuant to Sections 5.1 and 5.6 of the Operating Agreement, any action requiring the approval or consent of the Members pursuant to the Operating Agreement may be authorized by unanimous written consent without a meeting;

NOW THEREFORE, the undersigned adopt and approve the following Resolutions:

RESOLVED, that the Subscription Agreement of Dr. Winters for Four and Seven Hundred Sixty-Eight Thousandths (4.768) Units (the "Winters Units"), attached hereto as Exhibit A, is hereby adopted, ratified, and approved.

FURTHER RESOLVED, that Dr. Winters is hereby admitted as a Member of the Company and such admission is hereby accepted, ratified and approved.

FURTHER RESOLVED, that the amended Exhibit A to the Operating Agreement, in the form attached hereto as Exhibit B, is hereby adopted, ratified, and approved.

FURTHER RESOLVED, that the Company's name is clarified as "Eastside Endoscopy Center, L.L.C." and, accordingly, all occurrences of the Company's name in the Operating

Agreement that are inconsistent with such shall be amended and corrected to be "Eastside Endoscopy Center, L.L.C." (including instances in which the Company's name appears as "Eastside Endoscopy Center, P.L.L.C."), and all references to the Company as a "professional limited liability company" shall be replaced with "limited liability company" and all references to the Company as a "P.L.L.C." shall be replaced with "L.L.C.", and such amendment and clarification is hereby acknowledged, adopted, approved and ratified.

FURTHER RESOLVED, that the definition of "Transfer" in Section 2 of the Operating Agreement shall be deleted in its entirety and replaced with the following (with the new language in bold and underlined below), and such amendment is hereby adopted, approved and ratified:

"Transfer" shall mean a sale, exchange, transfer, assignment, gift, pledge, security interest, lien, encumbrance, hypothecation or other disposition of Units or any interest in Units **(provided that all encumbrances of Units, including, but not limited to, pledges, security interests, and liens, must receive prior approval, by Supermajority Vote of the Members, pursuant to Sections 10.1 and 11.1 hereof; provided further if a Member's Units are transferred to a lender due to such Member defaulting on a loan secured by such Units, as set forth in Section 11.1(b)(i)(ee) hereof, so long as such pledge of Units received the required prior Supermajority Vote of the Members, such transfer shall constitute a proper Transfer).**

FURTHER RESOLVED, that Section 11.1(a)(i)(aa) of the Operating Agreement shall be deleted in its entirety and replaced with the following (with the new language in bold and underlined below), and such amendment is hereby adopted, approved and ratified:

- (aa) the improper Transfer (or attempt to Transfer) of Units **(which improper Transfer shall include failure to obtain the Supermajority Vote of the Members, pursuant to Section 10.1 hereof, prior to encumbering Units in any manner, including pledging Units as collateral for a loan);**

FURTHER RESOLVED, that the following subsection (ee) shall be added to Section 11.1(b)(i) of the Operating Agreement, and such amendment is hereby adopted, approved and ratified:

- (ee) any default by a Member (the "Pledging Member") on a loan for which such Pledging Member has pledged his or her Units as collateral (with it being required, pursuant to Section 10.1 hereof, that a Pledging Member obtain Supermajority Vote of the Members prior to encumbering Units in any manner); provided that, if a Pledging Member so defaults on a loan (a "Default Event") for which the Pledging Member received approval to pledge his or her Units, and the lender (the "Lender") providing such loan either becomes the owner of the Units pursuant to a transfer due to such default or becomes a lienholder of the Units, then notwithstanding anything to the contrary herein (including, but not limited to, Section 11.1(d)) (i) the lender shall be deemed an assignee of the Units but not a

Member of the Company in accordance with Section 10.3 of the Agreement, (ii) the Pledging Member shall no longer be deemed a Member of the Company and (iii) Company shall be obligated to redeem such Lender's Units at the Non-Adverse Purchase Price (as defined in Section 11.1(d) hereof); provided further, if the Pledging Member experiences any Event of Dissociation set forth in this Section 11.1 (either Adverse, or Non-Adverse) prior to the Default Event, the Company may, and shall be obligated for Non-Adverse Dissociation Events, redeem such Pledging Member's Units, at either the Adverse or Non-Adverse Purchase Price, as applicable, as provided in this Agreement, and after the Company has redeemed such Member or Lender, as applicable, neither the Member nor the Lender shall have any further rights to such Units, through ownership, pledge, or otherwise.

FURTHER RESOLVED, that Dr. Winter's pledge of the Winters Units as collateral for a loan in the amount of Six Hundred Twenty-Four Thousand Three Hundred Twenty-Eight Dollars and Eighty-Three Cents (\$624,328.83) from US Bank is hereby adopted, approved, and ratified.


FURTHER RESOLVED, that the proper officers of the Company be, and each of them hereby is, authorized to take all such further actions and to execute and deliver all such instruments, certificates and documents, on behalf of the Company, as in their judgment shall be necessary, proper or advisable in order to fully carry out the intent and to accomplish the purpose of the foregoing Resolutions; and


FURTHER RESOLVED, that this First Amendment and Written Consent may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall be deemed to be one document.


IN WITNESS WHEREOF, the undersigned have executed this First Amendment and Written Consent in lieu of a meeting of the Managing Members and the Members of the Company effective as of the Effective Date.

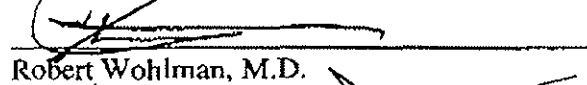
MEMBERS:



Kalle Kang, M.D.


Roanne Rachel Elizabeth Selinger, M.D.


Georgia Rees-Lui, M.D.


Venkatachala Mohan, M.D.

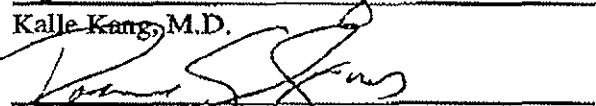

Robert Wohlman, M.D.



Shie-Pon Tzang, M.D.


see attached
Sang Kim, M.D.

MANAGING MEMBERS:


Kalle Kang, M.D.

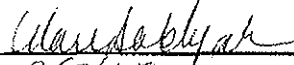
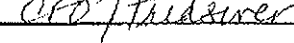

Roanne Rachel Elizabeth Selinger, M.D.


Georgia Rees-Lui, M.D.


Venkatachala Mohan, M.D.


Barry Tanner


Physicians Endoscopy, LLC


By: 
Its: 

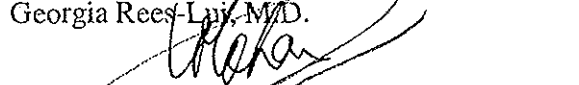
IN WITNESS WHEREOF, the undersigned have executed this First Amendment and Written Consent in lieu of a meeting of the Managing Members and the Members of the Company effective as of the Effective Date.

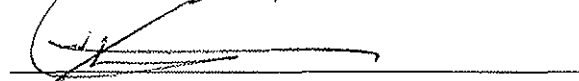
MEMBERS:

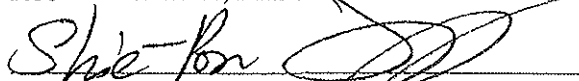

Kalle Kang, M.D.



Roanne Rachel Elizabeth Selinger, M.D.


Georgia Rees-Lui, M.D.


Venkatachala Mohan, M.D.

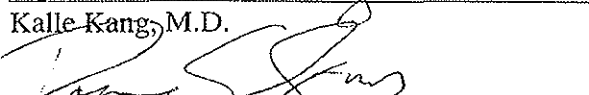

Robert Wohlman, M.D.


Shie-Pon Tzung, M.D.

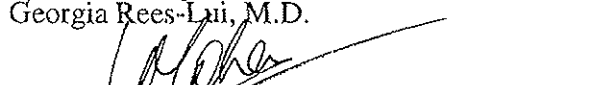

Sang Kim, M.D.

MANAGING MEMBERS:


Kalle Kang, M.D.


Roanne Rachel Elizabeth Selinger, M.D.


Georgia Rees-Lui, M.D.


Venkatachala Mohan, M.D.

Barry Tanner

Physicians Endoscopy, LLC

By: _____

Its: _____

EXHIBIT A

Subscription Agreement (Winters)

(See attached.)

EXHIBIT B

EXHIBIT A

MEMBERSHIP UNITS

Members	Percentage Interests	Units
Robert Wohlman, M.D.	9.535%	4.768
Georgia Rees-Lui, M.D.	9.535%	4.768
Kalle Kang, M.D.	7.000%	3.500
Shie-Pon Tzung, M.D.	9.535%	4.768
Venkatachala Mohan, M.D.	9.535%	4.768
Sang Kim, M.D.	3.320%	1.660
Roanne Rachel Elizabeth Selinger, M.D.	9.535%	4.768
George Winters, M.D.	9.535%	4.768
Physicians Endoscopy, LLC	32.465%	16.232
TOTAL:	100%	50.000

V4702748.8

**SIXTH AMENDMENT TO AMENDED AND RESTATED
OPERATING AGREEMENT OF
EASTSIDE ENDOSCOPY CENTER, L.L.C.**

THIS SIXTH AMENDMENT TO AMENDED AND RESTATED OPERATING AGREEMENT (the "Amendment") is made and entered into as of this ___ day of April, 2008 (the "Effective Date"), by and among the Members of Eastside Endoscopy Center, L.L.C., a Washington limited liability company (the "Company").

WHEREAS, the Members are parties to that certain Amended and Restated Operating Agreement, dated as of March 1, 2005, as subsequently and periodically amended (the "Operating Agreement");

WHEREAS, Section 13.1 of the Operating Agreement provides that the approval of Members of the Company holding more than seventy-five percent (75%) of all issued and outstanding Units in the Company is required to approve an amendment to the Operating Agreement;

WHEREAS, the Members and Managing Members of the Company desire to amend Section 10.1 of the Operating Agreement relating to the transfer of Units; and

WHEREAS, capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms as set forth in the Operating Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained and the parties' continued performance of their respective obligations under the Operating Agreement, the parties hereto agree that the Operating Agreement shall be amended as follows:

1. Amendment to Section 10.1. The following language shall be added as a new paragraph at the end of existing Section 10.1:

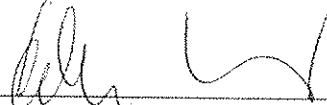
Notwithstanding anything to the contrary set forth in this Agreement, (i) the direct or indirect transfer of equity securities of Physicians Endoscopy, LLC, and its successors and assigns, shall not be deemed a "Transfer" for purposes of, or trigger any rights or obligations of any party under, the Agreement; and (ii) Physicians Endoscopy, LLC, and its successors and assigns, shall have the right to assign, pledge, hypothecate and/or otherwise encumber, as collateral security, its rights under the Agreement and its equity securities in the Company to any lender or lenders providing financing to Physicians Endoscopy, LLC, its affiliates and subsidiaries, and/or its successors and assigns. Notwithstanding anything herein to the contrary, no provision of this paragraph may be amended or otherwise modified without the prior written consent of Physicians Endoscopy, LLC, or its successors and assigns.

2. Extent of Amendment. The Operating Agreement is amended only to the extent set forth herein, and all other terms of the Operating Agreement shall remain the same and are not affected by this Amendment. In the event of any conflict between the terms of this Amendment and the terms of the Operating Agreement, the terms of this Amendment shall control.
3. Counterparts. This Amendment may be executed in two (2) or more counterparts, each of which shall constitute an original, and all of which together shall constitute one and the same instrument.
4. McGuireWoods Acknowledgement. McGuireWoods LLP (“MW”) has developed this amendment on behalf of the Company and not on behalf of any individual Member. Moreover, because MW acts as general counsel to Physicians Endoscopy, L.L.C., and because as of the date hereof one MW attorney owns equity interests in Physicians Endoscopy, L.L.C, the other Members have been encouraged and are expected to obtain independent counsel in connection with the transaction documents.
5. Governing Law. This Amendment shall be governed by the laws of the State of Washington.

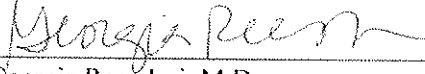
[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have executed this Amendment effective as of the day and year first above written.

MEMBERS:




Kalle Kang, M.D.



Georgia Rees-Lui, M.D.

Robert Wohlman, M.D.




Venkatachala Mohan, M.D.

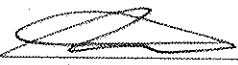


Shie-Pon Tzung, M.D.

Roanne Rachel Elizabeth Selinger, M.D.

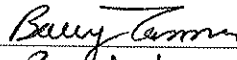


George Winters, M.D.

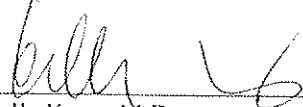


Sang Kim, M.D.

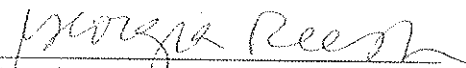
Physicians Endoscopy, LLC

By: 
Its: President

MANAGING MEMBERS:



Kalle Kang, M.D.

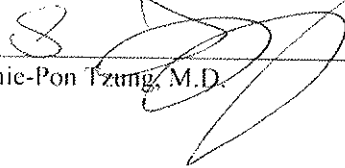


Georgia Rees-Lui, M.D.



Barry Tamm

Robert Wohlman, M.D.



Shie-Pon Tzung, M.D.

**THIRD AMENDMENT AND UNANIMOUS WRITTEN CONSENT IN LIEU OF
MEETING OF THE MANAGING MEMBERS
AND THE MEMBERS OF
EASTSIDE ENDOSCOPY CENTER, L.L.C.**

The undersigned, constituting all of the Managing Members and the Members of Eastside Endoscopy Center, L.L.C., a Washington limited liability company (the "Company"), hereby evidence their consent, in lieu of a meeting, to the adoption of the following amendments and resolutions effective as of May 1, 2009 (the "Effective Date"):

WHEREAS, the Members entered into the Company's Amended and Restated Operating Agreement on March 1, 2005, as amended (the "Operating Agreement");

WHEREAS, pursuant to Section 4.3.2(b) of the Operating Agreement, Supermajority Vote of the Members (defined as the vote of more than seventy-five percent (75%) of the Units of the Company issued and outstanding) is required for the Company to enter into any transaction with a Member of the Company;

WHEREAS, each of Robert Wohlman, M.D., Georgia Rees-Lui, M.D., Kalle Kang, M.D., Shie-Pon Tzung, M.D., Venkatachala Mohan, M.D., Sang Kim, M.D., Roanne Rachel Elizabeth Selinger M.D., George Winters, M.D., and Physicians Endoscopy, LLC (collectively, the "Redeeming Members") is currently a Member of the Company owning that number of Units of the Company as set forth across from such Member's name on Exhibit A hereto in the column titled "Pre-Transaction Unit Ownership";

WHEREAS, the Company desires to redeem, and each of the Redeeming Member desires to have redeemed, an aggregate amount of 4.3525 Units (the "Redeemed Units") on a pro rata basis, as further described below;

WHEREAS, pursuant to Sections 3.8 and 4.3.2(a) of the Operating Agreement, the Company shall not issue new units without the Supermajority Vote of the Members;

WHEREAS, pursuant to Sections 3.8 and 4.3.2(a) of the Operating Agreement, additional Members shall not be admitted to the Company without the Supermajority Vote of the Members;

WHEREAS, pursuant to Sections 10.1 and 11.1 of the Operating Agreement, no Member may encumber Units in any manner, including pledging Units as collateral for a loan, without the Supermajority Vote of the Members;

WHEREAS, Raj C. Butani, M.D. ("Dr. Butani"), a person who meets the requirements of an Eligible Physician (as set forth in Section 3.9.2 of the Operating Agreement), desires to purchase 4.3525 Units of the Company and be admitted as a Member of the Company;

WHEREAS, Dr. Butani has signed an Operating Agreement Counterpart Signature Page and Subscription Form (the "Subscription Agreement, attached hereto as Exhibit B), which provides that Dr. Butani shall be bound by all of the terms and conditions of the Operating Agreement as though an original signatory thereto;

WHEREAS, the Company desires to approve the Dr. Butani's Subscription Agreement and admit Dr. Butani as a Member of the Company as of May 1, 2009;

WHEREAS, the Company desires to approve the Dr. Butani's pledge of 4.3525 Units to First Command Bank as collateral for a loan as further described below;

WHEREAS, pursuant to Sections 4.3.2(i) and 13 of the Agreement, the Agreement may only be amended upon Supermajority Vote of the Members;

WHEREAS, the Company and Members desire to clarify that the Sixth Amendment to the Operating Agreement, dated on or about April 1, 2008 (attached hereto as Exhibit C) is actually the Second Amendment to the Operating Agreement, and shall be re-named accordingly;

WHEREAS, pursuant to Section 13.1 of the Operating Agreement (which section prohibits or limits the amendment of the Operating Agreement in certain circumstances), Section 13.1 of the Operating Agreement may only be modified with the consent of all Members;

WHEREAS, the Company and Members desire to amend Section 13.1 of the Operating Agreement to reflect certain rights of First Command Bank and other lenders (each a "Lender") with respect to Units pledged to a Lender as collateral for a loan, which pledge has been approved by the Company pursuant to Sections 10.1 and 11.1 of the Operating Agreement;

WHEREAS, Exhibit A of the Operating Agreement sets forth the Members of the Company and the number of Units each Member owns in the Company;

WHEREAS, pursuant to Sections 5.1 and 5.6 of the Operating Agreement, any action requiring the approval or consent of the Members pursuant to the Operating Agreement may be authorized by unanimous written consent without a meeting;

NOW THEREFORE, the undersigned adopt and approve the following Resolutions:

RESOLVED, that the following Units shall be redeemed from each respective Redeemed Member for the purchase prices set forth below, and these redemptions are hereby accepted, ratified and approved:

Member	Number of Units Redeemed	Purchase Price
Robert Wohlman, M.D.	0.4155	\$66,374.00
Georgia Rees-Lui, M.D.	0.4155	\$66,374.00
Kalle Kang, M.D.	0.3038	\$48,741.00
Shie-Pon Tzung, M.D.	0.4155	\$66,374.00
Venkatachala Mohan, M.D.	0.4155	\$66,374.00

Sang Kim, M.D.	0.1445	\$23,111.00
Roanne Rachel Elizabeth Selinger M.D.	0.4155	\$66,374.00
George Winters, M.D.	0.4155	\$66,374.00
Physicians Endoscopy, LLC	1.4112	\$226,008.00
TOTAL REDEEMED UNITS	4.3525	\$696,104.00

FURTHER RESOLVED, that the Subscription Agreement of Dr. Butani for 4.3525 Units (the “Butani Units”), attached hereto as Exhibit B, is hereby adopted, ratified, and approved.

FURTHER RESOLVED, that Dr. Butani is hereby admitted as a Member of the Company, effective May 1, 2009, and such admission is hereby accepted, ratified and approved.

FURTHER RESOLVED, that Dr. Butani’s pledge of the Butani Units as collateral for a loan in the amount of Six Hundred Ninety-Six Thousand One Hundred Four Dollars (\$669,104.00) from First Command Bank is hereby adopted, approved, and ratified.

FURTHER RESOLVED, that the Sixth Amendment dated on or about April 1, 2008 (attached hereto as Exhibit C) is hereby clarified and renamed as the Second Amendment to the Operating Agreement and such clarification and renaming is hereby acknowledged, adopted, approved and ratified.

FURTHER RESOLVED, that the following subsection (d) shall be added to Section 13.1 of the Operating Agreement (with the current subsection (d) being re-lettered as subsection (e)), and such amendment is hereby adopted, approved and ratified:

13.1(d) Allow Units of the Company to be certificated without the prior written consent of each Lender who has received a security interest in Units, approved in accordance with Sections 10.1 and 11.1 hereof (each an “Approved Lender”), while the Approved Lender has a security interest in such Units, and further, such Approved Lender shall be deemed a third party beneficiary solely for the purposes of enforcing this Section 13.1(d) and Section 13.1(e) shall not be deemed to supersede the requirement that the Company obtain each Approved Lender’s prior written consent before taking action under this Section 13.1(d); or

FURTHER RESOLVED, that the amended Exhibit A to the Operating Agreement, in the form attached hereto as Exhibit A, is hereby adopted, ratified, and approved.

FURTHER RESOLVED, that the proper officers of the Company be, and each of them hereby is, authorized to take all such further actions and to execute and deliver all such instruments, certificates and documents, on behalf of the Company, as in their judgment shall be necessary, proper or advisable in order to fully carry out the intent and to accomplish the purpose of the foregoing resolutions; and

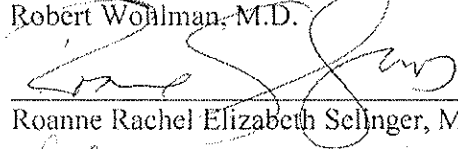
FURTHER RESOLVED, that this Unanimous Written Consent may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall be deemed to be one document.

IN WITNESS WHEREOF, the undersigned have executed this Unanimous Written Consent in lieu of a meeting of the Managing Members and the Members of the Company effective as of the Effective Date.

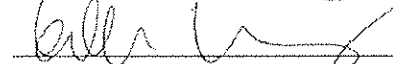
MEMBERS:



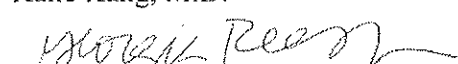
Robert Wohlman, M.D.




Roanne Rachel Elizabeth Selinger, M.D.




Kalle Kang, M.D.



Georgia Rees-Lui, M.D.



Venkatachala Mohan, M.D.



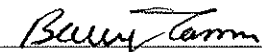
Shie-Pon Tzung, M.D.



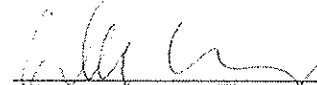
Sang Kim, M.D.

George Winters, M.D.

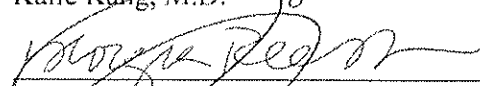
Physicians Endoscopy, LLC

By: 
Its: President

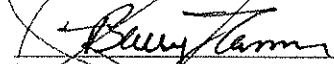
MANAGING MEMBERS:



Kalle Kang, M.D.




Georgia Rees-Lui, M.D.



Barry Tamm

Robert Wohlman, M.D.



Shie-Pon Tzung, M.D.

EXHIBIT A

MEMBERSHIP UNITS

Members	<u>Pre-Transaction Unit Ownership</u>	<u>Post- Transaction Unit Ownership</u>	<u>Post-Transaction Percentage Interests</u>
Robert Wohlman, M.D.	4.768	4.3525	8.7050%
Georgia Rees-Lui, M.D.	4.768	4.3525	8.7050%
Kalle Kang, M.D.	3.500	3.1962	6.3925%
Shie-Pon Tzung, M.D.	4.768	4.3525	8.7050%
Venkatachala Mohan, M.D.	4.768	4.3525	8.7050%
Sang Kim, M.D.	1.660	1.5155	3.0311%
Roanne Rachel Elizabeth Selinger, M.D.	4.768	4.3525	8.7050%
George Winters, M.D.	4.768	4.3525	8.7050%
Raj C. Butani, M.D.*	0.000	4.3525	8.7050%
Physicians Endoscopy, LLC	16.232	14.8208	32.465%
TOTAL:	50.000	50.000	100%

EXHIBIT B

Subscription Agreement (Butani)

(See attached.)

EXHIBIT C

Sixth Amendment to the Operating Agreement (to be renamed Second Amendment to Operating Agreement)

(See attached.)

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**FOURTH AMENDMENT AND UNANIMOUS WRITTEN CONSENT IN LIEU OF
MEETING OF THE MANAGING MEMBERS
AND THE MEMBERS OF
EASTSIDE ENDOSCOPY CENTER, L.L.C.**

The undersigned, constituting all of the Managing Members and the Members of Eastside Endoscopy Center, L.L.C., a Washington limited liability company (the "Company"), hereby evidence their consent, in lieu of a meeting, to the adoption of the following amendments and resolutions effective as of November 30, 2011 (the "Effective Date"):

WHEREAS, the Members entered into the Company's Amended and Restated Operating Agreement on March 1, 2005, as amended (the "Operating Agreement");

WHEREAS, pursuant to Section 4.3.2(b) of the Operating Agreement, Supermajority Vote of the Members (defined as the vote of more than seventy-five percent (75%) of the Units of the Company issued and outstanding) is required for the Company to enter into any transaction with a Member of the Company;

WHEREAS, each of Robert Wohlman, M.D., Georgia Rees-Lui, M.D., Kalle Kang, M.D., Shie-Pon Tzung, M.D., Venkatachala Mohan, M.D., Sang Kim, M.D., Roanne Rachel Elizabeth Selinger M.D., George Winters, M.D., Raj C. Butani, M.D., and Physicians Endoscopy, LLC (collectively, the "Redeeming Members") is currently a Member of the Company owning that number of Units of the Company as set forth across from such Member's name on Exhibit A hereto in the column titled "Pre-Transaction Unit Ownership";

WHEREAS, the Company desires to redeem, and each of the Redeeming Member desires to have redeemed, an aggregate amount of 4.00395 Units (the "Redeemed Units") on a pro rata basis, as further described below;

WHEREAS, pursuant to Sections 3.8 and 4.3.2(a) of the Operating Agreement, the Company shall not issue new units without the Supermajority Vote of the Members;

WHEREAS, pursuant to Sections 3.8 and 4.3.2(a) of the Operating Agreement, additional Members shall not be admitted to the Company without the Supermajority Vote of the Members;

WHEREAS, Edwin Lai, M.D. ("Dr. Lai"), a person who meets the requirements of an Eligible Physician (as set forth in Section 3.9.2 of the Operating Agreement), desires to purchase 4.00395 Units of the Company and be admitted as a Member of the Company;

WHEREAS, Dr. Lai has signed an Operating Agreement Counterpart Signature Page and Subscription Form (the "Subscription Agreement," attached hereto as Exhibit B), which provides that Dr. Lai shall be bound by all of the terms and conditions of the Operating Agreement as though an original signatory thereto;

WHEREAS, the Company desires to approve Dr. Lai's Subscription Agreement and admit Dr. Lai as a Member of the Company as of December 1, 2011;

WHEREAS, Exhibit A of the Operating Agreement sets forth the Members of the Company and the number of Units each Member owns in the Company;

WHEREAS, pursuant to Sections 4.3.2(i) and 13 of the Agreement, the Agreement may only be amended upon approval of the Members holding more than seventy-five percent (75%) of the Units (i.e., Supermajority Vote of the Members);

WHEREAS, the Members desire to amend certain provisions of the Operating Agreement to memorialize certain buy-in and redemption measures; and

WHEREAS, pursuant to Sections 5.1 and 5.6 of the Operating Agreement, any action requiring the approval or consent of the Members pursuant to the Operating Agreement may be authorized by unanimous written consent without a meeting.

NOW THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter contained, the undersigned adopt and approve the following Resolutions:

RESOLVED, that the following Units shall be redeemed from each respective Redeemed Member for the purchase prices set forth below, and these redemptions are hereby accepted, ratified and approved:

<u>Member</u>	<u>Units Redeemed</u>	<u>Purchase Price</u>
Robert Wohlman, M.D.	0.34854	\$59,838.84
Georgia Rees-Lui, M.D.	0.34854	\$59,838.84
Kalle Kang, M.D.	0.25597	\$43,946.34
Shie-Pon Tzung, M.D.	0.34854	\$59,838.84
Venkatachala Mohan, M.D.	0.34854	\$59,838.84
Sang Kim, M.D.	0.12136	\$20,835.50
Roanne Rachel Elizabeth Selinger M.D.	0.34854	\$59,838.84
George Winters, M.D.	0.34854	\$59,838.84
Raj C. Butani, M.D.	0.34854	\$59,838.84
Physicians Endoscopy, LLC	1.18684	\$203,759.64
TOTAL REDEEMED UNITS	4.00395	\$687,413.36

FURTHER RESOLVED, that the Subscription Agreement of Dr. Lai for 4.00395 Units (the "Lai Units"), attached hereto as Exhibit B, is hereby adopted, ratified, and approved.

FURTHER RESOLVED, that Dr. Lai is hereby admitted as a Member of the Company, effective December 1, 2011, and such admission is hereby accepted, ratified and approved.

FURTHER RESOLVED, that the amended Exhibit A to the Operating Agreement, in the form attached hereto as Exhibit A, is hereby adopted, ratified, and approved.

1. Deletion of Section 6.8 of the Operating Agreement.

FURTHER RESOLVED, that Section 6.8 of the Operating Agreement is hereby deleted in its entirety.

2. Amendment to Section 11.2(a) of the Operating Agreement.

FURTHER RESOLVED, that the phrase "EBIDTA" shall be globally changed to "EBITDA" and that the following sentence shall be added to the end of Section 11.2(a) of the Operating Agreement, and such amendment is hereby adopted, approved and ratified:

"Notwithstanding the foregoing, to the extent revenue and expenses relating to the provision of anesthesia services through the Company impacts EBITDA, then such revenue and expenses shall not be included in the calculation of EBITDA for purposes of determining the Formula Amount."

3. Miscellaneous.

FURTHER RESOLVED, that the proper officers of the Company be, and each of them hereby is, authorized to take all such further actions and to execute and deliver all such instruments, certificates and documents, on behalf of the Company, as in their judgment shall be necessary, proper or advisable in order to fully carry out the intent and to accomplish the purpose of the foregoing resolutions.

FURTHER RESOLVED, the Operating Agreement is amended only to the extent set forth herein, and all other terms of the Operating Agreement shall remain the same and are not affected by this Amendment. In the event of any conflict between the terms of this Amendment and the Operating Agreement, the terms of this Amendment shall control.

FURTHER RESOLVED, that this Amendment may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall be deemed to be one document.

FURTHER RESOLVED, that this Amendment shall be governed by the laws of the state of Washington.

FURTHER RESOLVED, that this Amendment shall be entered into the minute book of the Company and is hereby deemed incorporated into the Operating Agreement as provided herein.

FURTHER RESOLVED, McGuireWoods LLP (“MW”) has developed this amendment on behalf of the Company and not on behalf of any individual Member. Moreover, because MW acts as general counsel to Physicians Endoscopy, L.L.C., the other Members have been encouraged and are expected to obtain independent counsel in connection with the transaction documents.

[Signature page follows.]

~~IN WITNESS WHEREOF~~, the undersigned have executed this Amendment and Unanimous Written Consent in lieu of a meeting of the Managing Members and the Members of the Company effective as of the Effective Date.

MEMBERS:

~~Robert Wohlman, M.D.~~

~~Shie-Pon Tzung, M.D.~~

~~Kalle Kang, M.D.~~

~~Georgia Rees-Lui, M.D.~~

~~Venkatachala Mohan, M.D.~~

~~Raj Chandru Butani, M.D.~~

~~Roanne Rachel Elizabeth Selinger, M.D.~~

~~Sang Kim, M.D.~~

~~George Winters, M.D.~~

Physicians Endoscopy, LLC

By: Barry Tamm

Its: President

MANAGING MEMBERS:

~~Signature: _____~~

~~Printed Name: Robert Wohlman, M.D.~~

~~Signature: _____~~

~~Printed Name: Shie-Pon Tzung, M.D.~~

~~Signature: _____~~

~~Printed Name: Kalle Kang, M. D.~~

~~Signature: _____~~

~~Printed Name: Georgia Rees Lui, M.D.~~

EXHIBIT A

MEMBERSHIP UNITS

Members	<u>Pre-Transaction Unit Ownership</u>	<u>Post-Transaction Percentage Interests</u>	<u>Post-Transaction Unit Ownership</u>
Robert Wohlman, M.D.	4.3525	8.0079%	4.00395
Georgia Rees-Lui, M.D.	4.3525	8.0079%	4.00395
Kalle Kang, M.D.	3.1965	5.8811%	2.94055
Shie-Pon Tzung, M.D.	4.3525	8.0079%	4.00395
Venkatachala Mohan, M.D.	4.3525	8.0079%	4.00395
Sang Kim, M.D.	1.5155	2.7883%	1.39415
Roanne Rachel Elizabeth Selinger, M.D.	4.3525	8.0079%	4.00395
George Winters, M.D	4.3525	8.0079%	4.00395
Raj Chandru Butani, M.D.	4.3525	8.0079%	4.00395
Edwin Lai, M.D.	0.0000	8.0079%	4.00395
Physicians Endoscopy, LLC	14.8210	27.2683%	13.63415
TOTAL:	50.00	100%	50.00

**FIFTH AMENDMENT AND UNANIMOUS WRITTEN CONSENT IN LIEU OF
MEETING OF THE MANAGING MEMBERS
AND THE MEMBERS OF
EASTSIDE ENDOSCOPY CENTER, L.L.C.**

The undersigned, constituting all of the Managing Members and the Members of Eastside Endoscopy Center, L.L.C., a Washington limited liability company (the "Company"), hereby evidence their consent, in lieu of a meeting, to the adoption of the following resolutions and amendments effective as of July 7, 2020 (the "Effective Date"):

WHEREAS, the Members entered into the Company's Amended and Restated Operating Agreement on March 1, 2005, as amended (the "Operating Agreement");

WHEREAS, capitalized terms in these resolutions and amendments not defined herein shall have the meaning given to them in the Operating Agreement;

WHEREAS, the first sentence of Section 4.1 of the Operating Agreement states that the Company shall have three Managing Members;

WHEREAS, at meetings of the Managing Members on February 19, 2007 and March 19, 2007, the minutes of each of which are attached hereto as Exhibit A, the Managing Members first approved an increase of the number of Managing Members from three (3) to five (5) (the "Increase"); and subsequently approved the text of an amendment to the Operating Agreement that would have, among other items, documented the Increase;

WHEREAS, no amendment with such text memorializing the Increase was ever distributed to the Members for approval and execution, but each of the Members, including each of those Members who have served as Managing Members at various times since February 19, 2007, have at all times since February 19, 2007 had a good faith belief that the number of Managing Members was five (5), and that the Increase had been properly documented and approved according to the requirements set forth in the Operating Agreement;

WHEREAS, the Members desire to ratify all actions taken by any and all Managing Members since February 19, 2007;

WHEREAS, pursuant to Sections 4.3.2(i) and 13 of the Operating Agreement, the Operating Agreement may only be amended upon approval of the Members holding more than seventy-five percent (75%) of the Units (i.e., Supermajority Vote of the Members); and pursuant to Sections 5.1 and 5.6 of the Operating Agreement, any action requiring the approval or consent of the Members pursuant to the Operating Agreement may be authorized by unanimous written consent without a meeting; and

WHEREAS, the Members desire to amend certain provisions of the Operating Agreement to memorialize the Members' desired number of Managing Members and those parties which have the authority to appoint such Managing Members.

NOW THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter contained, the undersigned adopt and approve the following Resolutions:

1. Approval of Past Actions of Managing Members.

RESOLVED, that all actions of the Managing Members taken since February 19, 2007 are hereby deemed to have been properly executed at the time they were executed, and are hereby adopted, approved, and ratified.

2. Amendment to Section 4.1 of the Operating Agreement.

FURTHER RESOLVED, that Section 4.1 of the Operating Agreement is hereby deleted in its entirety and replaced with following new Section 4.1 below, and such deletion and replacement is hereby adopted, approved and ratified:

“4.1 Managing Members. There shall be five (5) Managing Members, who must be Members of the Company. Notwithstanding any other provision of this Agreement, Physicians Endoscopy, LLC, its successors and assigns, shall have the right to choose one (1) Managing Member; and the Members other than Physicians Endoscopy, LLC shall have the right to choose four (4) Managing Members (the “Physician Managers”) as set forth herein:

(a) There shall be a minimum of two (2) Managing Members, elected by the Members of the Company at the annual meeting of the members, who shall also sit on the Board of Managers for Washington Gastroenterology, at all times; and

(b) The final two (2) Managing Members will be elected as Members at Large by the Members of the Company at the annual meeting of the members on staggered terms. All terms for the Managing Members At Large will be for two (2) year terms.

3. Amendment to Section 4.2 of the Operating Agreement.

FURTHER RESOLVED, that the second and third sentences of Section 4.2 of the Operating Agreement are hereby deleted in their entirety, and such deletion is hereby adopted, approved and ratified.

4. Miscellaneous.

FURTHER RESOLVED, that the proper officers of the Company be, and each of them hereby is, authorized to take all such further actions and to execute and deliver all such instruments, certificates and documents, on behalf of the Company, as in their judgment shall be necessary, proper or advisable in order to fully carry out the intent and to accomplish the purpose of the foregoing resolutions.

FURTHER RESOLVED, the Operating Agreement is amended only to the extent set forth herein, and all other terms of the Operating Agreement shall remain the same and are not affected by this Amendment. In the event of any conflict between the terms of this Amendment and the Operating Agreement, the terms of this Amendment shall control.

FURTHER RESOLVED, that this Amendment may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall be deemed to be one document.

FURTHER RESOLVED, that this Amendment shall be governed by the laws of the state of Washington.

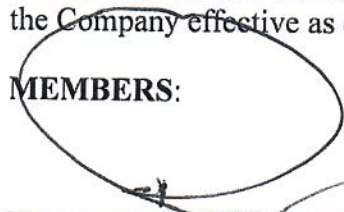
FURTHER RESOLVED, that this Amendment shall be entered into the minute book of the Company and is hereby deemed incorporated into the Operating Agreement as provided herein.

FURTHER RESOLVED, McGuireWoods LLP (“MW”) has developed this amendment on behalf of the Company and not on behalf of any individual Member. Moreover, because MW acts as general counsel to Physicians Endoscopy, L.L.C., the other Members have been encouraged and are expected to obtain independent counsel in connection with this amendment document.

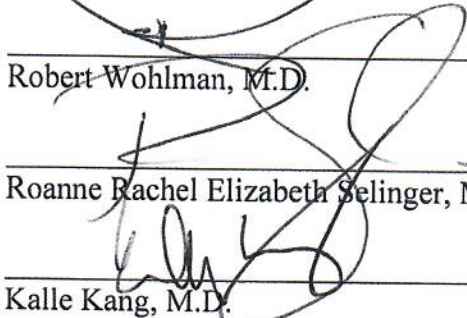
[Signature page follows.]

IN WITNESS WHEREOF, the undersigned have executed this Amendment and Unanimous Written Consent in lieu of a meeting of the Managing Members and the Members of the Company effective as of the Effective Date.

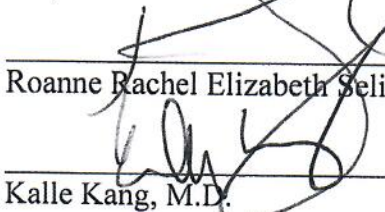
MEMBERS:



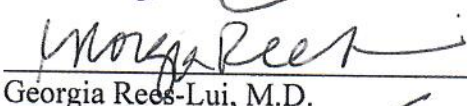
Robert Wohlman, M.D.



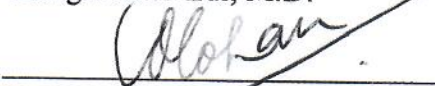
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Kalle Kang, M.D.



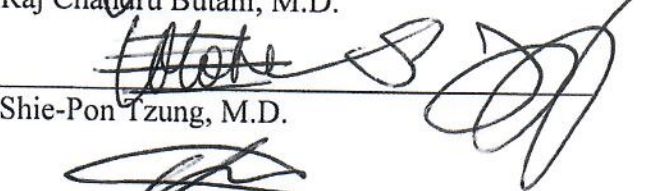
Georgia Rees-Lui, M.D.



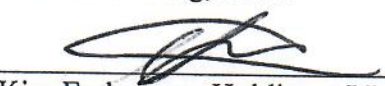
Venkatachala Mohan, M.D.



Raj Chandru Butani, M.D.



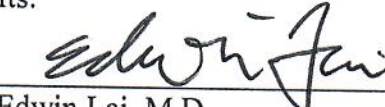
Shie-Pon Tzung, M.D.



Kim Endoscopy Holdings, LLC

By:

Its:

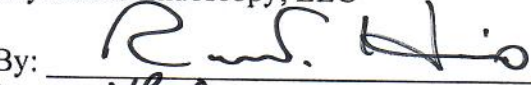


Edwin Lai, M.D.

Physicians Endoscopy, LLC

By:

Its:



VP Ops

MANAGING MEMBERS:

Signature: _____

Printed Name: Robert Wohlman

Signature: _____

Printed Name: Georgia Rees-Lui

Signature: _____

Printed Name: Edwin Lai

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

EXHIBIT A

**MINUTES OF THE MEETINGS OF THE MANAGING MEMBERS
ON FEBRUARY 19, 2007 AND MARCH 19, 2007**

(See attached.)

Eastside Endoscopy Center, LLC
Board of Managers
Minutes
February 19, 2007

ROLL CALL:

<u>Board of Managers:</u>	<u>Attended</u>	<u>Absent</u>	<u>Reason for Absence</u>	<u>Not Required</u>
Kalle Kang, MD	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Venkatachala Mohan, MD	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Georgia Rees-Lui, MD	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Barry Tanner	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
 <u>Other Attendees</u>				
Michelle Steele	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>
Karen Sablyak, Treasurer	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>
Roanne Selinger, MD	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>

The meeting commenced at 7:15 AM PST.

OLD BUSINESS

Review of minutes of Board of Managers meeting held on January 15, 2007. Minutes are attached hereto as **Exhibit A**.

Motion made by Dr. Kang to accept and approve the minutes of the meeting of January 15, 2007 as presented.

Motion seconded by Dr. Rees Lui.

Resolved, that the minutes of the Board of Managers meeting held January 15, 2007 be approved as presented.

Motion was unanimously approved

Physician Re-credentialing

- Ms. Steele reviewed the two charts requiring follow up for re-credentialing. Dr Rees Lui will follow up with Dr Wohlman regarding the Category 4 quality of care concern. No other follow up will be required. All physicians reviewed will be approved for re-credentialing.

Motion made by Dr. Rees Lui to follow up with Dr Wohlman on the Category 4 complication with no further action and to approve all physicians reviewed for re-credentialing at EEC for three years.

Motion seconded by Dr. Mohan.

Resolved, that Dr. Rees Lui will follow up with Dr Wohlman on the Category 4 complication with no further action and all physicians reviewed are approved for re-credentialing at EEC for three years.

Motion was unanimously approved

Dr Gannan's sale to Dr. Selinger

- Dr Selinger reported that she has a revised partnership contract with NWGA and anticipates a finalized contract by month end. Ms. Sablyak pointed out that until Dr Selinger purchases Dr Gannan's shares distributions will be paid to Dr Gannan. Mr. Tanner stated due to the length of the delay the sale cannot be back dated to become effective on January 1, 2007.

Medical Staff Bylaws

- Mr. Tanner will review the EEC Medical Staff Bylaws with the Bylaws currently utilized in other centers. Mr. Tanner will forward the EEC Bylaws along with any potential revisions to Dr Mohan for review.

Staff Incentive Program

- Ms. Steele reviewed the proposed employee incentive program. The program was designed to promote quality, a sense of pride, reward accomplishment and stimulate new patient care initiatives as well as give the BOM a tool to reward employees for factors such as attendance, attitude and teamwork. Dr Selinger suggested an additional target for the front desk to fill open block time. Dr Kang commented that the efficiency and smooth operation of the center depends largely on the staff and steps should be taken to retain current valued employees. Ms. Sablyak suggested polling the employees to see if they would value an incentive program since in the past they had not shown interest. Ms. Steele will survey the employees and report back to the BOM next month.

EEC Expansion – Issaquah facility

- Dr Kang and Mr. Tanner discussed the current progress with Dr Helen Kim. Mr. Tanner reported that the PE attorneys are reviewing the potential implications of EEC leasing space in Issaquah. Mr. Tanner has proposed several dates to meet with Dr Kim in March and is waiting for her response. Dr Selinger discussed the value of spending funds on the Issaquah site versus using those funds toward an EEC based venture. Dr Kang suggested using the Issaquah facility as a short term solution while EEC explores other opportunities for expansion since the Issaquah space would require minimal cash outlay. Mr. Tanner will report back to the BOM as soon as he is able to set up a meeting with Dr Kim.

BOM Members & Operating Agreement

- The members reviewed Section 4.1 of the Operating Agreement which states:
Managing Members. There shall be three Managing Members, who must be Members of the Company. Notwithstanding any other provision of this Agreement, Physicians Endoscopy, LLC, its successors and assigns, shall have the right to choose one Managing Member, and the other Members shall have the right to choose the other two Managing Members.
The members discussed the inclusion of the medical directors to the BOM. If the medical directors are included, the BOM would consist of five members.
- The second item of discussion involved Section 3.9.2 of the Operating Agreement which states:
(4) such Member shall maintain active privileges at the Clinic and at least one hospital within ten (10) miles of the Clinic;
The members discussed the need to have unrestricted privileges at OHMC due to the EEC transfer agreement with OHMC.
Motion made by Dr. Kang to include the medical directors in the Board of Managers thereby increasing the BOM to five members and to revise the Operating Agreement to state all members shall maintain active unrestricted privileges at OHMC.
Motion seconded by Dr. Rees Lui.
Resolved, to revise the Operating Agreement to include the medical directors in the Board of Managers thereby increasing the BOM to five members and to state all members shall maintain active unrestricted privileges at OHMC.
Motion was unanimously approved, Mr. Tanner will draft the changes to the Operating Agreement and present them to the BOM for final approval.

NEW BUSINESS

Facility and Operational Issues:

File Clerk Request

- Ms. Steele presented a proposal from Florence Gaitho to hire a part time file clerk. The front desk currently files 40-50 charts per day and with Direct Access are scheduling 45 – 55 patients per day. This is in addition to other duties including but not limited to patient check in, heavy phone volume, chart preparation, insurance entry and demographic checks. Dr Mohan requested information on Electronic Health Records and asked if any PE centers are using an EHR. Ms. Sablyak commented a PE Center is using the ProVation Multicare product. Costs to implement would be around 50K with an annual maintenance fee of 2K. Ms. Steele reported the 2006 cost for chart storage and retrieval was over 15K. The members agreed to research the costs to implement an EHR and to hire a part time file clerk as a short term solution.

Motion made by Dr. Kang to approve the hire of a part time file clerk.

Motion seconded by Dr. Rees Lui.

Resolved, to hire a part time file clerk

Motion was unanimously approved

Barrx Proposal

- Dr. Mohan requested the group review the potential costs of providing the Halo ablation treatment in the Center. Ms. Sablyak directed the members to the proforma from Barrx regarding the costs. Dr Kang stated there is no current literature supporting the long term efficacy of the treatment and that the AGA and ASGE does not approve of the use of this treatment in the ambulatory setting. Dr Kang stated he did not believe the treatment should be used at EEC regardless of the costs until further literature supporting it's use in this setting is available.

Continuing Education Requests

- The following staff continuing education requests were reviewed:
Laura Wood, CGRN: SGNA National Conference – Baltimore
Estimated cost: \$1885.00
Michelle Steele, CGRN & Heather Barr, CGRN: UCLA Seminar for GI Nurses
Estimated cost: \$500.00 per person

Motion made by Dr. Kang to approve the above continuing education requests

Motion seconded by Dr. Rees Lui.

Resolved, to approve the above continuing education requests

Motion was unanimously approved

Financial Performance:

- EEC Financial Statements were reviewed by Ms. Sablyak. January financials are due later this week. Financial Statements for the Twelve Months Ending December 31, 2006 are attached hereto as **Exhibit B**. Performance indicators were reviewed. Procedure volumes for the year were up slightly over the prior year.

Compliance

- Dr Rees Lui presented a review of minutes of the Compliance Committee meeting held on February 12, 2007. Minutes are attached hereto as **Exhibit C**. The committee reviewed the GAP analysis, patient complaints, background checks and compliance testing. The proposed resolutions are as outlined in the minutes. The members discussed implementation of drug testing. Ms. Steele stated OHMC does perform drug testing on all new hires. The members questioned if the policy should include new physician hires. Ms. Sablyak

recommended review of the policy after the PE center conference call is completed and counsel is consulted.

Next Meeting:

- The next meeting of the Board of Managers will be held telephonically on or about March 19, 2007.

Carryover to Next Meeting:

- Patient consent form – approval final form
- EEC Expansion plans and Issaquah
- Revision of Operating Agreement & Bylaws
- Dr Gannan's sale to Dr Selinger
- Drug Testing policy

The meeting ended at 8:15 AM upon unanimous consent of the Managers.

Respectfully submitted,

Michelle Steele, Nurse Administrator

Eastside Endoscopy Center, LLC
Board of Managers
Minutes
March 19, 2007

ROLL CALL:

<u>Board of Managers:</u>	<u>Attended</u>	<u>Absent</u>	<u>Reason for Absence</u>	<u>Not Required</u>
Kalle Kang, MD	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Venkatachala Mohan, MD	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Georgia Rees-Lui, MD	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Roanne Selinger, MD	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Barry Tanner	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
<u>Other Attendees</u>				
Michelle Steele	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>
Karen Sablyak, Treasurer	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>

The meeting commenced at 7:15 AM PDT.

OLD BUSINESS

Review of minutes of Board of Managers meeting held on January 15, 2007. Minutes are attached hereto as **Exhibit A**.

Motion made by Dr. Kang to accept and approve the minutes of the meeting of January 15, 2007 as presented.

Motion seconded by Dr. Rees Lui.

Resolved, that the minutes of the Board of Managers meeting held January 15, 2007 be approved as presented.

Motion was unanimously approved

Patient Consent Form

- The revised patient consent form is under review by Dr Wohlman. Ms. Steele requested EEC use the current PE consent until the revised consent is approved.

Motion made by Mr. Tanner to utilize the PE consent form until the EEC consent form is approved.

Motion seconded by Dr. Rees Lui.

Resolved, that the PE Consent form will be used until the EEC consent form is approved.

Motion was unanimously approved

EEC Expansion Plans and Issaquah Surgery Center

- Mr. Tanner discussed the progress of the discussion with ISC. ISC will need to transfer the Medicare Certificate and CON from Proliance and provide PE with historical financial data for review. Mr. Tanner has outlined the process in the Memorandum to the EEC Owners attached hereto as **Exhibit B**. Once the Non-Disclosure agreement has been executed, PE will move forward with an analysis of the proposed expansion.
- Ms. Steele reported that Children’s Hospital may be vacating their space on the fourth floor of the OMT. Dr Selinger concurred that she had read in the Bellevue Reporter that Children’s would be building a hospital on the

OHMC campus. The members requested Ms. Steele follow up with Tim McNally to express interest in the space.

Revision of Operating Agreement and Bylaws

- Dr Mohan reviewed the current EEC Bylaws with the Bylaws currently utilized by PE centers. The managing members discussed the documents and the modifications of the most current version of the Bylaws. The proposed bylaws include the requirement that practitioners utilizing the center must have admitting privileges at OHMC.
- The 1st Amendment to the Operating Agreement is proposed to be amended as follows:

1. *Section 4.1 Managing Members. This section is hereby deleted in its entirety and replaced with the following new Section 4.1:*

“There shall be up to a maximum of five Managing Members, who must be Members of the Company. Notwithstanding any other provision of this Agreement, Physicians Endoscopy, LLC, its successors and assigns, shall have the right to choose one Managing Member, and each professional practice, OIMA and NWGA, shall each have the right to choose two of their physician Members to serve as Managing Members. Included as physician Managing Members will be those Members of the Company who are serving as Medical Directors”.

2. *Section 11 Dissociation of Members. Section 11.1 (a)(ii)(cc) is hereby deleted and replaced with the following:*

“the failure to at all times maintain active, unrestricted staff privileges at Overlake Hospital Medical Center.”

3. *Section 11 Dissociation of Members. Section 11.1 (b) is hereby modified by deleting the paragraph immediately following subsection (dd) which paragraph begins the sentence “Each Event of Dissociation, if curable.....” and replacing such paragraph with the following:*

“Each Event of Dissociation, if curable, shall trigger termination only after written notice of the specific Event of Dissociation has been provided to the Member(s) to whom such Event of Dissociation occurred. The Member(s) will have thirty (30) days to affect a cure to the Event of Dissociation. The Board of Managers at their sole discretion may elect to extend the cure period beyond the initial thirty (30) days by giving written notice of such extension to the Member(s). The Board of Managers will continuously monitor the Event of Dissociation by review of the circumstances at least every thirty (30) days.

Ms. Steele will distribute the OA Amendment for signatures and return to Mr. Tanner.

Motion made by Dr Mohan to approve and adopt the revised Medical Staff Bylaws.

Motion seconded by Dr. Selinger.

Resolved, to approve and adopt the revised Medical Staff Bylaws.

Motion was unanimously approved

Dr Gannan's Sale to Dr Selinger

- Dr Selinger reported the sale of Dr Gannan's shares will be complete by April 1, 2007. Ms. Sablyak noted that Dr Gannan will receive a final distribution in April; Dr Selinger will begin receiving distributions in May. Dr Selinger mentioned that in the Operating Agreement a "super majority" is required for some items. A super majority is defined in the OA as greater than 75%. PE currently owns 35.886% and therefore has the ability to block physician votes in the event of a super majority item. Mr. Tanner commented the language is included in the OA so that PE can weigh in on certain items such as the acquisition of debt. The language is not intended to block physician votes on any routine operational issues.

Drug Testing Policy

- Ms. Steele reported she was unable to attend the PE conference call discussing drug testing. Ms. Sablyak attended the call and reviewed the major points discussed. She stated the majority of the PE affiliated centers will be adopting the policy but will modify it according to the standards in the area and the recommendations of their board. Ms. Steele reported OHMC does perform drug testing on all new hires but testing is not done on physicians. The members discussed testing on all new hires and testing "for cause". Ms. Steele and Dr Rees Lui will review and revise the PE policy and present it to the board for approval next month.

NEW BUSINESS

Facility and Operational Issues:

GI Nurses Day:

- Ms Steele reminded the members of GI Nurses Day on March 28th. The members suggested honoring the EEC Nurses and Associates with a \$10 Stanza's Café gift card.
Motion made by Dr. Kang to purchase \$10 gift cards for the EEC staff for GI Nurses Day.
Motion seconded by Dr. Selinger.
Resolved, that \$10 gift cards will be purchased for the staff for GI Nurses Day.
Motion was unanimously approved

Computer Replacement and ProVation Upgrade:

- Ms Steele reviewed the computer software and hardware requiring replacement in 2007. Three workstations will require replacement. The current ProVation version will no longer be supported after December 2006. Costs for the software upgrade, installation and hardware fees are quoted as \$26,510.00. Ms. Steele will work with Gene Goroshko at PE to implement.

Financial Performance:

- EEC Financial Statements were reviewed by Ms. Sablyak. Financial Statements for the one-month and two months ended February 28, 2007 are attached hereto as **Exhibit C**. Performance indicators were reviewed. Patient visits are up 7% ahead of last year, procedure volumes for the year are up 12% over the prior year; more multiple procedures are being performed in the current year.

Compliance

- One patient complaint was made to the professional practice. A patient's pathology report listed two referring physicians. EEC had only noted one referring physician. Eastside Pathology was contacted and had added the other physician in error. The report was revised. The patient was satisfied with the outcome.

Next Meeting:

- The next meeting of the Board of Managers will be held telephonically on or about April 16, 2007.

Carryover to Next Meeting:

- Drug Testing – final policy
- EEC Expansion plans and Issaquah - progress

The meeting ended at 8:00 AM upon unanimous consent of the Managers.

Respectfully submitted,

Michelle Steele, Nurse Administrator

EXHIBIT M

LEASE AGREEMENT LETTER OF INTENT

December 15, 2023

Mr. Will Frame
Mr. Drew Frame
Kidder Mathews
1201 Pacific Ave, Ste. 1400
Tacoma, WA 98402

**RE: Letter of Intent to Lease
Eastside Endoscopy Center, LLC – Overlake Medical Tower (Suite 400)**

Dear Will & Drew:

Thank you for your ongoing discussions, on behalf of Eastside Endoscopy, LLC (“Tenant”) On behalf of Overlake Medical Tower, LLC (“Landlord”), this letter describes proposed terms and conditions under which the Landlord would consider entering into a formal Lease Agreement with your client:

PREMISES: Overlake Medical Tower
1135 116th Avenue NE, Suite 400
Bellevue, WA 98004

SIZE: Approximately 14,708 Rentable Square Feet (“RSF “)

USE: The Premises shall be used for the operation of a state licensed and Medicare Certified ambulatory surgery center and related medical purposes for endoscopy.

TERM: One Hundred and Twenty (120) Months

COMMENCEMENT DATE: December 1, 2025.

EARLY OCCUPANCY: Tenant shall have a period of four (4) weeks prior occupancy to set up the Premises which would include, but not be limited to, installation of furniture, fixtures, and equipment (FF&E), telecommunications and computer cabling.

OPTION TO RENEW: So long as Tenant is not in default under the terms of the lease and with no more than twelve (12) months and no less than nine (9) months prior written notice, Tenant shall have the option to renew the lease for two (2) additional periods of five (5) years. The rent during the option term shall be the then fair market value for class “A” medical office properties in the Bellevue market area and shall not be less than the current rental rate. This clause shall be in accordance with Landlord’s general option to renew terms.

BASE MINIMUM RENT:	\$44.00/RSF, NNN with 3% annual increases
BASE RENT ABATEMENT:	Landlord to abate the first three (3) months of Base Rent.
TAXES AND OPERATING EXPENSES:	In addition to Base Rent, Subtenant shall be responsible for its pro rata share of operating costs and real estate taxes, which are currently estimated at \$14.03/RSF for 2023.
DELIVERY CONDITION:	Landlord shall deliver (a) the Premises in As Is condition, and (b) the Premises, the Building, all common areas (including, without limitation, the parking areas), and all Building systems servicing the Premises in good working order, repair and condition and compliance with applicable laws.
TENANT IMPROVEMENTS:	Landlord will provide a Tenant Improvement Allowance equal to \$85.90 per RSF for tenant improvements to Premises. Said improvements will be based upon a mutually acceptable space plan and will be provided after Tenant receives CON approval as outlined below.
TEST FIT:	Landlord will provide Tenant with an allowance of \$.25/RSF for one test fit and one revision.
CON CONTIGENCY:	<p>Landlord and Tenant understand and agree that the establishment of any Ambulatory Surgery Center (ASC) is subject to Tenant obtaining a Certificate of Need ("CON") from the Washington State Department of Health (the "Department"). Tenant will submit an application for a CON upon mutual execution of the Lease Agreement. The parties agree that the Lease is contingent upon Tenant's receipt of a CON for the Premises.</p> <p>In the event that the Department does not award the Tenant a CON for the Premises by the last day of the full calendar month that is twelve (12) months following the mutual execution of the Lease Agreement, then the Lease Agreement shall become null and void. In addition, Tenant shall fully reimburse Landlord for any of Landlord's upfront costs, including but not limited to architectural fees, legal fees, and real estate commissions.</p>
SUBLEASE/ASSIGNMENT:	Tenant shall have the right to sublease or assign all or a portion of the space with Landlord's approval which shall be further outlined in the lease document.

NON-DISTURBANCE AGREEMENT:	To be addressed in the lease document.
SERVICES AND UTILITIES:	Tenant will have services and utilities to the Premises, including HVAC from the hours of 6:00 a.m. to 8:00 p.m. Monday through Friday, and 8:00 a.m. to 12:00 p.m. on Saturday, expect for holidays to be outlined in the lease document.
SECURITY SYSTEM:	Upon Landlord's review and approval Tenant may install a security/entry system of choice to be installed to their suite.
FIRE ALARM SYSTEM:	Subject to Landlord approval, we will allow two-way communication between tenant's fire alarm system and the building's master system.
LEASE PROVISIONS:	Previously submitted Exhibit C – Critical Lease Provisions are not acceptable to Landlord. These items will be further addressed in the lease document.
LEGAL/CODE REQUIREMENTS:	To be reviewed by Landlord.
EMERGENCY GENERATOR:	There is an existing backup generator serving the building with additional capacity. It is recommended that Tenant conduct a capacity test to see if it meets their backup power requirements. In the event Tenant needs additional capacity, Landlord is open to discussing a mutually agreed upon location for a new backup generator. All expenses associated with the installation, operation, maintenance, compliance with applicable laws, and insuring of such equipment shall be borne by Tenant.
PARKING:	Tenant shall be allocated up to four (4) parking stalls per 1,000 RSF in the Overlake Medical Tower North Parking Garage. Cost for parking stalls shall be at \$85.00 per stall per month, subject to fair market adjustment.
SIGNAGE:	At its sole cost and expense, Landlord shall install Building standard lobby directory, floor direction and suite identification signage for Tenant and the Premises.
SECURITY DEPOSIT:	Security Deposit amount subject to Landlord review of Tenant financials.
TENANT'S BROKERAGE COMMISSION:	Landlord acknowledges Will Frame and Drew Frame of Kidder Mathews and Larry Serota & Jason Reifeis of Transwestern as the exclusive representatives of tenant for the transaction contemplated herein and agrees to pay a

commission equal to \$1.50 per RSF per year of the original lease term. Said fee shall be paid by Landlord to Kidder Mathews after Tenant receives CON and waives CON contingency with fifty percent (50%) due upon full lease execution and delivery and fifty percent (50%) due upon lease commencement.

AGENCY DISCLOSURE:



At signing of this letter, Gary Guenther of Kidder Mathews represents the Landlord and Will Frame and Drew Frame of Kidder Mathews & Larry Serota and Jason Reifeis of Transwestern represents Tenant. Each party signing this document confirms that prior oral and/or written disclosure of agency was provided to him or her in this transaction and acknowledge receipt of the attached pamphlet entitled "The Law of Real Estate Agency."

DISCLAIMER:

This letter is not a legally binding document and is expressly contingent upon final corporate and board of directors' approval by Landlord and the negotiation and execution of a mutually agreeable lease document.

CONFIDENTIALITY:

The Parties will maintain in confidence all information relating to Tenant's proposed tenancy and development of the Premises, including, but not limited to, the terms of this Letter of Intent and the Lease, and will not disclose such information to any other party without written consent. Such confidential information may be released to the parties' employees, partners, consultants, attorneys, accountants and lenders who have a reasonable need for such confidential information, provided that such individuals agree to maintain the confidential nature of the information. Notwithstanding anything in this Letter of Intent to the contrary, the foregoing provision shall be binding on the parties.

Based on this offer, when executed by both parties, the parties shall in good faith negotiate a Lease. This letter evidences the intentions of the parties but is not a binding agreement. A contract will not exist until the parties have executed a formal Lease reviewed by their representative counsels, regarding the subject matter of this letter and containing all other essential terms and conditions of an agreed-upon transaction. The parties acknowledge that they have not set forth herein, nor agreed upon, all essential terms of this proposed transaction.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary B. Guenther". The signature is written in a cursive, flowing style.

Gary Guenther
Executive Vice President

CC: Andrew Tokar – OHMC

AGREED AND ACKNOWLEDGED

Tenant

By: _____

Print: _____

Its: _____

Date: _____

Landlord

By: _____

Print: _____

Its: _____

Date: _____

EXHIBIT N
LOAN INFORMATION

From: Mansfield, Timothy E <Timothy_Mansfield@KeyBank.com>
Sent: Friday, August 11, 2023 9:24 AM
To: Cindy Fruge (Corp) <cfruge@washgi.com>
Subject: RE: Updated proforma numbers for the loan

This message originated from outside the organization.

Cindy: Hi. Based on the below I modeled an approx.. loan amount of \$5MM, with a rate of 8.50%, and fully amortizing term (no balloon) of 5 and 7 years. The rate used is the current bank Prime rate and is floating – this rate is indicative for discussion purposes only. The actual rate would be set at approval – it could be higher or lower depending on rate markets at the time. If you wanted to consider a fixed rate it would be approx. .50% higher at this time. Based on the above here are your projected payment and interest costs:

5 year / 60 month option:

Payment Every Month	\$102,582.66
Total of 60 Payments	\$6,154,959.40
Total Interest	\$1,154,959.40

7 year / 84 month option:

Payment Every Month	\$79,182.43
Total of 84 Payments	\$6,651,323.88
Total Interest	\$1,651,323.88

Let me know if you have any questions or need me to adjust anything. Happy to help when you get closer to finalizing and moving forward with the project – we can provide a more detailed proposal and offer other terms for the eventual financing. Have a good weekend 😊

Regards,

Timothy Mansfield

Timothy E. Mansfield
VP & Senior Relationship Manager
KeyBank
1101 Pacific Avenue

EXHIBIT O

NON-BINDING CONTRACTOR'S ESTIMATE



Monday, July 10, 2023

Nick Goralsky
Washington Gastroenterology
3209 S 23rd Street, Suite 200
Tacoma, WA 98405
ngoralsky@washgi.com

**Re: Conceptual Estimate
*Eastside Endoscopy***

Dear **Nick**:

We are pleased to present for your review this conceptual estimate for the expanded Eastside Endoscopy Center, located at 1135 116th Ave NE, 4th Floor, Bellevue, WA 98004. This estimate is based on the documents and clarifications provided below.

This estimate excludes Washington State Sales Tax, which is 10.1% for zip code 98004 as of July 1, 2023.

Base Budget **\$5,558,913.00**
FIVE MILLION, FIVE HUNDRED FIFTY-EIGHT THOUSAND, NINE HUNDRED THIRTEEN and 00/100 Dollars, Plus
Washington State Sales Tax

Alternates

We provide the following alternates for your consideration.

<u>Alternate #1</u>	Abbott Preconstruction Services	Add	\$49,799
<u>Alternate #2</u>	Plumbing, Mechanical and Electrical Design and Engineering	Add	\$126,664
<u>Alternate #3</u>	Lighting Design	Add	\$68,981

Value Engineering Items

- 1. None at this time \$0

Documents

This cost estimate is based upon the following bid documents, in addition to Abbott's history working on other TI projects at this location:

- "Eastside Endo Preliminary Plan 18Apr2023" by GastingerWalker
- "ltr_jmoore_washington GI full design_15June2023" by GastingerWalker
- "Site Evaluation_16June2023" by GastingerWalker

Basic Criteria

We are basing this conceptual budget on a projected 27-week construction schedule. This estimate assumes a construction start in the year 2024, based on remaining time required to complete the architectural plans and, obtain all require permits and approvals from various Authorities Having Jurisdiction (most critically the City of Bellevue and the Washington State DOH.) Labor costs are estimated using 2023 rates with 4% escalation as a markup to account for annual increases leading to higher 2024 rates.

The budget also includes the following contingencies:

SEATTLE
3408 1st Avenue South
Seattle, WA 98134
206.467.8500 / office
206.447.1885 / fax

- 10% Design Completion
- 5% Construction

Standard Terms and Conditions

These Standard Terms and Conditions are the basis of Abbott's pricing and therefore, in the event of a conflict with other Contract Documents, including the plans and specifications, shall be the governing document.

1. Abbott's Assumptions, Clarifications, and Exclusions are the basis of Abbott's price and therefor shall govern over other contract documents.
2. Abbott shall not be responsible for any errors, conflicts, inconsistencies, or omissions in the contract documents or between the contract documents and existing conditions, building codes, or design requirements of the end user. Abbott shall be entitled to rely on the accuracy of the documents provided to it.
3. Abbott shall have no obligation to perform work if the Owner cannot show evidence of their ability to pay or if the Owner does not make payment.
4. The Owner shall provide the building permit and all connection fees, usage fees, and impact fees and be responsible for all pre-existing hazardous materials.
5. Abbott shall have sole control over the Construction Schedule, sequences, and means and methods and no 3rd party beneficiary rights are granted to any party. Schedules shall be shared with the Owner in hard copy and PDF formats only.
6. Abbott shall only be required to indemnify indemnitees to the extent that Abbott caused damages and the Owner shall indemnify and defend Abbott against all claims associated with hazardous materials existing at the site.
7. Abbott shall not be required to contract with any person or entity with whom Abbott has reasonable objection. Abbott is not acting as a fiduciary to the Owner.
8. Abbott's labor, supervision, insurance, Subcontractor Default Insurance, and Bond costs shall be at billable rates.
9. Abbott is not responsible for delays caused by the Owner, the Architect or any events or conditions beyond Abbott's reasonable ability to control or foresee.
10. All undisputed portions of Payments shall be due within 30 days of the Owner receiving Abbott's payment application. All late payments shall accrue interest at a rate of 1.5% per month. Abbott shall have no obligations to provide lien waivers or protect the project against liens for amounts that Abbott has not been paid. If Owner requires Abbott to utilize third-party payment processing services, Owner shall be responsible for all associated costs.
11. Disputes shall be governed by the law local to the location of the project and decided in courts where the project is located. Both parties hereby waive any and all right to a trial by jury. In the event of a dispute, the prevailing party shall be entitled to recover its attorneys', expert, and witness fees, costs and expenses.
12. Abbott accepts no consequential or special damages. This shall not preclude the recovery of direct costs or liquidated damages, which shall not exceed 50% of the Contractor's Fee.
13. A termination for cause shall not be converted to a termination for convenience and a termination for convenience shall not be converted to a termination for cause.
14. Neither party shall assign the agreement without the written consent of the other party.
15. The Owner shall provide property insurance on an "all risk" basis (Builders Risk Insurance) covering the total cost of the Work. The Builders Risk Insurance shall name the Owner, Contractor and its subcontractors of every tier as insureds on the policy. Such insurance shall insure against physical loss or damage including theft, vandalism and malicious mischief and loss or damage resulting from water, floods and earth movement and shall cover Work stored off-site or in transit. If the project is an expansion, extension, renovation or remodel, the Builders Risk coverage will extend to the existing property. The Owner shall be responsible for all deductibles under the policy and for any damages to the project that are not covered by the insurance policy.

Inclusions and Clarifications

The following are clarifications to this proposal. In the event there is a discrepancy between the plans, specifications and these clarifications, then these clarifications shall take precedence.



This budget was generated on the basis of Abbott Construction’s understanding of the current design concept and site evaluation materials that were provided. In addition, we visited the existing 5th floor space to evaluate current finishes and the 4th floor space to gain familiarity with the conditions of the space into which the new Center will be built. Finally, we also relied on our recent experience building this type of program, as well as recent work in the Overlake Medical Tower for other projects.

Abbott has based the budget on typical Overlake Medical Center standards for fit and finish, including casework, flooring and ceiling finishes, in conjunction with the requirements for procedures performed on patients under “conscious sedation”. It is assumed that by relocating services from 5th floor to the 4th floor, existing HVAC and Emergency Electrical capacity will be transferred to the new space, and these systems will not require significant upgrades, either for dedicated air handlers or emergency generators. Abbott has assumed and accounted for connections to an Owner provided Pure Water or similar water treatment system for the sterilizers and washers in the Instrument Processing rooms. Abbott has also assumed structural supports for procedure lights in each of the (4) procedure rooms and included an allowance for that cost.

Additional assumptions are that engineering for structural, mechanical, electrical, and plumbing (including medical gas) systems shall be contracted through the Architect, and Abbott will only be responsible for deferred design of the Fire Protection and Fire Alarm systems. Mechanical, Electrical, and Plumbing (MEP) budgets provided herein are based on input from subcontract trade partners, and reflect all costs for these scopes of work, including medical gas equipment, low voltage data cabling, access controls for up to (5) door openings, and a nurse call system. We have also provided add alternates to subcontract the MEP design services if requested.

Allowances

The following allowances are included in this estimate. These allowances are for components of work that are not completely designed and defined, and are therefore not quantifiable. The Allowances shall cover the cost of labor, materials, and equipment, and will be tracked on a time and materials basis. Whenever costs are more than or less than the indicated allowance value, the Contract Sum shall be adjusted accordingly by Change Order in accordance with the provisions of the Contract. *(These budgeted Allowance amounts are costs before markups).*

1.	Procedure Light Supports	\$30,000
2.	Penetration Firestopping	\$7,500
3.	Interior Glazing	\$7,500

Exclusions

The following are exclusions from our cost estimate. Owners should carry budgets for these items if required.

General Exclusions:

1. Washington State Sales Tax
2. Overtime and night work, except interior demolition and any work necessary in adjacent tenant suites
3. Architectural and Engineering fees
4. Prevailing Wages
5. Property line and control surveys
6. Performance, labor and material payment bonds
7. System development fees, utility connection fees, impact fees, assessments or easements
8. Utility company charges for storm, sewer, water, gas and power services
9. Telephone company service charges, cabling and equipment
10. Utility As Built surveys and “Alta Survey”
11. Any bonds and / or permits as might be required by the City of Bellevue for items such as landscape, grading, public works, street improvements, etc.
12. Right of Way Use Permits (i.e. “Street Use Permits”)
13. Building code compliance and ADA upgrades not shown on the documents
14. Building department corrections not shown on the documents



Eastside Endoscopy
Conceptual Budget Proposal Letter
Monday, July 10, 2023

15. Fire alarm monitoring and phone lines
16. Testing and inspection
17. Building permit and plan check fees
18. Builder's "All Risk" property insurance including deductible (to be purchased by Owner)
19. Hazardous material surveys and abatement
20. Escalation

Project Specific Exclusions:

1. Security systems
2. Cleaning and waxing of floors
3. Final keying
4. Custom colors / stains, unless specifically stated
5. Moisture testing for flooring materials if required
6. Exterior signage including monument foundations and power unless specifically shown on the bid documents
7. Low voltage controls including energy management system
8. Export and replacement of soils during underground trenching (the proposal includes returning trenched soils as subgrade and exporting only the balance of the materials)- if applicable.
9. Receiving, uncrating, onsite storage and handling of owner furnished equipment
10. Setting of equipment and shelving provided by others
11. Décor
12. Unknown structural improvements
13. Exterior envelope repairs
14. Added air handler within space. It is assumed the existing infrastructure is sufficient.
15. Added emergency generator. It is assumed the existing emergency generator capacity is sufficient.
16. Floor leveling

Proposed Payment Terms: Net 10, No Retention

Thank you for the opportunity to submit this budget. We look forward to working together with you toward the successful completion of this project. Should you have any questions, please feel free to give me a call.

If this budget meets your satisfaction, please advise.

Sincerely,
ABBOTT CONSTRUCTION LLC



Chris La Rue
Project Manager

Attachments:
• Estimate

Cc:
Project Executive
Senior Estimator
Estimate File

This proposal is valid for sixty (60) calendar days from date of issuance



Project Name Eastside Endoscopy Center

Job Size 12800 sf

Duration 27 weeks

Project Code HC-TI-49723072

Estimator Chris La Rue

Type Conceptual

Client Washington Gastroenterology

Contact Nick Goralsky

Address 3209 S 23rd Street, Suite 200

Tacoma WA 98405

Phone (253) 888-2253

E-mail ngoralsky@washgi.com

General Contractor: Abbott Construction LLC

Contact: Chris La Rue

Email: Chris.LaRue@abbottconstruction.com

Phone: (206) 379-6591

Alternate Activator Mode Selectable

Active Alternates Base Bid

7/10/2023 12:48PM

Eastside Endoscopy Center
1135 116th Ave NE, 4th Floor
Bellevue, WA 98004

Abbott Construction Estimate
Est #:HC-TI-49723072
Building Area: 12800 sf

Alt No.	CSI Code	Description	Qty	Unit	Labor Prod	Labor Man Hours	Labor Rate	Labor Unit Price	Labor Total	Mat'l Unit Price	Mat Total	P.O. Unit Price	P.O Total	Equip Unit Price	Equip Total	Subs Unit Price	Subs Total	Grand Total	Sub/Supplier Notes	Cost/Bldg S.F.
Base Bid																				
01 General Requirements																				
013100 Project Administration																				
013100.00		Project Executive AE	27	wk	4.00	108	152.12	608.48	\$16,429	-	-	-	-	-	-	-	-	\$16,429	JRA	1.28
013100.01		Project Manager	27	wk	20.00	540	114.78	2,295.60	\$61,981	-	-	-	-	-	-	-	-	\$61,981	JRA	4.84
013100.02		Project Engineer	27	wk	40.00	1,080	74.98	2,999.20	\$80,978	-	-	-	-	-	-	-	-	\$80,978	JRA	6.33
013100.04		Project Assistant	27	wk	8.00	216	63.84	510.72	\$13,789	-	-	-	-	-	-	-	-	\$13,789	JRA	1.08
Project Administration Subtotal			-	-	-	1,944	89.08	-	\$173,178	-	-	-	-	-	-	-	-	\$173,178		13.53
013102 Project Supervision																				
013102.00		Project Superintendent	24	wk	40.00	960	123.90	4,956.00	\$118,944	-	-	-	-	-	-	-	-	\$118,944	JRA	9.29
013102.00		Night Superintendent	4	wk	60.00	240	123.90	7,434.00	\$29,736	-	-	-	-	-	-	-	-	\$29,736	JRA	2.32
Project Supervision Subtotal			-	-	-	1,200	123.90	-	\$148,680	-	-	-	-	-	-	-	-	\$148,680		11.62
013300 Printing & Mailing																				
013300.00		Printing & Mailing	1	ls	-	-	-	-	-	1,250.00	\$1,250	-	-	-	-	-	-	\$1,250	JRA	0.10
Printing & Mailing Subtotal			-	-	-	-	-	-	-	1,250	-	-	-	-	-	-	-	\$1,250		0.10
015100 Temporary Utilities																				
015100.01		Temp Boxes & Cords - > 30K - 60K	7	mo	-	-	-	-	-	-	-	-	-	775.00	\$5,425	-	-	\$5,425	JRA	0.42
015100.04		Temp Lighting - plug per sf	12,800	sf	0.01	128	54.72	0.55	\$7,004	-	-	-	-	0.40	\$5,120	-	-	\$12,124	JRA	0.95
Temporary Utilities Subtotal			-	-	-	128	54.72	-	\$7,004	-	-	-	-	-	\$10,545	-	-	\$17,549		1.37
015200 Construction Facilities																				
015200.02		Office Supplies	7	mo	-	-	-	-	-	85.00	\$595	-	-	-	-	-	-	\$595	JRA	0.05
015200.02		Abbott All-in-One Fax/Scan/Copy	7	mo	-	-	-	-	-	-	-	-	-	355.00	\$2,485	-	-	\$2,485	JRA	0.19
015200.03		Temporary Toilet - service twice a week	7	mo	-	-	-	-	-	225.00	\$1,575	-	-	-	-	-	-	\$1,575	JRA	0.12
Construction Facilities Subtotal			-	-	-	-	-	-	-	\$2,170	-	-	-	-	\$2,485	-	-	\$4,655		0.36
015216 Safety Measures																				
015216.00		Safety Equipment & Supply	27	wk	-	-	-	-	-	75.00	\$2,025	-	-	-	-	-	-	\$2,025	JRA	0.16
Safety Measures Subtotal			-	-	-	-	-	-	-	\$2,025	-	-	-	-	-	-	-	\$2,025		0.16
016000 Material Handling & Equipment																				
016000.00		Material Handling - Onsite Labor	27	wk	10.00	270	54.72	547.20	\$14,774	-	-	-	-	-	-	-	-	\$14,774	JRA	1.15
016000.04		Small Tools - Misc. Shop Rentals	7	mo	-	-	-	-	-	-	-	-	-	1,800.00	\$12,600	-	-	\$12,600	JRA	0.98
Material Handling & Equipment Subtotal			-	-	-	270	54.72	-	\$14,774	-	-	-	-	-	\$12,600	-	-	\$27,374		2.14
017400 Clean Up & Waste Management																				
017413.00		Continuous Cleanup per week	27	wk	16.00	432	54.72	875.52	\$23,639	-	-	-	-	-	-	-	-	\$23,639	JRA	1.85
017419.00		ReNu 35yd commingled up to 7 tons	9	ea	-	-	-	-	-	950.00	\$8,550	-	-	-	-	-	-	\$8,550	JRA	0.67
017423.00		Final Clean - Hospital	12,000	sf	-	-	-	-	-	-	-	-	-	-	-	0.75	\$9,000	\$9,000	JRA	0.70
Clean Up & Waste Management Subtotal			-	-	-	432	54.72	-	\$23,639	-	\$8,550	-	-	-	-	-	\$9,000	\$41,189		3.22
017700 Project Closeout																				
017700.00		Project Engineer	2	wk	40.00	80	74.98	2,999.20	\$5,998	-	-	-	-	-	-	-	-	\$5,998	JRA	0.47
017700.00		Punchlist Materials	1	ls	-	-	-	-	-	1,250.00	\$1,250	-	-	-	-	-	-	\$1,250	JRA	0.10
017700.00		Punchlist Labor	2	wk	120.00	240	72.96	8,755.20	\$17,510	-	-	-	-	-	-	-	-	\$17,510	JRA	1.37
Project Closeout Subtotal			-	-	-	320	73.47	-	\$23,509	-	\$1,250	-	-	-	-	-	-	\$24,759		1.93
017800 Closeout Submittals																				
017800.00		O & M Printing Costs	1	ea	-	-	-	-	-	285.00	\$285	-	-	-	-	-	-	\$285	JRA	0.02
Closeout Submittals Subtotal			-	-	-	-	-	-	-	\$285	-	-	-	-	-	-	-	\$285		0.02
General Requirements Subtotal			-	-	-	4,294	91.01	-	\$390,784	-	\$15,530	-	-	-	\$25,630	-	\$9,000	\$440,944		34.45
02 Existing Conditions																				
024119 Interior Selective Demolition																				
024119.00		Interior Selective Demolition - Sub	12,800	ls	-	-	-	-	-	-	-	-	-	-	-	8.95	\$114,560	\$114,560	based on DTB	8.95
024119.00		Interior Selective Demolition - 20% for Off-hours	12,800	ls	-	-	-	-	-	-	-	-	-	-	-	1.79	\$22,912	\$22,912	Plug	1.79
024119.00		Interior Demo Foreman	4	wk	40.00	160	82.08	3,283.20	\$13,133	-	-	-	-	-	-	-	-	\$13,133	JRA	1.03
024119.00		X-ray and Scanning (Minimum ~\$500-750 for 3 Hours, Get Quote)	6	ls	-	-	-	-	-	-	-	-	-	-	1,500.00	\$9,000	\$9,000	Plug	0.70	
024119.00		Concrete Coring - Electrical	6	ea	-	-	-	-	-	-	-	-	-	-	1,800.00	\$10,800	\$10,800	Plug	0.84	
Interior Selective Demolition Subtotal			-	-	-	160	82.08	-	\$13,133	-	-	-	-	-	-	-	\$157,272	\$170,405		13.31
Existing Conditions Subtotal			-	-	-	160	82.08	-	\$13,133	-	-	-	-	-	-	-	\$157,272	\$170,405		13.31
05 Metals																				
054523 Healthcare Metal Supports																				
054523.00		Unistrut Support System - Procedure Light Supports	4	ea	-	-	-	-	-	-	-	-	-	-	-	7,500.00	\$30,000	\$30,000	ALLOWANCE	2.34
Healthcare Metal Supports Subtotal			-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$30,000	\$30,000		2.34
Metals Subtotal			-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$30,000	\$30,000		2.34
06 Wood and Plastics																				
061000 Rough Carpentry																				
061000.02		2x10 Blocking Labor	250	lf	0.08	20	72.96	5.84	\$1,459	2.25	\$563	-	-	-	-	-	-	\$2,022	JRA	0.16
061000.06		Plywood Exterior Sheathing 3/4" (4x8)	400	sf	0.05	20	72.96	3.65	\$1,459	2.50	\$1,000	-	-	-	-	-	-	\$2,459	JRA	0.19
Rough Carpentry Subtotal			-	-	-	40	72.96	-	\$2,918	-	\$1,563	-	-	-	-	-	-	\$4,481		0.35
062000 Finish Carpentry																				
062000.00		Wood Base - 4"	199	lf	-	-	-	-	-	-	-	-	-	-	-	7.00	\$1,393	\$1,393	JRA	0.11
062000.00		Chair Rail - Maple, 2x4	90	lf	-	-	-	-	-	-	-	-	-	-	-	30.00	\$2,700	\$2,700	JRA	0.21
Finish Carpentry Subtotal			-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$4,093	\$4,093		0.32
Architectural Wood Casework			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Eastside Endoscopy Center
1135 116th Ave NE, 4th Floor
Bellevue, WA 98004

Abbott Construction Estimate
Est #:HC-TI-49723072
Building Area: 12800 sf

Alt No.	CSI Code	Description	Qty	Unit	Labor Prod	Labor Man Hours	Labor Rate	Labor Unit Price	Labor Total	Mat'l Unit Price	Mat Total	P.O. Unit Price	P.O. Total	Equip Unit Price	Equip Total	Subs Unit Price	Subs Total	Grand Total	Sub/Supplier Notes	Cost/ Bldg S.F.
	064100.00	Healthcare Clinic TI - 20,500sf, PLAM Casework and Countertops, Solidsurface Countertop @ Reception	12,000	sf	-	-	-	-	-	-	-	-	-	-	-	18.00	\$216,000	\$216,000	based on DTB	16.88
		Architectural Wood Casework Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$216,000	\$216,000		16.88
		Wood and Plastics Subtotal	-	ls	-	40	72.96	-	\$2,918	\$1,563	-	-	-	-	-	-	\$220,093	\$224,574		17.54
07		Thermal & Moisture Protection																		
078400		Firestopping																		
078400.00		Firestopping - ALLOWANCE	1	ls	-	-	-	-	-	-	-	-	-	-	-	7,500.00	\$7,500	\$7,500	ALLOWANCE	0.59
		Firestopping Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$7,500	\$7,500		0.59
		Thermal & Moisture Protection Subtotal	-	ls	-	-	-	-	-	-	-	-	-	-	-	-	\$7,500	\$7,500		0.59
08		Openings																		
081000		Doors, Frames, and Hardware																		
081000.00		Doors, Frames, and Hardware - Sub	39	ls	-	-	-	-	-	-	-	2,000.00	\$78,000	-	-	-	-	\$78,000	Plug	6.09
081000.03		Wood Doors- JRACO Install	39	ea	10.00	390	87.42	874.20	\$34,094	5.00	\$195	-	-	-	-	-	\$34,289	JRA	2.68	
		Doors, Frames, and Hardware Subtotal	-	-	-	390	87.42	-	\$34,094	\$195	-	\$78,000	-	-	-	-	-	\$112,289		8.77
087113		Auto Door Operators																		
087113.00		Automatic Door Operators - Single	3	ls	-	-	-	-	-	-	-	-	-	-	-	7,500.00	\$22,500	\$22,500	Based on TEC	1.76
087113.00		Automatic Door Operators - Double (Incl Frame, Doors, Hardware)	1	ea	-	-	-	-	-	-	-	-	-	-	-	21,000.00	\$21,000	\$21,000	Based on TEC	1.64
		Auto Door Operators Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$43,500	\$43,500		3.40
088113		Decorative Glass																		
088113.00		Interior Glazing ALLOWANCE	1	ls	-	-	-	-	-	-	-	-	-	-	-	7,500.00	\$7,500	\$7,500	ALLOWANCE	0.59
		Decorative Glass Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$7,500	\$7,500		0.59
		Openings Subtotal	-	ls	-	390	87.42	-	\$34,094	\$195	-	\$78,000	-	-	-	-	\$51,000	\$163,289		12.76
09		Finishes																		
092900		Drywall & Metal Studs																		
092900.00		Fans/Dehumidifier	6	ea	0.50	3	72.96	36.48	\$219	-	-	-	-	240.00	\$1,440	-	-	\$1,659	JRA	0.13
092900.00		Metal Backing	700	lf	-	-	-	-	-	-	-	-	-	-	-	6.00	\$4,200	\$4,200	JRA	0.33
092900.00		Trade Damage - Touch up Taping	40	hr	-	-	-	-	-	-	-	-	-	-	-	95.00	\$3,800	\$3,800	JRA	0.30
092900.00		Drywall and Metal Stud Partitions	12,000	sf	-	-	-	-	-	-	-	-	-	-	-	40.00	\$480,000	\$480,000	based on DTB	37.50
092900.00		Interior Partitions Foreman	3	wk	40.00	120	82.08	3,283.20	\$9,850	-	-	-	-	-	-	-	\$9,850	JRA	0.77	
		Drywall & Metal Studs Subtotal	-	-	-	123	81.86	-	\$10,068	-	-	-	-	-	\$1,440	-	\$488,000	\$499,508		39.02
095100		Acoustical Ceiling																		
095100.00		Acoustical Ceilings	12,000	sf	-	-	-	-	-	-	-	-	-	-	-	12.00	\$144,000	\$144,000	based on DTB	11.25
095100.00		Acoustical Ceilings Foreman	3	wk	40.00	120	82.08	3,283.20	\$9,850	-	-	-	-	-	-	-	\$9,850	JRA	0.77	
		Acoustical Ceiling Subtotal	-	-	-	120	82.08	-	\$9,850	-	-	-	-	-	-	-	\$144,000	\$153,850		12.02
096000		Flooring																		
096000.00		Sheet Vinyl - Cove	200	sy	-	-	-	-	-	-	-	-	-	-	-	90.00	\$18,000	\$18,000	G&W unit costs	1.41
096000.00		Sheet Vinyl - Flat Lay	936	sy	-	-	-	-	-	-	-	-	-	-	-	85.00	\$79,560	\$79,560	G&W unit costs	6.22
096000.00		LVT	475	sf	-	-	-	-	-	-	-	-	-	-	10.00	\$4,750	\$4,750	G&W unit costs	0.37	
096000.00		Floor Preparation - Sheet Vinyl (1 Hr/50 SY @ \$60/hr)	12,000	sf	-	-	-	-	-	-	-	-	-	-	-	3.00	\$36,000	\$36,000	G&W unit costs	2.81
096000.00		Flooring Foreman	3	wk	40.00	120	82.08	3,283.20	\$9,850	-	-	-	-	-	-	-	\$9,850	JRA	0.77	
096000.00		Carpet - High	229	sy	-	-	-	-	-	-	-	-	-	-	65.00	\$14,885	\$14,885	G&W unit costs	1.16	
096000.30		Temporary Protection	12,000	sf	0.01	120	72.96	0.73	\$8,755	0.40	\$4,800	-	-	-	-	-	\$13,555	JRA	1.06	
		Flooring Subtotal	-	-	-	240	77.52	-	\$18,605	\$4,800	-	-	-	-	-	-	\$153,195	\$176,600		13.80
099100		Painting																		
099100.00		Painting - Sub	12,000	ls	-	-	-	-	-	-	-	-	-	-	-	5.50	\$66,000	\$66,000	based on DTB	5.16
099100.00		Painting Foreman	2	wk	40.00	80	82.08	3,283.20	\$6,566	-	-	-	-	-	-	-	-	\$6,566	JRA	0.51
099100.00		Trade Damage Touch Up	40	hr	-	-	-	-	-	-	-	-	-	-	-	85.00	\$3,400	\$3,400	based on DTB	0.27
		Painting Subtotal	-	-	-	80	82.08	-	\$6,566	-	-	-	-	-	-	-	\$69,400	\$75,966		5.93
		Finishes Subtotal	-	ls	-	563	80.09	-	\$45,089	\$4,800	-	-	-	-	\$1,440	-	\$854,595	\$905,924		70.78
10		Specialties																		
102123		Cubicle Curtains and Track																		
102123.00		Hospital Curtain Tracks - Supply & Install, 9'-0" Tall, OSHPD	220	lf	-	-	-	-	-	-	-	-	-	-	-	175.00	\$38,500	\$38,500	JRA	3.01
		Cubicle Curtains and Track Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$38,500	\$38,500		3.01
102600		Wall & Door Protection																		
102600.00		Install Wall Protection per sheet	108	ea	2.00	216	72.96	145.92	\$15,759	165.00	\$17,820	-	-	-	-	-	-	\$33,579	JRA	2.62
102600.00		Wall & Corner Guards - 8'	51	ea	0.50	26	72.96	36.48	\$1,860	75.00	\$3,825	-	-	-	-	-	-	\$5,685	JRA	0.44
102600.00		Edge Guards - 8'	11	ea	1.00	11	72.96	72.96	\$803	150.00	\$1,650	-	-	-	-	-	-	\$2,453	JRA	0.19
		Wall & Door Protection Subtotal	-	-	-	253	72.96	-	\$18,422	\$23,295	-	-	-	-	-	-	-	-	\$41,717	3.26
102800		Toilet & Bath Accessories																		
102800.00		Toilet Accessories - P.O.	6	EA	8.00	48	87.42	699.36	\$4,196	-	-	1,200.00	\$7,200	-	-	-	-	\$11,396	JRA	0.89
		Toilet & Bath Accessories Subtotal	-	-	-	48	87.42	-	\$4,196	-	-	\$7,200	-	-	-	-	-	\$11,396		0.89
105100		Lockers																		
105100.00		Lockers - Double Tier	18	lf	1.00	18	87.42	87.42	\$1,574	177.07	\$3,187	-	-	-	-	-	-	\$4,761	JRA	0.37
		Lockers Subtotal	-	-	-	18	87.42	-	\$1,574	\$3,187	-	-	-	-	-	-	-	\$4,761		0.37
		Specialties Subtotal	-	ls	-	319	75.96	-	\$24,192	\$26,482	-	\$7,200	-	-	-	-	\$38,500	\$96,374		7.53
13		Special Construction																		
130200		Infection Control																		

**Eastside Endoscopy Center
1135 116th Ave NE, 4th Floor
Bellevue, WA 98004**

**Abbott Construction Estimate
Est #:HC-TI-49723072
Building Area: 12800 sf**

Alt No.	CSI Code	Description	Qty	Unit	Labor Prod	Labor Man Hours	Labor Rate	Labor Unit Price	Labor Total	Mat'l Unit Price	Mat Total	P.O. Unit Price	P.O. Total	Equip Unit Price	Equip Total	Subs Unit Price	Subs Total	Grand Total	Sub/Supplier Notes	Cost/Bldg S.F.	
130200.00		Room Pressure Monitor for Level 3/4 IC Barriers	2	ea	0.25	1	72.96	18.24	\$36	800.00	\$1,600	-	-	-	-	-	-	\$1,636	JRA	0.13	
130200.00		IC Anteroom + II - Edguard	7	mo	3.00	21	72.96	218.88	\$1,532	4.00	\$28	-	-	4,732.14	\$33,125	-	-	\$34,685	JRA	2.71	
130200.00		IC for 3rd floor ceiling work	5	ea	24.00	120	72.96	1,751.04	\$8,755	200.00	\$1,000	-	-	-	-	-	-	\$9,755	JRA	0.76	
130200.30		Sticky Mats	40	cs	0.10	4	72.96	7.30	\$292	70.00	\$2,800	-	-	-	-	-	-	\$3,092	JRA	0.24	
130200.30		Labor for Infectious Control Measures	135	dy	2.00	270	72.96	145.92	\$19,699	5.00	\$675	-	-	-	-	-	-	\$20,374	JRA	1.59	
130200.30		1 speed 2000 cfm for 2k sf	7	mo	1.00	7	72.96	72.96	\$511	650.00	\$4,550	-	-	-	-	-	-	\$5,061	JRA	0.40	
		Infection Control Subtotal	-	-	-	423	72.96	-	\$30,826	-	\$10,653	-	-	-	\$33,125	-	-	\$74,604	-	5.83	
		Special Construction Subtotal	-	ls	-	423	72.96	-	\$30,826	-	\$10,653	-	-	-	\$33,125	-	-	\$74,604	-	5.83	
21		Fire Suppression																			
210000		Fire Sprinkler System																			
210000.00		Fire Protection - Sub	12,800	ls	-	-	-	-	-	-	-	-	-	-	-	6.00	\$76,800	\$76,800	Plug	6.00	
210000.00		Fire Protection Foreman	3	wk	40.00	120	82.08	3,283.20	\$9,850	-	-	-	-	-	-	-	-	\$9,850	JRA	0.77	
		Fire Sprinkler System Subtotal	-	-	-	120	82.08	-	\$9,850	-	-	-	-	-	-	-	\$76,800	\$86,650	-	6.77	
		Fire Suppression Subtotal	-	ls	-	120	82.08	-	\$9,850	-	-	-	-	-	-	-	\$76,800	\$86,650	-	6.77	
22		Plumbing																			
220000		Plumbing																			
220000.00		Plumbing - Sub	1	ls	-	-	-	-	-	-	-	-	-	-	-	248,783.00	\$248,783	\$248,783	Redline Mechanical	19.44	
220000.00		Plumbing Foreman	3	wk	40.00	120	82.08	3,283.20	\$9,850	-	-	-	-	-	-	-	-	\$9,850	JRA	0.77	
		Plumbing Subtotal	-	-	-	120	82.08	-	\$9,850	-	-	-	-	-	-	-	\$248,783	\$258,633	-	20.21	
226000		Medical Gas and Vacuum Systems																			
226000.00		Med Gas & Vacuum System - Sub	1	ls	-	-	-	-	-	-	-	-	-	-	-	360,023.00	\$360,023	\$360,023	Redline Mechanical	28.13	
		Medical Gas and Vacuum Systems Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$360,023	\$360,023	-	28.13	
		Plumbing Subtotal	-	ls	-	120	82.08	-	\$9,850	-	-	-	-	-	-	-	\$608,806	\$618,656	-	48.33	
23		HVAC																			
230000		HVAC																			
230000.00		HVAC - Construction Budget	1	ls	-	-	-	-	-	-	-	-	-	-	-	249,000.00	\$249,000	\$249,000	ACCO	19.45	
230000.00		HVAC - Room Pressure Monitoring	1	ls	-	-	-	-	-	-	-	-	-	-	-	45,000.00	\$45,000	\$45,000	ACCO	3.52	
230000.00		Mechanical Foreman	3	wk	40.00	120	82.08	3,283.20	\$9,850	-	-	-	-	-	-	-	-	\$9,850	JRA	0.77	
		HVAC Subtotal	-	-	-	120	82.08	-	\$9,850	-	-	-	-	-	-	-	\$294,000	\$303,850	-	23.74	
		HVAC Subtotal	-	ls	-	120	82.08	-	\$9,850	-	-	-	-	-	-	-	\$294,000	\$303,850	-	23.74	
26		Electrical																			
260000		Electrical																			
260000.00		Electrical - Sub	12,800	ls	-	-	-	-	-	-	-	-	-	-	-	106.65	\$1,365,120	\$1,365,120	Johnson Electric	106.65	
260000.00		Electrical Foreman	3	wk	40.00	120	82.08	3,283.20	\$9,850	-	-	-	-	-	-	-	-	\$9,850	JRA	0.77	
		Electrical Subtotal	-	-	-	120	82.08	-	\$9,850	-	-	-	-	-	-	-	\$1,365,120	\$1,374,970	-	107.42	
		Electrical Subtotal	-	ls	-	120	82.08	-	\$9,850	-	-	-	-	-	-	-	\$1,365,120	\$1,374,970	-	107.42	
27		Communications																			
272000		Data Communications																			
272000.00		Data Communications - Sub	-	ls	-	-	-	-	-	-	-	-	-	-	-	1.00	-	-	-	Incl in 26000000	-
		Data Communications Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
275223		Nurse Call Systems																			
275223.00		Nurse Call System	12,000	sf	-	-	-	-	-	-	-	-	-	-	-	3.00	\$36,000	\$36,000	Johnson Electric	2.81	
		Nurse Call Systems Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$36,000	\$36,000	-	2.81	
		Communications Subtotal	-	ls	-	-	-	-	-	-	-	-	-	-	-	-	\$36,000	\$36,000	-	2.81	
28		Electronic Safety and Security																			
281600		Intrusion Detection																			
281600.00		Building Security Systems	-	ls	-	-	-	-	-	-	-	-	-	-	-	1.00	-	-	-	Incl in 26000000	-
		Intrusion Detection Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
283100		Fire Detection and Alarm																			
283100.00		Fire Alarm System - Sub	-	ls	-	-	-	-	-	-	-	-	-	-	-	1.00	-	-	-	Incl in 26000000	-
		Fire Detection and Alarm Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Electronic Safety and Security Subtotal	-	ls	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Base Bid Subtotal	-	-	-	6,668	87.05	-	\$580,435	-	\$59,223	-	\$85,200	-	\$60,195	-	\$3,748,686	\$4,533,739	-	354.20	
		Estimate Total before Markups	12,800	sf	0.52	6,668	87.05	45.35	\$580,435	\$59,223	6.66	\$85,200	4.70	\$60,195	292.87	\$3,748,686	\$4,533,739			354.20	

Format	Division	Labor	Mat'l	Subs	Equip	P.O.	Total
	01 General Requirements	390,784	15,530	9,000	25,630	-	440,944
	02 Existing Conditions	13,133	-	157,272	-	-	170,405
	05 Metals	-	-	30,000	-	-	30,000
	06 Wood and Plastics	2,918	1,563	220,093	-	-	224,574
	07 Thermal & Moisture Protection	-	-	7,500	-	-	7,500
	08 Openings	34,094	195	51,000	-	78,000	163,289
	09 Finishes	45,089	4,800	854,595	1,440	-	905,924
	10 Specialties	24,192	26,482	38,500	-	7,200	96,374
	13 Special Construction	30,826	10,653	-	33,125	-	74,604
	21 Fire Suppression	9,850	-	76,800	-	-	86,650
	22 Plumbing	9,850	-	608,806	-	-	618,656
	23 HVAC	9,850	-	294,000	-	-	303,850
	26 Electrical	9,850	-	1,365,120	-	-	1,374,970
	27 Communications	-	-	36,000	-	-	36,000

	Markups	Quantity	Totals	Cost/ Bldg S.F.
Estimate Subtotal			\$4,533,739	
Subtotal		-	\$4,533,739	-
Labor Escalation	4.00 %		\$23,217	
Subtotal		-	\$4,556,956	-
Contractor's Contingency	5.00 %		\$227,848	
Subtotal		-	\$4,784,804	-
Design Contingency	10.00 %		\$478,480	
Subtotal		-	\$5,263,284	-
Escalation NIC		-	-	-
Subtotal		-	\$5,263,284	-
Textura	0.03 %		\$1,579	

	Markups	Quantity	Totals	Cost/ Bldg S.F.
	Safety	0.35 %	\$18,421	
	Scheduling	0.15 %	\$7,895	
	Subtotal	-	\$5,291,180	-
	Overhead & Fee	3.00 %	\$158,735	
	Subtotal	-	\$5,449,915	-
	BT&I	2.00 %	\$108,998	
	Grand Total	12,800 sf	\$5,558,913	\$434.29/sf

EXHIBIT P

**EASTSIDE ENDOSCOPY CENTER – BELLEVUE
HISTORICAL AND PROJECTED PAYER MIX**

Percentage by Revenue	
Payer	% by Revenue
BL EEC - Bellevue	100.00%
Premera	26.98%
Regence	11.31%
No Payer Group	11.26%
Medicare Advantage	9.62%
Kaiser Foundation	8.85%
Medicare	8.47%
Aetna	6.89%
United HC	5.01%
Cigna	4.20%
First Choice	2.95%
MCD Managed Care	2.02%
Tricare/VA	1.23%
Miscellaneous	0.79%
Research Study	0.18%
Special Programs	0.17%
DSHS	0.06%
PHCS	0.01%
First Health	0.01%
CopayAssist	0.00%
Private Pay	0.00%
Grand Total	100.00%

Percentage by Patient	
Payer	% by Patient
BL EEC - Bellevue	100.00%
Premera	22.72%
No Payer Group	16.84%
Regence	12.02%
Medicare Advantage	10.70%
Medicare	8.16%
Aetna	5.55%
Kaiser Foundation	5.14%
United HC	5.11%
MCD Managed Care	3.37%
Cigna	2.98%
Miscellaneous	2.70%
First Choice	1.74%
Tricare/VA	1.11%
DSHS	0.88%
CopayAssist	0.28%
Private Pay	0.26%
Special Programs	0.18%
Research Study	0.16%
PHCS	0.05%
First Health	0.03%
Grand Total	100.00%

Future Payer Mix Expected to be the Same as Historical Mix

EXHIBIT Q
LIST OF NEW EQUIPMENT

High Level Estimate of Equipment Needs

Equipment needed:

Item	Cost
Scopes and Processors	500,000
Beds	20,000
Cautery	20,000
Vital sign Monitors	80,000
Computers	20,000
Scope Washers	100,000

EXHIBIT R

**THE EASTSIDE ENDOSCOPY CENTER, LLC
UNAUDITED FINANCIAL STATEMENTS**

EASTSIDE ENDOSCOPY CENTERS
BALANCE SHEET
For the Period Ending December 31, 2020

	December 2020	December 2019	Variance
ASSETS			
CURRENT ASSETS			
PETTY CASH	200	200	-
KEYBANK CHECKING	1,065,588	357,690	707,898
INVENTORY - MEDICAL SUPPLIES	1,380	-	1,380
ACCOUNTS RECEIVABLE	961,441	895,488	65,952
CONTRACTUAL ALLOWANCE	(490,085)	(456,449)	(33,636)
ACCOUNTS RECEIVABLE - ANESTHESIA	264,564	679,805	(415,241)
WAGI ANESTHESIA RECEIVABLE	276,053	-	276,053
PACELINE RECEIVABLE	724	121,953	(121,229)
PREPAID INSURANCE	14,719	6,711	8,008
PREPAID ASSETS	57,315	22,414	34,901
WWEC RECEIVABLE	-	1,424	(1,424)
TOTAL CURRENT ASSETS	2,151,899	1,629,237	522,662
FIXED ASSETS			
MED EQUIP, FURN, & EQUIP	2,275,165	2,217,825	57,341
LEASEHOLD IMPROVEMENTS	1,442,423	1,442,423	-
COMPUTER EQUIPMENT	106,947	106,947	-
PHONE SYSTEM	4,695	-	4,695
COMPUTER SOFTWARE	148,115	148,115	-
LESS ACCUMULATED DEPRECIATION	(2,669,475)	(2,429,072)	(240,403)
TOTAL FIXED ASSETS	1,307,870	1,486,237	(178,367)
OTHER ASSETS			
DEPOSITS	14,110	14,110	-
TOTAL OTHER ASSETS	14,110	14,110	-
TOTAL ASSETS	3,473,879	3,129,584	344,295

	December 2020	December 2019	Variance
LIABILITIES			
<i>CURRENT LIABILITIES</i>			
ACCOUNTS PAYABLE	154,612	51,328	103,284
L&I PAYABLE	4,201	3,734	466
PROFIT SHARING CONTRIBUTION PAYABLE	90,356	79,396	10,960
401K DEFERRALS PAYABLE	6,349	256	6,093
401K ROTH PAYABLE	721	86	635
WAGI MEDICAL INSURANCE PAYABLE	11,082	13,702	(2,620)
WAGI DENTAL INSURANCE PAYABLE	2,632	1,421	1,211
UNEARNED REVENUE	252,000	-	252,000
LIFELOCK	7	-	7
WWEC PAYABLE	237	-	237
WAGI PAYABLE	667,908	701,642	(33,733)
ACCRUED SALARIES	25,410	95,941	(70,531)
ACCRUED VACATION	145,088	124,836	20,251
ACCRUED EXPENSES	14,787	4,577	10,211
ACCRUED B&O TAXES	22,067	20,258	1,809
ACCRUED MEDICAL DIRECTOR FEES	4,376	4,376	-
STD - FUNDS HELD	81	111	(29)
<i>TOTAL CURRENT LIABILITIES</i>	<u>1,401,914</u>	<u>1,101,663</u>	<u>300,251</u>
<i>LONG TERM LIABILITIES</i>			
PPP LOAN	387,822	-	387,822
ACCRUED RENT	465,833	445,687	20,146
LANDLORD INCENTIVE	143,160	157,338	(14,178)
KEYBANK NOTE	668,820	781,038	(112,218)
<i>TOTAL LONG TERM LIABILITIES</i>	<u>1,665,635</u>	<u>1,384,063</u>	<u>281,572</u>
TOTAL LIABILITIES	<u>3,067,549</u>	<u>2,485,726</u>	<u>581,823</u>

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
For the Period Ending December 31, 2020

	Monthly Activity			Year to Date				
	October 2020	November 2020	December 2020	2020 YTD Actual	2020 YTD Budget	Variance	2019 YTD Actual	Variance
SUMMARY								
PROCEDURES	1,127	949	1,087	9,503	11,522	(2,019)	12,122	(2,619)
CASES	1,009	849	952	8,378	10,197	(1,819)	10,749	(2,371)
SESSIONS	167	143	162	1,400			1,039	361
CPT's	1,333	1,116	1,266	11,180	13,508	(2,328)	14,197	(3,017)
WORKING DAYS	22	19	22	255	255	-	254	1
PROCEDURES PER DAY	51	50	49	37	45	(8)	48	(10)
PROCEDURES PER SESSION	7	7	7	7			12	(5)
CASES PER DAY	46	45	43	33	40	(7)	42	(9)
CPT's PER PROCEDURE	1.18	1.18	1.16	1.18	1.17	0.00	1.17	0.01
CPT's PER CASE	1.32	1.31	1.33	1.33	1.32	0.01	1.32	0.01
REVENUE PER PROCEDURE	893	879	911	881	905	(23)	905	(24)
EXPENSES PER PROCEDURE	610	664	652	695	625	70	591	104
NET INCOME PER PROCEDURE	283	216	259	187	280	(93)	314	(128)
CASH COLLECTIONS								
CHARGES	1,532,442	1,269,354	1,443,097	12,778,321			15,075,279	(2,296,958)
CASH COLLECTED	698,020	677,249	708,138	6,247,468			7,907,715	(1,660,247)
GROSS COLLECTIONS %	45.5%	53.4%	49.1%	48.9%			52.5%	-3.6%
INCOME								
FACILITY FEES	1,532,442	1,269,354	1,443,097	12,778,321	14,248,375	(1,470,054)	15,074,779	(2,296,458)
ANESTHESIA SERVICE FEES	516,916	439,470	492,185	5,044,835	5,402,303	(357,468)	7,766,025	(2,721,190)
CONTRACTUAL ALLOWANCE	(795,934)	(645,579)	(718,811)	(6,492,468)	(6,742,382)	249,914	(7,132,858)	640,390
CONTRACTUAL ALLOWANCE - ANESTHESIA	(247,405)	(228,730)	(226,369)	(2,954,075)	(2,485,060)	(469,015)	(4,736,095)	1,782,020
NET REVENUE	1,006,019	834,515	990,102	8,376,613	10,423,236	(2,046,623)	10,971,851	(2,595,238)
OPERATING EXPENSES								
EMPLOYEE WAGES								
NURSING STAFF	195,428	183,206	207,816	1,950,433	2,159,255	(208,822)	1,943,643	6,790
CONTRACT STAFF	143,320	120,860	137,900	1,174,160	1,515,420	(341,260)	1,420,219	(246,059)
BONUSES	-	-	-	-	-	-	26,100	(26,100)
TOTAL EMPLOYEE WAGES	338,748	304,066	345,716	3,124,593	3,674,675	(550,082)	3,389,962	(265,369)
VARIABLE EXPENSES								
PAYROLL TAXES	16,690	14,315	16,908	161,606	183,537	(21,931)	172,383	(10,776)
PAYROLL FEES	277	275	402	3,738	4,185	(447)	3,269	469
FSCRA TAX CREDIT	(2,513)	(453)	(6,470)	(10,801)	-	(10,801)	-	(10,801)
PROFIT SHARING CONTRIBUTION	10,200	10,200	(9,452)	102,748	156,120	(53,372)	123,488	(20,740)
LIFE INSURANCE	184	-	369	2,336	2,340	(4)	2,880	(544)

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
For the Period Ending December 31, 2020

	Monthly Activity			Year to Date				
	October 2020	November 2020	December 2020	2020 YTD Actual	2020 YTD Budget	Variance	2019 YTD Actual	Variance
SHORT TERM DISABILITY INSURANCE	-	-	-	-	-	-	(222)	222
MEDICAL INSURANCE	31,930	14,878	3,192	148,115	228,360	(80,245)	207,313	(59,198)
DENTAL INSURANCE	1,705	639	2,037	14,248	16,560	(2,312)	16,628	(2,380)
HSA	-	-	-	-	-	-	(231)	231
MEETINGS & TRAVEL	-	98	1,885	2,065	6,000	(3,935)	3,259	(1,193)
UNIFORMS	284	218	2,340	2,841	-	2,841	-	2,841
MEDICAL DIRECTOR FEES	4,376	4,376	4,376	52,512	52,512	-	52,512	-
MEDICAL SUPPLIES	67,904	66,591	41,226	491,877	514,668	(22,791)	565,635	(73,758)
DRUG SUPPLIES	4,579	16,201	8,449	75,018	78,636	(3,618)	96,929	(21,911)
ADMINISTRATIVE SUPPLIES	1,654	1,522	1,914	14,444	11,064	3,380	13,728	716
PRINTING & PUBLICATIONS	1,365	2,567	245	11,437	9,300	2,137	11,446	(9)
OFFICE EXPENSE	1,775	3,784	2,297	25,088	42,000	(16,912)	39,919	(14,832)
BANK FEES	3,177	2,284	2,791	29,607	51,600	(21,993)	58,341	(28,734)
FRAUD LOSS	-	-	-	3,724	-	3,724	-	3,724
INTERPRETER SERVICES	1,838	1,356	1,773	16,182	11,520	4,662	21,900	(5,719)
ELECTRONIC CLAIMS & RECALLS	520	600	520	14,720	-	14,720	-	14,720
DUES & SUBSCRIPTIONS	402	240	5,966	12,361	8,595	3,766	5,835	6,527
EDUCATION & SEMINARS	2,111	518	3,486	17,065	4,500	12,565	7,657	9,408
ADVERTISING	-	-	-	360	14,100	(13,740)	11,832	(11,472)
LINEN & LAUNDRY	10,014	-	17,536	84,750	90,960	(6,210)	94,457	(9,707)
TEMPORARY STAFFING	-	-	595	989	-	989	29,773	(28,784)
EQUIPMENT LEASE	1,610	664	4,283	26,347	33,900	(7,553)	33,359	(7,012)
MAINT & REPAIRS EQUIPMENT	3,678	7,452	2,805	68,489	43,200	25,289	65,000	3,489
MAINTENANCE CONTRACT	8,069	8,246	9,095	100,034	60,000	40,034	87,363	12,671
ACCOUNTING FEES	1,100	-	-	4,600	6,000	(1,400)	8,780	(4,180)
MANAGEMENT FEES	77,191	70,427	76,457	773,151	814,902	(41,751)	872,515	(99,364)
LEGAL FEES	-	-	-	1,419	-	1,419	6,997	(5,578)
CONSULTING FEES	877	1,512	912	12,443	15,000	(2,557)	14,031	(1,587)
BILLING FEES	16,482	16,430	17,728	149,759	85,017	64,742	156,251	(6,493)
CREDENTIALING	-	-	-	32	-	32	52	(20)
ACCREDITATION	-	-	-	13,051	-	13,051	-	13,051
RECRUITING	341	97	97	2,346	-	2,346	3,588	(1,241)
COMPUTER SERVICES	2,836	2,359	3,373	37,479	21,000	16,479	39,487	(2,008)
SOFTWARE SUBSCRIPTION	357	-	-	4,955	18,600	(13,645)	8,950	(3,995)
COMPUTER HARDWARE	-	731	625	47,221	-	47,221	-	47,221
COMPUTER INFRASTRUCTURE	-	-	-	-	-	-	173	(173)
TELEPHONE	(543)	1,499	2,036	31,383	48,600	(17,217)	35,766	(4,384)
PROMOTION	-	1,890	414	2,538	24,227	(21,689)	15,781	(13,243)
POSTAGE	84	-	26	434	324	110	322	112
BUSINESS TAXES	19,754	16,205	19,310	158,552	205,571	(47,019)	185,510	(26,959)

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
For the Period Ending December 31, 2020

	Monthly Activity			Year to Date				
	October 2020	November 2020	December 2020	2020 YTD Actual	2020 YTD Budget	Variance	2019 YTD Actual	Variance
BUSINESS LICENSES	-	-	546	606	360	246	423	183
PROPERTY & OTHER TAXES	770	770	770	9,385	9,900	(515)	7,452	1,933
UTILITIES EXPENSE	122	122	112	1,379	1,200	179	1,190	189
REIMBURSABLE EXPENSES	(112)	468	(620)	-	-	-	-	-
DISABILITY INSURANCE	900	-	1,802	11,331	10,680	651	13,691	(2,361)
PROFESSIONAL LIABILITY INSURANCE	667	667	667	8,000	7,860	140	7,579	421
COMMERCIAL LIABILITY INSURANCE	1,180	1,180	1,180	13,568	11,700	1,868	11,914	1,654
CYBER LIABILITY INSURANCE	417	417	417	5,416	4,968	448	4,952	464
TOTAL VARIABLE EXPENSES	294,251	271,344	244,419	2,760,948	2,909,565	(148,617)	3,119,857	(358,910)
FIXED EXPENSES								
BUILDING RENT	39,844	39,844	39,844	477,484	470,476	7,008	474,215	3,269
DEPRECIATION EXPENSE	14,686	14,686	78,855	240,403	147,621	92,782	176,548	63,855
TOTAL FIXED EXPENSES	54,530	54,530	118,699	717,887	618,097	99,790	650,763	67,124
TOTAL WAGES & OPERATING EXPENSES	687,529	629,940	708,834	6,603,427	7,202,337	(598,910)	7,160,582	(557,155)
TOTAL OPERATING INCOME (LOSS)	318,490	204,575	281,269	1,773,186	3,220,899	(1,447,713)	3,811,269	(2,038,083)
NON-OPERATING (INCOME) EXPENSE								
HHS CARES ACT RELIEF FUND	-	-	-	(189,120)	-	(189,120)	-	(189,120)
MISCELLANEOUS INCOME	115	-	-	(1,023)	(30,000)	28,977	(36,165)	35,142
INTEREST INCOME	-	-	-	(1)	-	(1)	-	(1)
INTEREST EXPENSE	2,332	2,291	2,249	21,601	27,946	(6,345)	6,951	14,650
TOTAL NON-OPERATING (INCOME) EXPENSE	2,447	2,291	2,249	(168,543)	(2,054)	(166,489)	(29,214)	(139,329)
NET INCOME (LOSS)	316,042	202,284	279,019	1,941,729	3,222,953	(1,281,224)	3,840,483	(1,898,754)

EASTSIDE ENDOSCOPY CENTERS
BALANCE SHEET
For the Period Ending December 31, 2021

	December 2021	December 2020	Variance
ASSETS			
CURRENT ASSETS			
PETTY CASH	200	200	-
KEYBANK CHECKING	1,627,488	1,065,588	561,900
INVENTORY - MEDICAL SUPPLIES	-	1,380	(1,380)
ACCOUNTS RECEIVABLE	897,523	961,441	(63,918)
CONTRACTUAL ALLOWANCE	(498,686)	(490,085)	(8,602)
ACCOUNTS RECEIVABLE - ANESTHESIA	296,592	264,564	32,028
WAGI ANESTHESIA RECEIVABLE	302,969	276,053	26,916
PACELINE RECEIVABLE	-	724	(724)
PREPAID INSURANCE	10,825	14,719	(3,894)
PREPAID ASSETS	47,523	57,315	(9,792)
TOTAL CURRENT ASSETS	2,684,432	2,151,899	532,533
FIXED ASSETS			
MED EQUIP, FURN, & EQUIP	1,438,598	2,275,165	(836,567)
LEASEHOLD IMPROVEMENTS	1,442,423	1,442,423	-
COMPUTER EQUIPMENT	4,185	106,947	(102,762)
PHONE SYSTEM	4,695	4,695	-
COMPUTER SOFTWARE	-	148,115	(148,115)
LESS ACCUMULATED DEPRECIATION	(1,793,449)	(2,669,475)	876,026
TOTAL FIXED ASSETS	1,096,452	1,307,870	(211,418)
OTHER ASSETS			
DEPOSITS	14,110	14,110	-
TOTAL OTHER ASSETS	14,110	14,110	-
TOTAL ASSETS	3,794,994	3,473,879	321,115

EASTSIDE ENDOSCOPY CENTERS
BALANCE SHEET
For the Period Ending December 31, 2021

	December 2021	December 2020	Variance
LIABILITIES			
<i>CURRENT LIABILITIES</i>			
ACCOUNTS PAYABLE	167,538	154,612	12,926
L&I PAYABLE	4,507	4,201	306
PROFIT SHARING CONTRIBUTION PAYABLE	99,101	90,356	8,746
401K DEFERRALS PAYABLE	8,905	6,349	2,556
401K ROTH PAYABLE	355	721	(366)
WAGI MEDICAL INSURANCE PAYABLE	31,947	11,082	20,865
WAGI DENTAL INSURANCE PAYABLE	1,904	2,632	(728)
UNEARNED REVENUE	81,139	252,000	(170,861)
LIFELOCK	8	7	1
WWEC PAYABLE	467	237	231
PACELINE PAYABLE	336	-	336
WAGI PAYABLE	88,798	667,908	(579,110)
ACCRUED SALARIES	31,569	25,410	6,159
ACCRUED VACATION	118,046	145,088	(27,042)
ACCRUED EXPENSES	22,322	14,787	7,534
ACCRUED B&O TAXES	22,439	22,067	372
ACCRUED MEDICAL DIRECTOR FEES	-	4,376	(4,376)
STD - FUNDS HELD	81	81	-
<i>TOTAL CURRENT LIABILITIES</i>	679,462	1,401,914	(722,452)
<i>LONG TERM LIABILITIES</i>			
PPP LOAN	-	387,822	(387,822)
ACCRUED RENT	474,311	465,833	8,478
LANDLORD INCENTIVE	128,982	143,160	(14,178)
NOTES PAYABLE - LONG TERM	342,920	-	342,920
KEYBANK NOTE	520,215	668,820	(148,604)
<i>TOTAL LONG TERM LIABILITIES</i>	1,466,428	1,665,635	(199,207)
TOTAL LIABILITIES	2,145,890	3,067,549	(921,659)

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
For the Period Ending December 31, 2021

	Monthly Activity			Year to Date				
	October 2021	November 2021	December 2021	2021 YTD Actual	2021 YTD Budget	Variance	2020 YTD Actual	Variance
SUMMARY								
PROCEDURES	1,039	1,088	1,089	11,926	12,252	(326)	9,503	2,423
CASES	920	968	985	10,515	10,777	(262)	8,378	2,137
SESSIONS	153	149	156	1,761			1,400	361
CPT's	1,249	1,302	1,276	14,135	14,339	(204)	11,180	2,955
WORKING DAYS	21	20	22	254	254	-	255	(1)
PROCEDURES PER DAY	49	54	50	47	48	(1)	37	10
PROCEDURES PER SESSION	7	7	7	7			7	(0)
CASES PER DAY	44	48	45	41	42	(1)	33	9
CPT's PER PROCEDURE	1.20	1.20	1.17	1.19	1.17	0.01	1.18	0.01
CPT's PER CASE	1.36	1.35	1.30	1.34	1.33	0.01	1.33	0.01
REVENUE PER PROCEDURE	943	943	899	907	923	(16)	881	25
EXPENSES PER PROCEDURE	651	632	715	648	617	31	695	(46)
NET INCOME PER PROCEDURE	293	311	184	258	306	(47)	187	72
CASH COLLECTIONS								
CHARGES	1,441,793	1,507,874	1,463,154	16,259,686			12,778,321	3,481,365
CASH COLLECTED	646,346	660,158	837,672	7,747,648			6,247,468	1,500,180
GROSS COLLECTIONS %	44.8%	43.8%	57.3%	47.6%			48.9%	-1.2%
INCOME								
FACILITY FEES	1,441,793	1,507,874	1,463,154	16,259,686	15,593,164	666,522	12,778,321	3,481,365
ANESTHESIA SERVICE FEES	479,846	495,900	499,777	5,435,691	7,692,324	(2,256,633)	5,044,835	390,856
CONTRACTUAL ALLOWANCE	(733,095)	(771,709)	(749,760)	(8,411,870)	(7,195,088)	(1,216,782)	(6,492,468)	(1,919,403)
CONTRACTUAL ALLOWANCE - ANESTHESIA	(208,383)	(205,557)	(233,710)	(2,472,108)	(4,786,886)	2,314,778	(2,954,075)	481,967
NET REVENUE	980,161	1,026,507	979,462	10,811,399	11,303,514	(492,115)	8,376,613	2,434,785
OPERATING EXPENSES								
EMPLOYEE WAGES								
STAFF WAGES & TAXES	340,396	333,423	397,627	3,934,982	3,938,679	(3,696)	3,286,199	648,783
TOTAL EMPLOYEE WAGES	340,396	333,423	397,627	3,934,982	3,938,679	(3,696)	3,286,199	648,783
VARIABLE EXPENSES								
PAYROLL FEES	342	414	-	3,925	3,269	656	3,738	187
FSCRA TAX CREDIT	-	-	-	(3,757)	-	(3,757)	(10,801)	7,044
PROFIT SHARING CONTRIBUTION	8,567	8,567	64,257	158,494	156,149	2,345	102,748	55,746
LIFE INSURANCE	242	232	264	2,658	2,880	(222)	2,336	322
MEDICAL INSURANCE	27,261	33,818	25,542	287,055	203,167	83,888	148,115	138,940
DENTAL INSURANCE	1,508	1,515	1,455	17,664	16,628	1,036	14,248	3,416
MEETINGS & TRAVEL	75	960	2,105	3,389	2,789	600	2,065	1,324

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
For the Period Ending December 31, 2021

	Monthly Activity			Year to Date				
	October 2021	November 2021	December 2021	2021 YTD Actual	2021 YTD Budget	Variance	2020 YTD Actual	Variance
UNIFORMS	265	1,458	638	6,250	750	5,500	2,841	3,408
MEDICAL DIRECTOR FEES	3,282	3,282	3,282	37,196	52,512	(15,316)	52,512	(15,316)
MEDICAL SUPPLIES	55,292	65,997	44,314	607,889	592,095	15,793	491,877	116,011
DRUG SUPPLIES	7,369	7,453	7,149	94,213	110,304	(16,091)	75,018	19,195
ADMINISTRATIVE SUPPLIES	1,278	2,390	785	20,779	14,494	6,285	14,444	6,335
PRINTING & PUBLICATIONS	1,339	1,249	423	14,578	11,434	3,144	11,437	3,141
OFFICE EXPENSE	3,412	1,591	1,659	26,710	35,035	(8,326)	25,088	1,622
BANK FEES	2,092	2,178	2,456	27,730	30,000	(2,270)	29,607	(1,877)
FRAUD LOSS	-	-	-	-	-	-	3,724	(3,724)
INTERPRETER SERVICES	2,809	2,857	4,268	35,242	16,379	18,863	16,182	19,060
ELECTRONIC CLAIMS & RECALLS	-	-	-	-	-	-	14,720	(14,720)
DUES & SUBSCRIPTIONS	(1,157)	165	4,895	8,682	5,215	3,467	12,361	(3,679)
EDUCATION & SEMINARS	31	2,336	1,748	8,145	7,893	252	17,065	(8,921)
ADVERTISING	5,990	2,995	-	31,945	11,921	20,024	360	31,585
LINEN & LAUNDRY	7,972	17,341	-	92,391	86,671	5,720	84,750	7,641
TEMPORARY STAFFING	1,476	1,254	3,822	9,805	19,440	(9,635)	989	8,816
EQUIPMENT LEASE	2,418	3,072	1,975	28,517	25,520	2,997	26,347	2,170
MAINT & REPAIRS EQUIPMENT	3,129	3,504	3,284	46,332	65,000	(18,669)	68,489	(22,158)
MAINTENANCE CONTRACT	8,237	9,030	9,995	101,901	96,840	5,061	100,034	1,867
ACCOUNTING FEES	-	-	-	5,700	4,000	1,700	4,600	1,100
MANAGEMENT FEES	75,522	77,170	75,804	872,315	899,885	(27,570)	773,151	99,164
LEGAL FEES	9,112	-	-	11,069	-	11,069	1,419	9,651
CONSULTING FEES	1,140	948	1,548	13,144	11,760	1,384	12,443	701
BILLING FEES	15,152	15,264	19,343	175,883	157,927	17,956	149,759	26,124
CREDENTIALING	32	-	3	91	-	91	32	59
ACCREDITATION	-	-	-	45	-	45	13,051	(13,006)
RECRUITING	149	220	-	1,657	-	1,657	2,346	(690)
COMPUTER SERVICES	3,499	533	6,755	31,038	39,488	(8,450)	37,479	(6,441)
SOFTWARE SUBSCRIPTION	-	358	-	2,630	3,444	(814)	4,955	(2,325)
COMPUTER HARDWARE	1,982	-	-	3,360	-	3,360	47,221	(43,860)
TELEPHONE	1,253	1,259	1,294	16,134	17,580	(1,446)	31,383	(15,249)
PROMOTION	12	74	543	1,278	12,500	(11,222)	2,538	(1,260)
POSTAGE	31	225	50	1,109	352	758	434	675
BUSINESS TAXES	19,234	20,258	19,437	213,690	197,812	15,879	158,552	55,138
BUSINESS LICENSES	990	990	990	12,385	360	12,025	606	11,779
PROPERTY & OTHER TAXES	1,192	1,192	1,192	13,041	9,600	3,441	9,385	3,656
UTILITIES EXPENSE	157	167	132	1,870	1,356	514	1,379	491
MEALS AND ENT 50%	-	38	-	38	-	38	-	38
REIMBURSABLE EXPENSES	343	(95)	(248)	-	-	-	-	-
DISABILITY INSURANCE	1,157	1,110	1,266	12,755	11,040	1,715	11,331	1,424

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
For the Period Ending December 31, 2021

	Monthly Activity			Year to Date				
	October 2021	November 2021	December 2021	2021 YTD Actual	2021 YTD Budget	Variance	2020 YTD Actual	Variance
PROFESSIONAL LIABILITY INSURANCE	685	685	685	8,216	8,040	176	8,000	216
COMMERCIAL LIABILITY INSURANCE	913	734	913	6,508	14,280	(7,772)	13,568	(7,059)
CYBER LIABILITY INSURANCE	-	-	-	-	5,220	(5,220)	5,416	(5,416)
TOTAL VARIABLE EXPENSES	275,784	294,789	314,022	3,071,686	2,961,027	110,660	2,599,342	472,345
FIXED EXPENSES								
BUILDING RENT	39,795	39,795	39,796	478,348	483,320	(4,972)	477,484	864
DEPRECIATION EXPENSE	20,034	20,034	27,331	247,700	176,256	71,444	240,403	7,297
TOTAL FIXED EXPENSES	59,829	59,829	67,127	726,048	659,576	66,472	717,887	8,161
TOTAL WAGES & OPERATING EXPENSES	676,010	688,041	778,777	7,732,717	7,559,281	173,436	6,603,427	1,129,290
TOTAL OPERATING INCOME (LOSS)	304,151	338,466	200,685	3,078,682	3,744,233	(665,551)	1,773,186	1,305,496
NON-OPERATING (INCOME) EXPENSE								
HHS CARES ACT RELIEF FUND	-	-	(7,478)	(1,309,843)	-	(1,309,843)	(189,120)	(1,120,723)
MISCELLANEOUS INCOME	-	(387,822)	387,822	167	-	167	(1,023)	1,190
PPP LOAN FORGIVENESS	-	-	(387,822)	(387,822)	-	(387,822)	-	(387,822)
INTEREST INCOME	-	-	-	-	-	-	(1)	1
INTEREST EXPENSE	1,828	1,786	1,743	30,791	21,971	8,820	21,601	9,190
GAIN OR LOSS ON SALE OF ASSETS	-	-	12,568	12,568	-	12,568	-	12,568
TOTAL NON-OPERATING (INCOME) EXPENSE	1,828	(386,036)	6,832	(1,654,139)	21,971	(1,676,110)	(168,543)	(1,485,597)
NET INCOME (LOSS)	302,323	724,503	193,853	4,732,821	3,722,262	1,010,560	1,941,729	2,791,092

EASTSIDE ENDOSCOPY CENTERS
BALANCE SHEET
For the Period Ending December 31, 2022

	December 2022	December 2021	Variance
ASSETS			
CURRENT ASSETS			
PETTY CASH	200	200	-
KEYBANK CHECKING	1,129,958	1,627,488	(497,530)
INVENTORY - MEDICAL SUPPLIES	74,163	-	74,163
ACCOUNTS RECEIVABLE	1,055,215	897,523	157,692
CONTRACTUAL ALLOWANCE	(610,471)	(498,686)	(111,785)
ACCOUNTS RECEIVABLE - ANESTHESIA	326,185	296,592	29,594
WAGI ANESTHESIA RECEIVABLE	289,467	302,969	(13,502)
PREPAID INSURANCE	3,513	10,825	(7,311)
PREPAID ASSETS	40,472	47,523	(7,051)
TOTAL CURRENT ASSETS	2,308,702	2,684,432	(375,731)
FIXED ASSETS			
MED EQUIP, FURN, & EQUIP	1,469,512	1,438,598	30,914
LEASEHOLD IMPROVEMENTS	1,442,423	1,442,423	-
FURNITURE & EQUIPMENT	2,111	-	2,111
COMPUTER EQUIPMENT	4,185	4,185	-
PHONE SYSTEM	4,695	4,695	-
COMPUTER SOFTWARE	2,068	-	2,068
LESS ACCUMULATED DEPRECIATION	(2,033,852)	(1,793,449)	(240,403)
TOTAL FIXED ASSETS	891,143	1,096,452	(205,309)
OTHER ASSETS			
DEPOSITS	28,482	14,110	14,372
TOTAL OTHER ASSETS	28,482	14,110	14,372
TOTAL ASSETS	3,228,327	3,794,994	(566,668)

EASTSIDE ENDOSCOPY CENTERS
BALANCE SHEET
For the Period Ending December 31, 2022

	December 2022	December 2021	Variance
LIABILITIES			
<i>CURRENT LIABILITIES</i>			
ACCOUNTS PAYABLE	104,190	167,538	(63,348)
L&I PAYABLE	-	4,507	(4,507)
PROFIT SHARING CONTRIBUTION PAYABLE	112,318	99,101	13,216
401K DEFERRALS PAYABLE	-	8,905	(8,905)
401K ROTH PAYABLE	-	355	(355)
WAGI MEDICAL INSURANCE PAYABLE	14,528	31,947	(17,419)
WAGI DENTAL INSURANCE PAYABLE	1,474	1,904	(430)
UNEARNED REVENUE	-	81,139	(81,139)
LIFELOCK	-	8	(8)
WWEC PAYABLE	199	467	(268)
PACELINE PAYABLE	-	336	(336)
WAGI PAYABLE	110,037	88,798	21,239
WAGI PAYROLL PAYABLE	(860)	-	(860)
ACCRUED SALARIES	-	31,569	(31,569)
ACCRUED VACATION	97,362	118,046	(20,683)
ACCRUED EXPENSES	158,381	22,322	136,059
ACCRUED B&O TAXES	25,124	22,439	2,685
STD - FUNDS HELD	-	81	(81)
<i>TOTAL CURRENT LIABILITIES</i>	622,753	679,462	(56,710)
<i>LONG TERM LIABILITIES</i>			
ACCRUED RENT	471,916	474,311	(2,395)
LANDLORD INCENTIVE	114,804	128,982	(14,178)
NOTES PAYABLE - LONG TERM	228,613	342,920	(114,307)
KEYBANK NOTE	358,325	520,215	(161,891)
<i>TOTAL LONG TERM LIABILITIES</i>	1,173,657	1,466,428	(292,771)
TOTAL LIABILITIES	1,796,410	2,145,890	(349,480)

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
For the Period Ending December 31, 2022

	Monthly Activity			Year to Date				
	October 2022	November 2022	December 2022	2022 YTD Actual	2022 YTD Budget	Variance	2021 YTD Actual	Variance
SUMMARY								
PROCEDURES	1,242	1,168	1,167	13,877	12,177	1,700	11,926	1,951
CASES	1,109	1,062	1,067	12,388	10,657	1,731	10,515	1,873
SESSIONS	162	152	161	1,853			1,761	92
CPT's	1,412	1,347	1,377	16,147	14,386	1,761	14,135	2,012
WORKING DAYS	21	20	21	254	254	-	254	-
PROCEDURES PER DAY	59	58	56	55	48	7	47	8
PROCEDURES PER SESSION	8	8	7	7			7	1
CASES PER DAY	53	53	51	49	42	7	41	7
CPT's PER PROCEDURE	1.14	1.15	1.18	1.16	1.18	(0.02)	1.19	(0.02)
CPT's PER CASE	1.27	1.27	1.29	1.30	1.35	(0.05)	1.34	(0.04)
REVENUE PER PROCEDURE	919	956	957	928	905	23	907	21
EXPENSES PER PROCEDURE	558	665	682	603	658	(55)	648	(45)
NET INCOME PER PROCEDURE	361	291	275	325	247	78	258	66
CASH COLLECTIONS								
CHARGES	1,735,558	1,650,397	1,697,637	19,718,140			16,259,686	3,458,454
CASH COLLECTED	806,402	843,070	874,310	9,219,359			7,747,648	1,471,711
GROSS COLLECTIONS %	46.5%	51.1%	51.5%	46.8%			47.6%	-0.9%
INCOME								
FACILITY FEES	1,735,558	1,650,397	1,697,637	19,718,140	16,578,949	3,139,191	16,259,686	3,458,454
ANESTHESIA SERVICE FEES	563,132	537,096	538,108	6,467,206	5,560,268	906,938	5,435,691	1,031,515
CONTRACTUAL ALLOWANCE	(889,465)	(830,293)	(865,023)	(10,370,322)	(8,564,849)	(1,805,473)	(8,411,870)	(1,958,452)
CONTRACTUAL ALLOWANCE - ANESTHESIA	(267,972)	(240,065)	(254,092)	(2,937,673)	(2,554,101)	(383,572)	(2,472,108)	(465,565)
NET REVENUE	1,141,253	1,117,135	1,116,630	12,877,351	11,020,268	1,857,083	10,811,399	2,065,953
OPERATING EXPENSES								
EMPLOYEE WAGES								
STAFF WAGES & TAXES	365,676	389,169	412,589	4,390,341	4,275,974	114,367	3,944,787	445,554
TOTAL EMPLOYEE WAGES	365,676	389,169	412,589	4,390,341	4,275,974	114,367	3,944,787	445,554
VARIABLE EXPENSES								
PAYROLL FEES	-	-	-	828	4,141	(3,313)	3,925	(3,097)
FSCRA TAX CREDIT	-	-	-	-	-	-	(3,757)	3,757
PROFIT SHARING CONTRIBUTION	10,554	10,554	54,022	170,116	131,292	38,824	158,494	11,623
LIFE INSURANCE	247	247	260	3,132	2,462	670	2,658	474
MEDICAL INSURANCE	(18,067)	44,816	14,528	164,366	240,442	(76,076)	287,055	(122,689)
DENTAL INSURANCE	1,333	1,151	1,474	17,672	18,108	(435)	17,664	9
MEETINGS & TRAVEL	150	1,767	1,467	4,945	384	4,561	3,389	1,556

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
For the Period Ending December 31, 2022

	Monthly Activity			Year to Date				
	October 2022	November 2022	December 2022	2022 YTD Actual	2022 YTD Budget	Variance	2021 YTD Actual	Variance
UNIFORMS	597	-	400	9,275	5,391	3,885	6,250	3,026
MEDICAL DIRECTOR FEES	3,282	3,282	3,282	39,384	39,384	-	37,196	2,188
MEDICAL SUPPLIES	49,097	76,951	44,126	602,630	650,916	(48,286)	607,889	(5,259)
DRUG SUPPLIES	10,150	7,730	10,489	97,819	99,206	(1,387)	94,213	3,606
ADMINISTRATIVE SUPPLIES	3,640	3,452	2,408	38,373	20,782	17,591	20,779	17,594
PRINTING & PUBLICATIONS	4,074	423	1,658	17,452	14,695	2,757	14,578	2,873
OFFICE EXPENSE	1,998	1,921	3,666	26,095	28,369	(2,274)	26,710	(615)
BANK FEES	2,385	1,873	1,891	29,603	31,200	(1,597)	27,730	1,872
INTERPRETER SERVICES	3,305	2,814	4,842	39,743	32,464	7,279	35,242	4,502
DUES & SUBSCRIPTIONS	820	555	3,932	8,879	7,544	1,335	8,682	197
EDUCATION & SEMINARS	949	759	2,470	14,669	5,822	8,848	8,145	6,525
ADVERTISING	3,995	3,995	3,995	47,935	37,200	10,735	31,945	15,990
LINEN & LAUNDRY	10,848	10,845	10,722	124,426	92,748	31,679	92,391	32,036
EQUIPMENT LEASE	2,004	2,781	3,970	29,715	28,600	1,115	28,517	1,198
MAINT & REPAIRS EQUIPMENT	9,012	5,363	5,715	53,969	45,862	8,107	46,332	7,638
MAINTENANCE CONTRACT	9,194	9,404	9,828	112,171	97,800	14,371	101,901	10,270
ACCOUNTING FEES	6,100	-	-	8,000	5,500	2,500	5,700	2,300
MANAGEMENT FEES	33,000	33,000	33,000	396,000	876,846	(480,846)	872,315	(476,315)
LEGAL FEES	-	1,189	1,970	3,158	-	3,158	11,069	(7,911)
CONSULTING FEES	1,031	1,061	2,647	14,500	12,420	2,080	13,144	1,356
BILLING FEES	68,475	67,028	66,998	772,588	174,206	598,382	175,883	596,705
CREDENTIALING	-	-	3	50	-	50	91	(41)
ACCREDITATION	-	-	-	-	-	-	45	(45)
RECRUITING	262	103	224	1,439	-	1,439	1,657	(218)
COMPUTER SERVICES	19,892	5,815	7,092	76,416	29,493	46,923	31,038	45,378
SOFTWARE SUBSCRIPTION	219	219	119	2,031	2,660	(629)	2,630	(599)
COMPUTER HARDWARE	120	-	-	2,333	-	2,333	3,360	(1,027)
TELEPHONE	1,315	1,315	1,403	15,527	17,700	(2,173)	16,134	(607)
PROMOTION	54	212	112	2,587	12,500	(9,913)	1,278	1,309
POSTAGE	26	45	-	950	1,317	(366)	1,109	(159)
BUSINESS TAXES	22,589	22,245	21,765	254,702	192,855	61,847	213,690	41,012
BUSINESS LICENSES	990	990	1,112	12,126	12,122	5	12,385	(259)
PROPERTY & OTHER TAXES	982	982	982	12,412	14,400	(1,988)	13,041	(629)
UTILITIES EXPENSE	171	171	171	2,165	1,920	245	1,870	295
MEALS AND ENT 50%	62	47	-	629	-	629	38	590
REIMBURSABLE EXPENSES	(1)	(44)	45	-	-	-	-	-
DISABILITY INSURANCE	1,169	1,163	1,232	14,921	13,500	1,421	12,755	2,166
PROFESSIONAL LIABILITY INSURANCE	674	674	674	8,088	8,520	(432)	8,216	(128)
COMMERCIAL LIABILITY INSURANCE	1,074	1,074	(1,133)	10,781	6,300	4,481	6,508	4,273
TOTAL VARIABLE EXPENSES	267,771	327,971	323,561	3,264,602	3,017,068	247,533	3,061,882	202,720

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
For the Period Ending December 31, 2022

	Monthly Activity			Year to Date				
	October 2022	November 2022	December 2022	2022 YTD Actual	2022 YTD Budget	Variance	2021 YTD Actual	Variance
FIXED EXPENSES								
BUILDING RENT	39,797	39,797	39,797	477,538	477,016	523	478,348	(810)
DEPRECIATION EXPENSE	20,034	20,034	20,034	240,403	246,000	(5,597)	247,700	(7,297)
TOTAL FIXED EXPENSES	59,831	59,831	59,830	717,941	723,016	(5,075)	726,048	(8,107)
TOTAL WAGES & OPERATING EXPENSES	693,278	776,971	795,980	8,372,884	8,016,059	356,825	7,732,717	640,167
TOTAL OPERATING INCOME (LOSS)	447,976	340,164	320,650	4,504,467	3,004,209	1,500,258	3,078,682	1,425,785
NON-OPERATING (INCOME) EXPENSE								
HHS CARES ACT RELIEF FUND	-	-	-	-	-	-	(1,309,843)	1,309,843
MISCELLANEOUS INCOME	1,121	-	-	(16,274)	-	(16,274)	167	(16,442)
PPP LOAN FORGIVENESS	-	-	-	-	-	-	(387,822)	387,822
INTEREST EXPENSE	1,305	1,260	1,215	17,916	17,504	412	30,791	(12,874)
GAIN OR LOSS ON SALE OF ASSETS	-	-	-	-	-	-	12,568	(12,568)
TOTAL NON-OPERATING (INCOME) EXPENSE	2,426	1,260	1,215	1,642	17,504	(15,862)	(1,654,139)	1,655,781
NET INCOME (LOSS)	445,550	338,904	319,434	4,502,825	2,986,705	1,516,120	4,732,821	(229,996)

EASTSIDE ENDOSCOPY CENTERS
BALANCE SHEET
For the Period Ending September 30, 2023

	September 2023	September 2022	Variance
ASSETS			
CURRENT ASSETS			
PETTY CASH	-	200	(200)
KEYBANK CHECKING	432,958	1,889,658	(1,456,700)
INVENTORY - MEDICAL SUPPLIES	74,163	51,758	22,405
ACCOUNTS RECEIVABLE	1,519,326	1,106,820	412,507
CONTRACTUAL ALLOWANCE	(847,168)	(636,790)	(210,378)
ACCOUNTS RECEIVABLE - ANESTHESIA	335,063	369,494	(34,431)
WAGI ANESTHESIA RECEIVABLE	255,322	265,950	(10,627)
PREPAID INSURANCE	5,703	4,154	1,549
PREPAID ASSETS	54,324	40,178	14,145
WWEC RECEIVABLE	-	176	(176)
TOTAL CURRENT ASSETS	1,829,691	3,091,598	(1,261,907)
FIXED ASSETS			
MED EQUIP, FURN, & EQUIP	1,579,587	1,461,878	117,709
LEASEHOLD IMPROVEMENTS	1,474,004	1,442,423	31,581
FURNITURE & EQUIPMENT	41,322	-	41,322
COMPUTER EQUIPMENT	4,185	4,185	-
PHONE SYSTEM	4,695	4,695	-
COMPUTER SOFTWARE	2,068	2,068	-
LESS ACCUMULATED DEPRECIATION	(2,214,154)	(1,973,751)	(240,403)
TOTAL FIXED ASSETS	891,708	941,498	(49,790)
OTHER ASSETS			
DEPOSITS	20,826	14,110	6,716
TOTAL OTHER ASSETS	20,826	14,110	6,716
TOTAL ASSETS	2,742,225	4,047,206	(1,304,981)

EASTSIDE ENDOSCOPY CENTERS
BALANCE SHEET
For the Period Ending September 30, 2023

	September 2023	September 2022	Variance
LIABILITIES			
<i>CURRENT LIABILITIES</i>			
ACCOUNTS PAYABLE	99,033	74,189	24,844
PROFIT SHARING CONTRIBUTION PAYABLE	100,594	80,587	20,006
WAGI MEDICAL INSURANCE PAYABLE	16,548	16,492	55
WAGI DENTAL INSURANCE PAYABLE	965	1,553	(588)
WAGI PAYABLE	104,371	99,122	5,250
DDEC PAYABLE	326	-	326
WAGI PAYROLL PAYABLE	102,309	-	102,309
ACCRUED SALARIES	35,830	97,609	(61,780)
ACCRUED VACATION	-	121,797	(121,797)
ACCRUED EXPENSES	145,625	149,027	(3,402)
ACCRUED B&O TAXES	24,295	24,663	(368)
<i>TOTAL CURRENT LIABILITIES</i>	<u>629,894</u>	<u>665,039</u>	<u>(35,145)</u>
<i>LONG TERM LIABILITIES</i>			
ACCRUED RENT	461,980	472,790	(10,810)
LANDLORD INCENTIVE	104,171	118,349	(14,178)
NOTES PAYABLE - LONG TERM	114,306	228,613	(114,307)
KEYBANK NOTE	232,680	399,393	(166,713)
<i>TOTAL LONG TERM LIABILITIES</i>	<u>913,136</u>	<u>1,219,144</u>	<u>(306,008)</u>
TOTAL LIABILITIES	<u>1,543,031</u>	<u>1,884,183</u>	<u>(341,153)</u>

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
For the Period Ending September 30, 2023

	Monthly Activity			Year to Date				
	July 2023	August 2023	September 2023	2023 YTD Actual	2023 YTD Budget	Variance	2022 YTD Actual	Variance
SUMMARY								
PROCEDURES	1,069	1,170	1,048	10,797	11,214	(417)	10,300	497
CASES	955	1,057	944	9,737	9,808	(71)	9,150	587
SESSIONS	137	149	142	1,417			1,378	39
CPT's	1,219	1,359	1,258	12,534	13,239	(705)	12,011	523
WORKING DAYS	20	23	20	191	191	-	192	(1)
PROCEDURES PER DAY	53	51	52	57	59	(2)	54	3
PROCEDURES PER SESSION	8	8	7	8			7	0
CASES PER DAY	48	46	47	51	51	(0)	48	3
CPT's PER PROCEDURE	1.14	1.16	1.20	1.16	1.18	(0.02)	1.17	(0.01)
CPT's PER CASE	1.28	1.29	1.33	1.29	1.35	(0.06)	1.31	(0.03)
REVENUE PER PROCEDURE	911	929	1,025	950	938	13	923	28
EXPENSES PER PROCEDURE	661	679	711	628	589	39	593	35
NET INCOME PER PROCEDURE	250	250	315	322	348	(26)	330	(7)
CASH COLLECTIONS								
CHARGES	1,857,638	2,100,880	1,967,136	19,321,826			14,634,548	4,687,278
CASH COLLECTED	756,370	833,364	763,243	7,405,572			6,695,577	709,995
GROSS COLLECTIONS %	40.7%	39.7%	38.8%	38.3%			45.8%	-7.4%
INCOME								
FACILITY FEES	1,857,638	2,100,880	1,967,136	19,321,826	16,035,071	3,286,755	14,634,548	4,687,278
ANESTHESIA SERVICE FEES	422,256	466,087	417,515	4,293,517	5,374,527	(1,081,010)	4,828,870	(535,353)
CONTRACTUAL ALLOWANCE	(1,128,377)	(1,288,525)	(1,158,955)	(11,688,537)	(8,496,715)	(3,191,822)	(7,785,542)	(3,902,995)
CONTRACTUAL ALLOWANCE - ANESTHESIA	(177,808)	(191,604)	(151,077)	(1,664,953)	(2,398,911)	733,958	(2,175,544)	510,591
NET REVENUE	973,709	1,086,838	1,074,619	10,261,853	10,513,973	(252,119)	9,502,333	759,521
OPERATING EXPENSES								
EMPLOYEE WAGES								
STAFF WAGES & TAXES	375,248	408,268	387,307	3,546,943	3,664,197	(117,254)	3,222,907	324,036
TOTAL EMPLOYEE WAGES	375,248	408,268	387,307	3,546,943	3,664,197	(117,254)	3,222,907	324,036
VARIABLE EXPENSES								
PAYROLL FEES	-	-	-	-	1,242	(1,242)	828	(828)
PROFIT SHARING CONTRIBUTION	10,554	10,554	10,554	94,986	95,400	(414)	94,986	-
LIFE INSURANCE	147	153	148	1,456	2,270	(814)	2,378	(922)
MEDICAL INSURANCE	13,883	15,744	16,548	159,543	103,725	55,818	123,088	36,455
DENTAL INSURANCE	936	1,010	965	10,132	14,796	(4,665)	13,715	(3,583)
MEETINGS & TRAVEL	-	-	3,281	3,296	1,956	1,340	1,561	1,735
UNIFORMS	-	136	274	6,209	4,440	1,769	8,279	(2,070)

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
For the Period Ending September 30, 2023

	Monthly Activity			Year to Date				
	July 2023	August 2023	September 2023	2023 YTD Actual	2023 YTD Budget	Variance	2022 YTD Actual	Variance
MEDICAL DIRECTOR FEES	3,282	3,282	3,282	29,538	29,538	-	29,538	-
MEDICAL SUPPLIES	52,992	92,981	45,086	514,758	436,538	78,220	432,455	82,303
DRUG SUPPLIES	9,416	17,235	11,469	96,879	77,209	19,670	69,449	27,430
ADMINISTRATIVE SUPPLIES	1,938	1,749	1,464	16,030	28,570	(12,540)	28,874	(12,844)
PRINTING & PUBLICATIONS	(1,389)	13,798	3,469	17,267	14,342	2,925	11,297	5,970
OFFICE EXPENSE	4,473	(8,826)	21,574	60,386	18,825	41,561	18,511	41,875
BANK FEES	978	744	967	20,154	24,300	(4,146)	23,454	(3,300)
INTERPRETER SERVICES	4,654	2,651	4,893	36,087	31,105	4,982	28,783	7,304
DUES & SUBSCRIPTIONS	1,776	-	-	4,529	4,898	(369)	3,572	957
EDUCATION & SEMINARS	-	-	649	5,220	1,970	3,250	10,491	(5,271)
ADVERTISING	3,995	3,995	-	31,960	36,000	(4,040)	35,950	(3,990)
LINEN & LAUNDRY	9,848	10,167	10,610	100,472	105,355	(4,883)	92,012	8,459
EQUIPMENT LEASE	2,108	3,411	3,589	27,917	21,000	6,917	20,960	6,957
MAINT & REPAIRS EQUIPMENT	3,330	8,620	4,947	69,868	34,599	35,268	33,879	35,988
MAINTENANCE CONTRACT	15,640	3,940	9,794	86,213	72,900	13,313	83,745	2,468
ACCOUNTING FEES	-	2,000	5,400	7,400	5,500	1,900	1,900	5,500
MANAGEMENT FEES	33,000	33,000	33,000	297,000	297,000	-	297,000	-
CONSULTING FEES	1,063	986	1,586	9,623	10,050	(427)	9,762	(140)
BILLING FEES	58,423	65,210	64,477	615,711	630,838	(15,127)	570,087	45,625
CREDENTIALING	-	-	38	45	-	45	48	(3)
ACCREDITATION	6,576	6,850	-	13,425	-	13,425	-	13,425
RECRUITING	(171)	727	222	1,590	-	1,590	850	740
COMPUTER SERVICES	6,145	5,487	5,529	56,350	43,821	12,529	43,617	12,734
SOFTWARE SUBSCRIPTION	253	253	253	1,791	2,160	(369)	1,473	318
COMPUTER HARDWARE	706	-	-	2,728	3,000	(272)	2,213	515
TELEPHONE	1,449	2,461	2,461	14,979	12,600	2,379	11,493	3,486
PROMOTION	215	-	-	16,040	-	16,040	2,209	13,831
POSTAGE	118	209	234	1,227	1,197	30	880	347
BUSINESS TAXES	19,181	21,789	21,172	203,548	183,995	19,554	188,103	15,446
BUSINESS LICENSES	990	990	990	9,432	9,130	302	9,034	399
PROPERTY & OTHER TAXES	560	560	560	6,303	9,045	(2,742)	9,467	(3,164)
UTILITIES EXPENSE	185	171	185	1,881	1,575	306	1,651	230
MEALS AND ENT 50%	-	33	84	233	-	233	519	(286)
DISABILITY INSURANCE	702	756	731	7,033	12,150	(5,117)	11,357	(4,324)
PROFESSIONAL LIABILITY INSURANCE	1,171	1,196	1,171	10,565	6,300	4,265	6,066	4,499
COMMERCIAL LIABILITY INSURANCE	1,047	1,252	939	12,154	10,125	2,029	9,765	2,389
PHYSICIAN EXPENSE	-	-	3,492	3,492	-	3,492	-	3,492
TOTAL VARIABLE EXPENSES	270,172	325,272	296,087	2,685,450	2,399,463	285,988	2,345,298	340,152

FIXED EXPENSES

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
For the Period Ending September 30, 2023

	Monthly Activity			Year to Date				
	July 2023	August 2023	September 2023	2023 YTD Actual	2023 YTD Budget	Variance	2022 YTD Actual	Variance
BUILDING RENT	41,182	41,182	41,182	369,329	358,177	11,152	358,147	11,182
DEPRECIATION EXPENSE	20,034	20,034	20,034	180,302	184,500	(4,198)	180,302	-
TOTAL FIXED EXPENSES	61,216	61,216	61,216	549,631	542,677	6,954	538,449	11,182
TOTAL WAGES & OPERATING EXPENSES	706,636	794,756	744,610	6,782,025	6,606,336	175,688	6,106,655	675,370
TOTAL OPERATING INCOME (LOSS)	267,073	292,082	330,009	3,479,829	3,907,636	(427,808)	3,395,678	84,150
NON-OPERATING (INCOME) EXPENSE								
MISCELLANEOUS INCOME	-	(21,601)	-	(21,601)	-	(21,601)	(17,395)	(4,206)
INTEREST EXPENSE	898	852	1,081	9,176	8,902	274	14,136	(4,960)
TOTAL NON-OPERATING (INCOME) EXPENSE	898	(20,749)	1,081	(12,425)	8,902	(21,327)	(3,259)	(9,166)
NET INCOME (LOSS)	266,175	312,831	328,929	3,492,254	3,898,734	(406,481)	3,398,937	93,317

EXHIBIT S

MEDICAL DIRECTOR JOB DESCRIPTION

Job Description

Job Title	Endoscopy Medical Director				
Function	<input type="checkbox"/> Clinics	<input checked="" type="checkbox"/> Endo Centers	<input type="checkbox"/> Lab	<input type="checkbox"/> Research	<input type="checkbox"/> Admin
Reports To	Governing Board				
Positions Supervised	N/A				
Revision Date	11/2023				

Primary Responsibilities

- Responsible for the management of all activities of the center that directly or indirectly affect patient care and administration.
- Provides strong medical leadership in the development and ongoing monitoring of all clinically based activities.
- Serve as liaison for the Nurse Manager regarding issues concerning the physicians and/or staff.
- Meet with the Nurse Manager on a regular basis and as needed to review departmental issues, problems, and priorities.
- Provide information to the Governing Board regarding problems arising from staffing, safety, or other operational issues.
- Handle clinical patient complaints.
- Provide consultation and feedback to the Governing Board concerning equipment, services, and supplies, including the purchasing of new equipment. The Medical Director considers cost in all recommendations/approvals of equipment and supplies. The Medical Director may authorize purchases for centers below \$5000.
- Medical liaison for the center with outside agencies.
- Lead the Governing Board in developing, recommending, and updating policies and procedures for the center, making recommendations for change as needed, and assuring compliance from physicians to these policies.
- Provide input to the Nurse Manager regarding the performance of personnel, including education and training recommendations.
- Oversees activities of physicians, including recruiting and credentialing processes. Authorizes final credentialing.
- Addresses physician behaviors as needed and implements physician discipline process.
- Report to the Governing Board on any issues involving appropriateness of patient population, management of cases, and the overall quality of care relating to the center.
- Address emergency issues.

Minimum Requirements

- Licensed physician in the state of Washington
- Partner in good standing with the company with 3 to 5 years of clinical experience.
- Member of the medical staff with clinical privileges in the facility's scope of service.
- A comprehensive range of medical knowledge.
- Excellent verbal and written communication skills.

- The ability to educate, influence, and deal with difficult issues and the ability to analyze/interpret data, communicate results to providers, and implement corrective action with peers.
- Ability to function in a leadership role and take initiative when necessary.

Duties, responsibilities, and activities may change at any time with or without notice.

To accomplish this position successfully, an individual must be able to perform, with or without reasonable accommodation, each essential function satisfactorily. Reasonable accommodation requests may be made to help enable qualified individuals to perform the essential functions.

EXHIBIT T

**SPECIALTY CENTER PATIENT TRANSFER
AGREEMENT BETWEEN EASTSIDE ENDOSCOPY
CENTER AND OVERLAKE HOSPITAL MEDICAL
CENTER DATED JULY 14, 2008**

First Amendment
To
Specialty Center Patient Transfer Agreement ("Agreement")
Effective as of July 14, 2008
By and Between
Eastside Endoscopy Center, L.L.C. ("Company")
And
Overlake Hospital Medical Center ("Hospital")

RECITALS

A. Company and Hospital entered into the Agreement effective as of July 14, 2008, which Agreement has renewed automatically each year and continues to remain in effect.

B. Company and Hospital desire to amend the Agreement to include Radiology, and initial Blood Exposure testing/counseling for EEC-Issaquah as well as the EEC-Bellevue location and wish to acknowledge that all provisions of the Agreement remain in full force and effect as written and agreed to.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and mutual promises and conditions set forth herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged the Parties agree as follows:

That the Specialty Center Patient Transfer Agreement, effective July 14, 2008 is hereby modified by this First Amendment to include Radiology, and initial Blood Exposure testing/counseling. All provisions of the Agreement remain in effect without further alteration.

[The Remainder of this page intentionally left blank]

The Parties have executed this First Amendment as of January 2012.

COMPANY:

Eastside Endoscopy Center, a Washington
limited liability company

By: _____

Its: Administrator

**OVERLAKE HOSPITAL MEDICAL
CENTER:**

By: _____

Its: Vice President, Chief Compliance Officer

Specialty Center Patient Transfer Agreement

Between *Eastside Endoscopy Center*, Bellevue, Washington and *Overlake Hospital Medical Center*, Bellevue, Washington.

In consideration of the requirements of the residents of the area served by both of the parties herein named, this agreement is entered into with Eastside Endoscopy Center, hereinafter called the "Center," and Overlake Hospital Medical Center, hereinafter called the "Hospital" (the "Agreement").

Witnesseth:

1. The governing body of the Hospital and the governing body of the Center shall have exclusive control of the management, assets and affairs of their respective institutions. Neither party by virtue of this agreement assumes any liability for any debts or obligations of either a financial or a legal nature incurred by the other party to this agreement.
2. When a patient's need for *emergent* transfer from Center to Hospital has been determined by the patient's physician, Hospital agrees to admit the patient as promptly as possible, provided that Hospital has the available capacity and available qualified personnel to treat the patient; all conditions of medical eligibility for admission have been met; a physician who has admitting privileges at Hospital and who will accept the patient transfer, admit and attend to the patient while hospitalized at Hospital is identified; acceptance of the patient transfer has been arranged by the physician responsible for the patient's care at the Center; and a suitable hospital bed is available. Emergent transfer patients are those patients that have an emergency medical condition as defined in 42 U.S.C. § 1395dd(e). The emergency medical condition arises out of an unforeseen complication from services provided by the Center to the patients.
3. When a patient's need for *unplanned necessary or urgent* transfer from the Center to the Hospital has been determined by the patient's physician, the Hospital agrees to admit the patient as promptly as possible, provided that the Hospital has the available capacity and qualified personnel to treat the patient; all conditions of medical eligibility for admission have been met; a physician who has admitting privileges at the Hospital is identified and has agreed to admit and accept the patient transfer; and a suitable hospital bed is available. The Center agrees to provide advance arrangements and/or notification to the Hospital in these instances. Center will use its best efforts to avoid such unplanned necessary or urgent transfers.
4. Center shall be responsible for and shall make all the necessary arrangements for the appropriate, safe transportation of all patients from the Center to Hospital, which shall include, but not be limited to, all necessary lifesaving and/or stabilization measures. Furthermore, Center shall bear sole responsibility for the patient's care during transport. In those instances where *emergent* transfer is required, the Center agrees to proceed with this transfer utilizing the regional EMS system. Any and all costs associated with

patient transfers from Center to Hospital, including helicopter or ambulance expenses shall be the sole responsibility of the Center.

5. Upon transfer of a patient from Center to Hospital, Hospital agrees to comply with its obligations under this Agreement and applicable law, including but not limited to the Emergency Medical Treatment and Active Labor Act of 1985 ("EMTALA"), 42 C.F.R. §1395dd.
6. The parties acknowledge and agree that Hospital reserves the right to accept or reject patients according to Hospital's admission policies and other applicable state and federal legal obligations, including EMTALA. The parties further acknowledge and agree that Hospital does not schedule or provide *preplanned* elective post procedure care following a completed procedure that is performed in a physician's office or free standing clinic facility, including the Center, and that neither this Agreement nor anything contained herein obligates Hospital to do so. This Agreement covers only those patients with emergency medical conditions occurring as a result of unforeseen circumstances and unplanned necessary or urgent transfers.
7. The Center agrees that any physician seeking to transfer a patient from the Center to the Hospital shall be a member of the medical staff of the Hospital. If the Center's physician does not have admitting privileges at the Hospital, the physician shall identify a physician who has admitting privileges at the Hospital and who will accept the patient transfer and admit and attend to the patient while hospitalized at the Hospital.
8. The Center agrees to send with each patient, at the time of transfer, or in the case of an emergency as promptly after the transfer as possible, a summary of medical and other information necessary to continue the patient's treatment without interruption, a copy of the patient's medical record, together with essential, identifying and administrative data. All patient information transferred by the Center to Hospital shall be in accordance with federal and state privacy mandates.
9. Prior to the transfer of a patient to the Hospital, the Center shall make a written inventory of all valuables of the patient which shall accompany the patient in his or her transfer to Hospital. This written inventory shall be provided to Hospital upon admission of the patient. The Center shall be responsible for the transfer of the patient's valuables and, in accordance with Hospital's current policy, Hospital shall not be liable for the loss of or damage to any personal valuables including but not limited to money, jewelry, glasses, dentures, documents, clothing, or other article of unusual value unless deposited with the Hospital for safekeeping.
10. The parties agree that the services rendered by the Hospital or the Center shall be charged to the patient (or his/her respective third party payer) and that the Hospital shall not be held responsible for payment of services rendered to a patient by the Center, and that Center shall not be held responsible for payment of services rendered to a patient by the Hospital.
11. This Agreement shall be effective and shall commence as of July 14, 2008, and shall continue in force and effect for a period of one (1) year, unless earlier terminated by the parties herein. Thereafter, this Agreement shall automatically renew for successive one (1) year terms, unless either party shall give written notice of non-renewal to the other party at least thirty (30) days in advance of the end of the then-current term.

Notwithstanding the above, this Agreement may be terminated at any time, with or without cause, by either party by giving thirty (30) days written notice of its intention to terminate this Agreement to the other party and by providing for the continuity of care to patients for whom Center has begun the Agreement's transfer process in good faith. However, this Agreement shall be immediately terminated should either party fail to maintain its license or certification status. The Agreement shall be reviewed annually, or earlier at the request of either party, to assure it continues to be an effective document for both parties.

12. Neither party shall use the name of the other party in any promotional or advertising material unless review and specific written approval of the material and intended use is first obtained from the party whose name is to be used.
13. Nothing in this Agreement shall be construed as limiting the right of either party to affiliate or contract with any other party, on either a limited or general basis, while the agreement is in effect. Nothing in this Agreement shall be construed as limiting either party's exclusive control of their separate identity and integrity. This Agreement contains no implication of responsibility or warranty for quality of patient care or legal responsibility on the part of either party for the other.
14. During the term of this Agreement, both parties shall maintain in force and effect, through self-insurance or otherwise, comprehensive general liability and professional liability insurance each with levels of coverage of no less than ~~five~~ million dollars (\$5,000,000) per occurrence. (~~5,000,000 aggregate~~) ^{one} *WAS* *RSS* ^{7/15/08}
15. Each party agrees to indemnify, defend and hold harmless the other and its respective agents and employees from and against any and all loss, damage, injury, cause of action, claim, or liability of an kind whatsoever, including reasonable defense costs and legal fees, arising out of or resulting from the acts or omissions of the indemnifying party, its agents and employees related to this Agreement.
16. This Agreement is the final expression of and constitutes the entire agreement between the parties with respect to the subject matter hereof and shall supersede all prior understandings or agreement with respect thereto. There are no understandings, agreements or representations, oral or written, not specified herein regarding this agreement. This Agreement may be modified or amended by the mutual written agreement of the parties; however, any such modification or amendment shall be attached to and become a part of this Agreement

[Remainder of page left intentionally blank; signature page follows]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be signed in duplicate each executed copy hereof to be considered an original on the day and year last written below.

For Center:

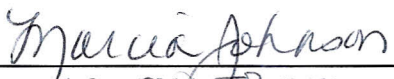


By: Michelle Steek
Its: Administrator

7/14/08

Date

For Hospital:



By: Marcia Johnson
Its: Vice President

7/11/08

Date

RESPONSE TO REQUEST FOR SUPPLEMENTAL
INFORMATION

DATED FEBRUARY 26, 2024

STUDEBAKER | NAULT

EMILY R. STUDEBAKER, ESQ.
11900 N.E. 1st Street, Suite 300
Bellevue, WA 98005
estudebaker@studebakernault.com

February 26, 2024

Jules Kolln, Analyst
Certificate of Need Program
Community Health System

VIA E-MAIL: jules.kolln@doh.wa.gov; fslcon@doh.wa.gov

Re: Certificate of Need Application #24-15
Responses to Request for Supplemental Information

Dear Ms. Kolln:

In response to your letter dated January 12, 2024 regarding the Certificate of Need Application filed by The Eastside Endoscopy Center, LLC (“Eastside Endoscopy Center”), please find enclosed Eastside Endoscopy Center’s Responses to Request for Supplemental Information (the “Responses”) submitted pursuant to Option 1:

Submit written supplemental information with a request to continue screening until the information is complete.

If you need any additional documents or information, or if you have any questions concerning the enclosures, please do not hesitate to contact me.

Regards,

STUDEBAKER NAULT, PLLC



Emily R. Studebaker

cc: Jennifer Moore, Director of Operations
The Eastside Endoscopy Center, LLC

THE EASTSIDE ENDOSCOPY CENTER, LLC

RESPONSES TO REQUEST FOR SUPPLEMENTAL INFORMATION

APPLICANT DESCRIPTION

No questions

PROJECT DESCRIPTION

1. Per RCW 70.38.105(3) *“No person shall engage in any undertaking which is subject to certificate of need review under subsection (4) of this section without first having received from the department either a certificate of need or an exception granted in accordance with this chapter.”*

In question #4 of this section, construction commencement is estimated to begin June 2024, which is six months from application submission. The CN application process typically takes six to nine months. Confirm that construction for this project will not commence until certificate of need approval has been received.

The Eastside Endoscopy Center, LLC (“Eastside Endoscopy Center”) will not commence construction for this project until it receives certificate of need approval (or an exemption from the certificate of need review requirement). If Eastside Endoscopy Center does not receive an exception that would allow it to operate the proposed ASF consistent with the primary purpose limitation unless and until it receives a certificate of need, then construction commencement will be September 2024, and the estimated timeline would be adjusted as follows:

Event	Anticipated Month/Year
Design complete	December 2023
Construction Commenced	September 2024
Construction Completed	April 2025
Facility Prepared for Survey	May 2025
Project Completion	May 2025

2. If the answer to the previous question changes your estimated timeline for this project, provide a revised timeline. If no changes are anticipated, so state.

Please see answer to Question #1.

WAC 246-310-210 - NEED

3. Question #7 on pdf 15 of the application ask for projected surgical volumes, further clarifying “for existing facilities, also provide the intervening years between historical and projected.” Provide year 2024 surgical volume projections.

The Application at pdf 15 does not contain a Question #7. Page 10 of the Application (pdf 14) contains a Question #7. In response to this Question #7, Eastside Endoscopy Center provides its projected surgical volume for 2024: 7,620.

4. Related to the previous question, provide all assumptions used when determining volume projections.

Please see Exhibit 1 for Eastside Endoscopy Center’s assumptions used when determining volume projections. Eastside Endoscopy Center’s based its projected surgical volumes on its historical average cases per day for 2023 (30 cases), its working hours per day (9 hours), its working days per month (21 days), and its proposed number of operating rooms (4 operating rooms).

WAC 246-310-220 – FINANCIAL FEASIBILITY

5. The Estimated Capital Expenditure (ECE) provided on pdf 16 of the application appears to be from a previous CN project – provide an updated ECE that aligns with the ECE identified in the Letter of Intent for this project.

Please see Exhibit 2 for Eastside Endoscopy Center’s corrected capital expenditure table.

WAC 246-310-230 – STRUCTURE AND PROCESS OF CARE

6. Question #2 on pdf 20 of the application asks for FTE tables that “include at least the last three full years of operation, the current year, and the first three full years of operation following project completion.” Provide a revised FTE Table that covers, at a minimum, years 2021 through 2028.

Please see an updated Table 5 below.

Table 5

Eastside Endoscopy Center Estimated Total Staffing: 2021-2028

Position	2021	2022	2023	2024	2025	2026	2027	2028
Registered Nurse	12.5	12.5	12.5	12.5	25	25	25	25
Medical Assistant/Technicians	4	4	4	4	8	8	8	8
Reception	2	2	2	2	4	4	4	4
Total	18.5	18.5	18.5	18.5	37	37	37	37

7. The application identified Edwin J. Lai, MD, as the medical director for the current ASF as well as the proposed ASF. The FTE table provided in response to question #2 on pdf 20 does not include the medical director as an FTE. Provide a revised FTE table which includes the medical director or provide clarification on this discrepancy.

Edwin J. Lai, M.D. is an owner of Eastside Endoscopy Center; he is not an employee. Dr. Lai does not provide medical director services pursuant to a contract. His medical director job description was included as Exhibit S to the Application.

8. Related to the previous question, if Edwin J. Lai, MD is not an employee of Eastside Endoscopy and is instead under contract, provide an executed Medical Director Agreement.

Please see answer to Question #7 above.

9. Rachel A. Studhalter, R.N. is identified as the nurse manager for the current and proposed ASF. Is this individual included in “registered nurse” category of the FTE table provided on pdf 20?

Yes, Ms. Studhalter is included in the “registered nurse” category of the FTE table provided on page 16 of the Application.

10. Related to the previous question, if Rachel Studhalter’s position is not included in the FTE table, provide a revised table which includes the nurse manager position.

Please see answer to Question #9 above.

11. Questions #9 on pdf 21 of the application asks for specific staff retention and recruitment strategies that are currently being used or are able to be used. Provide further information regarding how Eastside Endoscopy plans to:
 - a. Retain current staff,
 - b. Recruit staff needed for the expansion of this facility,
 - c. Recruit staff in the event of staff turnover,
 - d. Respond to staffing shortages, and
 - e. Any other measures taken to ensure an appropriately staffed facility.

a. To retain current staff, Eastside Endoscopy Center will continue to monitor salary ranges and staff engagement and hold appreciation events for staff.

b. To recruit staff needed for the expansion of this facility, Eastside Endoscopy Center is using paid advertising on Indeed, a job search platform, as well as offering bonuses for referrals of prospective employees and sign-on bonuses for new employees.

c. To recruit staff in the event of staff turnover, Eastside Endoscopy Center is using paid advertising on Indeed as well as offering bonuses for referrals of prospective employees and sign-on bonuses for new employees.

d. To respond to staffing shortages, Eastside Endoscopy Center has per diem staff that it utilizes in addition to a staffing agency that its work with, when needed.

e. Eastside Endoscopy Center does its best to employ sufficient staff to allow for events such as employee medical leaves, vacations, and departures.

WAC 246-310-240 – COST CONTAINMENT

No questions.

EXHIBIT REVIEW

Exhibit A – Organizational Chart

No questions

Exhibit B – Letter of Intent

No questions

Exhibit C – Single Line Drawings of Proposed Ambulatory Surgical Facility

No questions

Exhibit D – Non-Discrimination Policy

No questions

Exhibit E – Admissions Policy

No questions

Exhibit F – Charity Care Policy

No questions

Exhibit G – Patient Rights and Responsibilities

No questions

Exhibit H – Historical Revenue and Expense Statements

No questions

Exhibit I – Pro Forma Revenue and Expense Projections

12. The projected revenue and expense statement does not include data for year 2024. Provide updated financial statements which include year 2024. At a minimum, revenue and expense historical data and projections are needed for years 2021 through 2028.

Please see Exhibit H to the Application for historical data from years 2021 through 2023. Please see Exhibit 3, which adds year 2024 to the pro forma expense and revenue projections. Please note that year 2024 will not be in the proposed ASF. It will be in the existing ASF.

13. Provide all assumptions used to determine the financial projections provided.

Please see Exhibit 1.

Exhibit J – Pro Forma Balance Sheets

14. The application asks for a pro forma balance sheet for the current year and at least the first three full calendar years of operation. Provide an updated pro forma balance sheet which includes data for the year 2024.

Please see Exhibit 4, which adds year 2024 to the pro forma balance sheets. Please note that year 2024 will not be in the proposed ASF. It will be in the existing ASF.

Exhibit K – Management Agreement

No questions

Exhibit L – Amended and Restated Operating Agreement

No questions

Exhibit M – Lease Agreement Letter of Intent

15. The letter of intent provided is insufficient to document site control. At a minimum, we require a draft lease agreement signed by both parties. This agreement must outline the costs of the lease, which then must be reflected in the provided financial projections. Provide a copy of a draft lease agreement for this location.

Please see Exhibit 5 for the Lease for Overlake Hospital Tower between Overlake Medical Tower, LLC and The Eastside Endoscopy Center, LLC. Eastside Endoscopy Center will provide an executed copy of the lease as soon as it is available.

Exhibit N – Loan Information

16. The letter provided in this exhibit is not considered a draft agreement. Provide either a draft or executed agreement with Key Bank for the financing of this project.

Please see Exhibit 6 for the Financing Agreement between Key Bank and The Eastside Endoscopy Center, LLC. Eastside Endoscopy Center will provide an executed copy of the agreement as soon as it is available.

17. The application states that an amortization schedule can be found within Exhibit N; however, no such schedule appears to be included. Provide the amortization schedule associated with this loan from Key Bank.

Please see Exhibit 7 for the amortization schedule.

18. Related to the previous question, ensure that this amortization schedule expense is reflected in your financial projections. If new financial projections are needed, also provide.

The amortization schedule expense is reflected in Eastside Endoscopy Center's financial projections.

Exhibit O – Non-Binding Contractor's Estimate

19. Related to question #5 of this screening letter, ensure that the total cost for building construction is reflected in your updated ECE.

The total cost for building construction is reflected in the capital expenditure table at Exhibit 2.

Exhibit P – Historical and Projected Payer Mix

No questions

Exhibit Q – List of New Equipment

20. Related to question #5 of this screening letter, the total cost for the equipment listed in this exhibit is \$740,000; ensure that this amount is reflected in your updated ECE.

The total cost for equipment listed in Exhibit Q (\$740,000) is reflected in the capital expenditure table at Exhibit 2 at line items f and h.

Exhibit R – Unaudited Financial Statement

No questions

Exhibit S – Medical Director Job Description

No questions

Exhibit T – Patient Transfer Agreement

No questions

EXHIBIT 1

EASTSIDE ENDOSCOPY CENTER'S SURGICAL
VOLUME ASSUMPTIONS

EEC Pro Forma Income Statement – Bellevue – Assumptions

- Bellevue endoscopy would move from operating 2 rooms to 4 rooms with CON approval. The change from 2024 to 2025 in volumes, revenues, and most costs reflect this. 2025 volumes, revenue, and costs changed to factor in mid-year 2025 start in new space.
- Cash Collected @ 38.3% - EEC Days in AR hovers around 20 days, well below national average, due to the efficiency and effectiveness of our in-house revenue cycle management team. This trend has continued for years and no expectation that this will change.
- Revenue estimated @ 2% growth per year in line with growth of procedure volumes year over year.
- Staffing costs estimated @ 3% growth per year from annual cost of living/merit adjustments.
- Profit sharing is 5% of staff wages.
- Some expenses show flat year over year from 2025-2029. While this is unlikely were vendors and products to remain the same, we put a lot of effort into working with vendors to keep costs low in addition to constant evaluation of what's available in the market. As times change, we may also find savings by discontinuing the use of more expensive, legacy products and services in favor of cheaper, more efficient products and services without impacting patient care.
- Building rent captures CAM (common area maintenance). Amounts shown for 2025-2029 factors in straight line rent expense in addition to an estimate of CAM costs. 2025 costs show half year in current, 2 room space, half in future, 4 room space.
- Depreciation primarily assumes retirement of current scopes for new scopes and starting depreciation on LHI from construction project in 2025. Costs given for use in calculating depreciation are estimates. 2025 costs show half year for newly constructed, 4 room space.
- Interest expense assumes first payment on 5-year construction financing to occur in Q4 2024 with 5-year financing on new scopes in 2025. The construction financing may go longer depending on what term is elected. Interest expense changed to reflect new timeline for moving into new space. Construction financing settled on 7-year term with new scopes coming on mid-year 2025 to coincide with the new space.
- Bellevue anesthesia income assumes current rate of propofol, ~99.35% YTD 2023, for patient volume @ 2% yearly growth in line with procedure volume growth year over year.

EXHIBIT 2

CORRECTED CAPITAL EXPENDITURE TABLE

Item	Cost
a. Land Purchase	\$0
b. Utilities to Lot Line	\$0
c. Land Improvements	\$0
d. Building Purchase	\$0
e. Residual Value of Replaced Facility	\$0
f. Building Construction	\$4,918,913
g. Fixed Equipment (not already included in the construction contract)	\$0
h. Movable Equipment	\$250,000
i. Architect and Engineering Fees	\$100,000
j. Consulting Fees	\$15,000
k. Site Preparation	\$0
l. Supervision and Inspection of Site	\$0
m. Any Costs Associated with Securing the Sources of Financing (include interim interest during construction)	\$0
1. Land	\$0
2. Building	\$0
3. Equipment	\$0
4. Other	\$0
n. Washington Sales Tax	\$598,315
Total Estimated Capital Expenditure	\$5,882,228

EXHIBIT 3

UPDATED PRO FORMA EXPENSE AND REVENUE PROJECTIONS (Including Year 2024)

**EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER**

	2024	2025	2026	2027	2028	2029
SUMMARY						
PROCEDURES	7,362	11,264	15,319	15,625	15,938	16,256
CASES	6,741	10,314	14,027	14,307	14,593	14,885
SESSIONS	950	1,453	1,976	2,015	2,056	2,097
CPT's	8,522	13,038	17,732	18,086	18,448	18,817
WORKING DAYS	254	254	254	254	254	254
PROCEDURES PER DAY	29	44	60	62	63	64
PROCEDURES PER SESSION	8	8	8	8	8	8
CASES PER DAY	34	41	55	56	57	59
CPT's PER PROCEDURE	1.16	1.16	1.16	1.16	1.16	1.16
CPT's PER CASE	1.26	1.26	1.26	1.26	1.26	1.26
REVENUE PER PROCEDURE	721	721	721	721	721	721
EXPENSES PER PROCEDURE	479	501	508	507	506	505
NET INCOME PER PROCEDURE	242	221	213	215	216	217
CASH COLLECTIONS						
CHARGES	13,429,584	20,547,264	27,944,279	28,503,164	29,073,228	29,654,692
CASH COLLECTED	5,139,866	7,863,995	10,695,033	10,908,933	11,127,112	11,349,654
GROSS COLLECTIONS %	38.3%	38.3%	38.3%	38.3%	38.3%	38.3%
INCOME						
FACILITY FEES	13,429,584	20,547,264	27,944,279	28,503,164	29,073,228	29,654,692
CONTRACTUAL ALLOWANCE	(7,953,079)	(12,168,211)	(16,548,767)	(16,879,742)	(17,217,337)	(17,561,683)
CHARITY CARE	(166,527)	(254,786)	(346,509)	(353,439)	(360,508)	(367,718)
NET REVENUE	5,309,978	8,124,267	11,049,003	11,269,983	11,495,383	11,725,291
OPERATING EXPENSES						
EMPLOYEE WAGES						
STAFF WAGES & TAXES	1,462,937	2,260,238	3,073,924	3,166,141	3,261,126	3,358,959
TOTAL EMPLOYEE WAGES	1,462,937	2,260,238	3,073,924	3,166,141	3,261,126	3,358,959
VARIABLE EXPENSES						
PROFIT SHARING CONTRIBUTION	65,193	100,723	138,327	142,476	146,751	151,153
LIFE INSURANCE	1,275	1,970	2,705	2,786	2,870	2,956
MEDICAL INSURANCE	142,602	213,902	285,203	285,203	285,203	285,203
DENTAL INSURANCE	8,615	12,923	17,230	17,230	17,230	17,230
UNIFORMS	3,439	5,159	6,879	6,879	6,879	6,879
MEDICAL DIRECTOR FEES	9,846	14,769	19,692	19,692	19,692	19,692
MEDICAL SUPPLIES	340,256	520,592	708,006	722,166	736,609	751,341
DRUG SUPPLIES	70,270	107,513	146,218	149,142	152,125	155,167
ADMINISTRATIVE SUPPLIES	13,784	21,090	28,682	29,255	29,841	30,437

**EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER**

	2024	2025	2026	2027	2028	2029
PRINTING & PUBLICATIONS	9,128	13,829	18,623	18,809	18,997	19,187
OFFICE EXPENSE	43,254	65,530	88,247	89,129	90,021	90,921
BANK FEES	7,500	11,250	15,000	15,000	15,000	15,000
INTERPRETER SERVICES	35,888	53,831	71,775	71,775	71,775	71,775
DUES & SUBSCRIPTIONS	3,446	5,168	6,891	6,891	6,891	6,891
EDUCATION & SEMINARS	2,324	3,485	4,647	4,647	4,647	4,647
ADVERTISING	-	-	-	-	-	-
LINEN & LAUNDRY	66,860	103,299	141,864	146,120	150,504	155,019
EQUIPMENT LEASE	24,319	36,479	48,639	48,639	48,639	48,639
MAINT & REPAIRS EQUIPMENT	58,391	87,586	116,781	116,781	116,781	116,781
MAINTENANCE CONTRACT	72,508	108,763	145,017	145,017	145,017	145,017
ACCOUNTING FEES	1,375	2,063	2,750	2,750	2,750	2,750
MANAGEMENT FEES	198,000	297,000	396,000	396,000	396,000	396,000
CONSULTING FEES	6,027	9,041	12,055	12,055	12,055	12,055
BILLING FEES	318,599	487,456	662,940	676,199	689,723	703,517
CREDENTIALING	25	38	50	50	50	50
ACCREDITATION	3,356	5,035	6,713	6,713	6,713	6,713
RECRUITING	907	1,360	1,814	1,814	1,814	1,814
COMPUTER SERVICES	35,718	53,578	71,437	71,437	71,437	71,437
SOFTWARE SUBSCRIPTION	1,392	2,088	2,783	2,783	2,783	2,783
COMPUTER HARDWARE	2,874	4,311	5,748	5,748	5,748	5,748
TELEPHONE	3,648	5,472	7,296	7,296	7,296	7,296
PROMOTION	6,061	9,091	12,122	12,122	12,122	12,122
POSTAGE	275	413	550	550	550	550
BUSINESS TAXES	106,200	162,485	220,980	225,400	229,908	234,506
BUSINESS LICENSES	3,470	5,205	6,940	6,940	6,940	6,940
PROPERTY & OTHER TAXES	1,750	2,625	3,500	3,500	3,500	3,500
UTILITIES EXPENSE	1,284	1,926	2,569	2,569	2,569	2,569
MEALS AND ENT 50%	202	303	404	404	404	404
DISABILITY INSURANCE	5,858	9,051	12,430	12,803	13,187	13,582
PROFESSIONAL LIABILITY INSURANCE	7,027	10,540	14,053	14,053	14,053	14,053
COMMERCIAL LIABILITY INSURANCE	7,444	11,166	14,888	14,888	14,888	14,888
TOTAL VARIABLE EXPENSES	1,690,389	2,568,106	3,468,445	3,513,710	3,559,958	3,607,211
FIXED EXPENSES						
BUILDING RENT	180,320	509,334	838,356	838,356	838,356	838,356
DEPRECIATION EXPENSE	192,000	300,000	400,000	400,000	400,000	400,000
TOTAL FIXED EXPENSES	372,320	809,334	1,238,356	1,238,356	1,238,356	1,238,356
TOTAL WAGES & OPERATING EXPENSES	3,525,646	5,637,678	7,780,724	7,918,207	8,059,439	8,204,527

**EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER**

	2024	2025	2026	2027	2028	2029
TOTAL OPERATING INCOME (LOSS)	1,784,332	2,486,589	3,268,279	3,351,776	3,435,944	3,520,764
NON-OPERATING (INCOME) EXPENSE						
INTEREST EXPENSE	5,000	360,000	420,000	360,000	294,000	225,000
TOTAL NON-OPERATING (INCOME) EXPENSE	5,000	360,000	420,000	360,000	294,000	225,000
BELLEVUE ENDOSCOPY NET INCOME (LOSS)	1,779,332	2,126,589	2,848,279	2,991,776	3,141,944	3,295,764
BELLEVUE ANESTHESIA PROJECTED NET INCOME	567,264	867,914	1,180,364	1,203,971	1,228,050	1,252,611
NET INCOME (LOSS)	2,346,597	2,994,504	4,028,642	4,195,747	4,369,994	4,548,375

EXHIBIT 4

UPDATED PRO FORMA BALANCE SHEETS
(Including Year 2024)

**EASTSIDE ENDOSCOPY CENTERS
BALANCE SHEET
BELLEVUE ENDOSCOPY CENTER**

	2024	2025	2026	2027	2028	2029
CURRENT ASSETS						
KEYBANK CHECKING	318,627	650,000	663,000	676,260	689,785	703,581
INVENTORY - MEDICAL SUPPLIES	33,981	70,000	72,100	74,263	76,491	78,786
ACCOUNTS RECEIVABLE	737,835	1,505,183	1,535,287	1,565,993	1,597,312	1,629,259
CONTRACTUAL ALLOWANCE	(411,743)	(839,955)	(856,754)	(873,889)	(891,367)	(909,194)
ACCOUNTS RECEIVABLE - ANESTHESIA	180,744	368,718	376,092	383,614	391,287	399,112
WAGI ANESTHESIA RECEIVABLE	134,307	278,535	288,823	258,810	256,081	257,764
PREPAID INSURANCE	2,000	4,000	4,000	4,000	4,000	4,000
PREPAID ASSETS	17,500	35,000	35,000	35,000	35,000	35,000
TOTAL CURRENT ASSETS	1,013,251	2,071,481	2,117,548	2,124,050	2,158,589	2,198,307
FIXED ASSETS						
MED EQUIP, FURN, & EQUIP	1,200,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
FURNITURE & EQUIPMENT	12,000	12,000	12,000	12,000	12,000	12,000
COMPUTER EQUIPMENT	6,500	6,500	6,500	6,500	6,500	6,500
PHONE SYSTEM	3,000	3,000	3,000	3,000	3,000	3,000
COMPUTER SOFTWARE	1,500	1,500	1,500	1,500	1,500	1,500
CONSTRUCTION/LHI	1,345,000	5,900,000	5,900,000	5,900,000	5,900,000	5,900,000
LESS ACCUMULATED DEPRECIATION	(1,580,000)	(1,800,000)	(2,250,000)	(2,700,000)	(3,150,000)	(3,600,000)
TOTAL FIXED ASSETS	988,000	5,923,000	5,473,000	5,023,000	4,573,000	4,123,000
TOTAL ASSETS	2,001,251	7,994,481	7,590,548	7,147,050	6,731,589	6,321,307
CURRENT LIABILITIES						
ACCOUNTS PAYABLE	54,437	109,964	111,063	112,174	113,296	114,429
PROFIT SHARING CONTRIBUTION PAYABLE	65,193	134,298	138,327	142,476	146,751	151,153
WAGI PAYABLE	106,897	215,933	218,092	220,273	222,476	224,700
ACCRUED SALARIES	19,417	40,000	41,200	42,436	43,709	45,020
ACCRUED EXPENSES	76,398	154,325	155,868	157,427	159,001	160,591
ACCRUED B&O TAXES	9,292	18,957	19,336	19,722	20,117	20,519
TOTAL CURRENT LIABILITIES	331,636	673,475	683,886	694,508	705,349	716,413
LONG TERM LIABILITIES						
ACCRUED RENT	-	73,000	151,000	209,000	247,000	263,000
KEYBANK NOTE - SCOPES	-	1,000,000	800,000	600,000	400,000	200,000
KEYBANK NOTE - CONSTRUCTION	845,000	5,570,000	4,875,000	4,125,000	3,325,000	2,450,000
TOTAL LONG TERM LIABILITIES	845,000	6,643,000	5,826,000	4,934,000	3,972,000	2,913,000
TOTAL LIABILITIES	1,176,636	7,316,475	6,509,886	5,628,508	4,677,349	3,629,413
TOTAL EQUITY	824,615	678,006	1,080,662	1,518,542	2,054,240	2,691,894

EXHIBIT 5

LEASE FOR OVERLAKE HOSPITAL TOWER

LEASE FOR

OVERLAKE MEDICAL TOWER

**OVERLAKE MEDICAL TOWER, LLC,
a Washington limited liability company,**

Landlord,

and

**THE EASTSIDE ENDOSCOPY CENTER, LLC,
a Washington limited liability company,**

Tenant

SUITE 400

LEASE FOR

OVERLAKE MEDICAL TOWER

THIS LEASE, dated the ___ day of February, 2024, is made by and between **OVERLAKE MEDICAL TOWER, LLC**, a Washington limited liability company, and its successors or assigns ("**Landlord**"), and **THE EASTSIDE ENDOSCOPY CENTER, LLC**, a Washington limited liability company ("**Tenant**").

BASIC LEASE PROVISIONS

- A. Lease Date:** February __, 2024
- B. Landlord:** Overlake Medical Tower, LLC
- C. Tenant:** The Eastside Endoscopy Center, LLC
- D. Tenant's Trade Name:** _____
- E. Property:** The real property and improvements legally described in Exhibit A attached hereto and incorporated herein.
- F. Building:** The building commonly known as Overlake Medical Tower, located at 1135 -116th Avenue N.E., Bellevue, Washington 98004, on the Property, consisting of six stories, and containing approximately 201,934 RSF.
- G. Premises:** The area shown on Exhibit B, containing 14,708 RSF, commonly known as Suite 400.
- H. Tenant's Pro Rata Share:** 7.28%
- I. Permitted Use:** The Premises shall be used only for the operation of a state licensed and Medicare certified ambulatory surgery center for endoscopy and related medical and administrative use and all uses ancillary thereto, as set forth in Section 9 hereof.
- J. Term:** Ten (10) years, commencing on the Commencement Date and terminating on the Termination Date (the "**Term**").
- K. Extension Option:** Two (2) options of five (5) years each (the "**Extended Term(s)**"). The Initial Term, together with the Extended Term(s), if any, duly exercised by Tenant, are referred to collectively as the "**Term**."

- L. Certificate of Need Contingency:** This Lease is subject to Tenant receiving a Certificate of Need (“**CON**”) from the Washington State Department of Health’s (the “**Department**”) Certificate of Need Program no later than the last day of the full calendar month that is twelve (12) months following mutual execution of the Lease (the “**CON Deadline**”), as further described in and subject to the conditions of Section **Error! Reference source not found.** of the Lease (the “**CON Contingency**”).
- M. Commencement Date:** Subject to the CON Contingency, the “**Commencement Date**” of this Lease shall be December 1, 2025.
- N. Termination Date:** The “**Termination Date**” shall be November 30, 2035.
- O. Rent Commencement Date:** Monthly Base Rent shall commence as of the Commencement Date, subject to the first three (3) months of Monthly Base Rent abatement as described in Section P of Basic Lease Provisions and Section 8.7 of the Lease. Additional Rent in the form of Operating Expenses shall commence as of the Start Date, as such term is defined in the Work Letter.

P. Base Rent:

Lease Months	Base Rent/RSF	Annual Base Rent	Monthly Base Rent
1-3*	\$0.00	\$0.00	\$0.00
4-12	\$44.00	\$485,364.00	\$53,929.33
13-24	\$45.32	\$666,566.56	\$55,547.21
25-36	\$46.68	\$686,563.56	\$57,213.63
37-48	\$48.08	\$707,160.46	\$58,930.04
49-60	\$49.52	\$728,375.28	\$60,697.94
61-72	\$51.01	\$750,226.54	\$62,518.88
73-84	\$52.54	\$772,733.33	\$64,394.44
85-96	\$54.11	\$795,915.33	\$66,326.28
97-108	\$55.74	\$819,792.79	\$68,316.07
109-120	\$57.41	\$844,386.58	\$70,365.55

*Rental abatement in months 1-3

- Q. Security Deposit:** \$70,365.55
- R. Prepaid Rent:** \$53,929.33, to be applied to the first full month in which Monthly Base Rent is due.
- S. Landlord’s Property Manager:** Unico Properties, LLC
1135 – 116th Avenue N.E., Suite LL100
Bellevue, WA 98004

- T. Landlord's Address for Notices:** Overlake Medical Tower, LLC
c/o Unico Properties, LLC
1135 – 116th Avenue N.E., Suite LL100
Bellevue, WA 98004

With a copy to Landlord's Property Manager
- U. Landlord's Address for Rent:** Overlake Medical Tower, LLC
c/o Unico Properties, LLC
Attn: Accounts Receivable
1326 Fifth Avenue, Suite 800
Seattle, WA 98101
- V. Tenant's Address for Notices:** The Eastside Endoscopy Center, LLC
Attn: _____
1135 – 116th Avenue N.E., Suite 400
Bellevue, WA 98004
- W. Landlord's Broker:** Gary Guenther of Kidder Matthews
- X. Tenant's Broker:** Will Frame and Drew Frame of Kidder Mathews and Larry Serota
and Jason Reifeis of Transwestern
- Y. Guarantor(s):** N/A
- Z. Building Hours:** Building Hours are 6:00 a.m. to 8:00 p.m., Monday through Friday,
and 6:00 a.m. to 6:00 p.m. Saturday, subject to Section 21 of
Exhibit E. Tenant shall have the right to modify its operating hours
and corresponding access to the Premises outside of the Building
Hours at its discretion, without consultation or consent of
Landlord; provided, however, that if Tenant desires HVAC outside
of Building Hours, Tenant must schedule After Hours HVAC and
incur the applicable After Hours HVAC Charge as described in
Section 13. In addition, secured access to the Building may be
activated during hours outside of Building Hours.

LEASE AGREEMENT

1. . The Basic Lease Provisions are incorporated into and made a part of the Lease. In the event of any conflict between the Basic Lease Provisions and the Lease, the Lease shall control.

2. . Subject to the terms and conditions set forth in this Lease, including, without limitation, the CON Contingency, and in consideration of the rents, mutual covenants and agreements set forth herein, Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises located in the Building and on the Property as set forth in the Basic Lease Provisions, together with the right to use during the Term, in common with other tenants of the Building, all of the Common Areas and other amenities generally available to other tenants in the Building. For purposes of this Lease, “**Common Areas**” shall include any area about the Building designated by Landlord as being for general use of tenants, patients, employees and invitees of the Building and its tenants and shall include parking areas (excluding the parking garage), driveways, landscaped areas, service walks, public stairs, corridors, hallways, lobbies, public restrooms or other shared areas, as the same may be expanded, removed, relocated or otherwise modified by Landlord.

3. **Condition of the Premises**. Subject to any provision of this Lease concerning Landlord’s Work (if any), and subject to Landlord’s representations below, by taking possession of the Premises hereunder, Tenant accepts the Premises as being in good order, condition and repair, and otherwise AS-IS, where is, with all faults, except latent defects and structural components which will remain Landlord’s obligation to maintain. Landlord represents and warrants to Tenant, that to Landlord’s knowledge, but without duty of investigation, (i) the Building’s systems (electrical, mechanical and HVAC) are in reasonably good working order and condition, subject to ordinary wear and tear; and (ii) the Common Areas are in compliance with applicable laws. Except as may be expressly set forth in this Lease, Tenant acknowledges that neither Landlord, nor any employee, agent or contractor of Landlord has made any representation or warranty concerning the Building, Common Areas or Premises, or the suitability of any of the foregoing for the conduct of Tenant’s business.

3.2 **Tenant Improvements**. At no cost to Tenant, Landlord shall perform the work (if any) described as “**Landlord’s Work**” in the Work Letter attached hereto and incorporated herein as Exhibit C at Landlord’s sole cost and expense, as further described in the Work Letter. The Leasehold Improvements to be made by Tenant (described as “**Tenant’s Work**” in the Work Letter) shall be made according to the provisions of the Work Letter attached hereto and incorporated herein as Exhibit C.

4. .

4.1 **CON Contingency**. This Lease is subject to the CON Contingency described in Section L of the Basic Lease Provisions. If Tenant does not receive a CON from the Department on or before the CON Deadline, and Tenant does not provide Landlord with written notice of receipt of the CON by the CON

Deadline, then the Lease shall be null and void and of no further force or effect, and the parties shall be released from all liability under this Lease, except that Tenant shall pay to Landlord the costs set forth in Section 4.2 below. Tenant agrees to apply for the CON with the Department no later than fifteen (15) business days after the date of the parties' mutual execution of the Lease and thereafter to diligently pursue receipt of the CON. Upon receipt of the CON, Tenant shall provide written notice of receipt thereof to Landlord. Tenant represents, warrants and agrees that it has not applied for, and shall not apply for, another CON within the Service Area (as such term is commonly used by the Department) within which the Premises is located prior to the CON Deadline.

4.2 Consideration to Landlord for Failure to Obtain CON. In order to encourage Tenant to promptly pursue receipt of the CON by the CON Deadline and in consideration of the period of time the Premises will be off of the market during Tenant's pursuit of the same, as well as the costs incurred by Landlord in connection therewith, Tenant agrees that if the CON is not obtained by the CON Deadline, Tenant will pay to Landlord the amount of One Hundred Thirty-two Thousand Eight Hundred Sixty-one and No/100 Dollars (\$132,861.00) within five (5) days of the CON Deadline. This Section 4.2 shall survive a voiding of this Lease pursuant to Section 4.1 above.

5. . This Lease shall be effective upon mutual execution hereof; provided, however, the Term, subject to the CON Contingency being satisfied, shall commence on the Commencement Date as defined in the Basic Lease Provisions, and shall terminate on the Termination Date as defined in the Basic Lease Provisions, unless sooner terminated by the provisions of this Lease. Tenant shall, at Landlord's request, execute and deliver a memorandum agreement provided by Landlord in the form of Exhibit F attached hereto, setting forth the actual Commencement Date, Termination Date, and, if necessary, a revised rent schedule. Should Tenant fail to do so within thirty (30) days after Landlord's request, the information set forth in such memorandum provided by Landlord shall be conclusively presumed to be agreed and correct.

6. . Provided that: (a) Tenant is not in default at the time of Tenant's exercise notice described below, or at the time of commencement of the Extended Term(s) defined below, Tenant shall have the right to extend the term of this Lease for two (2) successive periods of five (5) years each (the "**Extended Term(s)**"). Tenant may exercise an extension option by delivering to Landlord written notice of Tenant's intention to exercise such option (the "**Option Notice**") not less than nine (9) months, nor more than twelve (12) months, prior to the start of the applicable Extended Term. The Extended Terms shall be on the terms and conditions contained in this Lease, except (i) Base Rent shall be adjusted as set forth below;

and (ii) there shall be no further extension options. Once delivered, an Option Notice cannot be cancelled or revoked.

6.1 Extended Term Base Monthly Rent. Base Rent during the Extended Term shall be Fair Market Rental Value. The term “**Fair Market Rental Value**” shall be the rental rate that comparable medical office space in the local community for the same term of the Extended Term would command on the open market at the time of commencement of the Extended Term, determined in the manner set forth below; provided, however, that in no case shall the Extended Term Fair Market Rental Value be less than the Base Rent in effect at the end of the initial Term of the Lease. For purposes hereof, the term “**comparable premises**” shall mean Class A medical office space similar in size and location to the Premises in the Bellevue, Washington market area, in comparable buildings, with comparable views, and with similar improvements and amenities.

6.1.1 If Landlord and Tenant cannot agree upon the Fair Market Rental Value of the Premises within thirty (30) days after Landlord’s receipt of the Option Notice, then Landlord and Tenant shall agree within ten (10) days thereafter on one (1) real estate appraiser (who shall be a member of the American Institute of Real Estate Appraisers or equivalent) who will determine the Fair Market Rental Value of the Premises. If Landlord and Tenant cannot mutually agree upon an appraiser within said ten (10) day period, then one (1) M.A.I. qualified appraiser shall be appointed by Tenant and one (1) M.A.I. qualified appraiser shall be appointed by Landlord within ten (10) days of notice by one party to the other of such disagreement. The two appraisers shall determine the Fair Market Rental Value of the Premises within twenty (20) days of their appointment; provided, however, if either party fails to appoint an appraiser within such ten (10) day period, then the determination of the appraiser first appointed shall be used. The appraisers appointed shall proceed to determine Fair Market Rental Value within twenty (20) days following such appointment. If said appraisers should fail to agree, but the difference in their conclusions as to Fair Market Rental Value is ten percent (10%) or less of the lower of the two appraisals, the Fair Market Rental Value shall be deemed the average of the two.

6.1.2 If the two appraisers should fail to agree on the Fair Market Rental Value, and the difference between the two appraisals exceeds ten percent (10%) of the lower of the two appraisals, then the two appraisers thus appointed shall appoint a third M.A.I. qualified appraiser, and in case of their failure to agree on a third appraiser within ten (10) days after their individual determination of the Fair Market Rental Value, either party may apply to the Presiding Judge of the Superior Court for King County, requesting said Judge to appoint the third M.A.I. qualified appraiser. The third appraiser so appointed shall promptly determine the Fair Market Rental Value of the Premises, and the average of the appraisals of the two closest appraisers shall be used. The fees and expenses of said third appraiser or the one (1) appraiser Landlord and Tenant agree upon, shall be borne equally by Landlord and Tenant. Landlord and Tenant shall pay the fees and expenses of their respective appraiser if the parties fail to agree on a single appraiser. All M.A.I. appraisers appointed or selected pursuant to this subsection shall have at least ten

(10) years of experience appraising commercial properties in the cities of Bellevue and Seattle. The determination of Fair Market Rental Value pursuant to this Section 6.1 shall be final, conclusive and binding upon both parties.

7. . Tenant shall be provided with early access to the Premises eight (8) weeks prior to the Commencement Date for the purpose of installing furniture, fixtures and equipment, telecommunications equipment and computer cabling, as well as for readying the Premises for Tenant's business (but not for opening its business to the public), provided that (i) Tenant shall be solely responsible for any such furniture, fixtures and equipment and other items of personal property and for any loss or damage thereto for any cause whatsoever, and Tenant assumes the risk of loss thereof; (ii) Tenant shall be subject to all of the terms and conditions of the Lease, except for Tenant's obligation to pay Base Rent during said early occupancy period; and (iii) Tenant shall provide certificates of insurance evidencing the existence and amounts of liability insurance as required by this Lease.

8. Payment. Tenant shall pay to Landlord without prior demand, abatement, deduction, set-off, counterclaim or offset, for all periods during the Term, all sums provided in this Section 8, payable in lawful money of the United States of America on or before the first (1st) day of each month. All sums of money required to be paid pursuant to terms of this Lease are defined as "**rent**" or "**Rent.**" All Rent other than Base Rent is sometimes referred to herein as "**Additional Rent.**" Rent shall be paid without deduction or offset, and without notice or demand, to the address stated for Landlord's Address for Rent in the Basic Lease Provisions or to such other place as Landlord may designate in writing to Tenant.

8.2 Base Rent. Commencing on the Rent Commencement Date, Tenant shall pay to Landlord Base Rent at the initial monthly rate provided in the Basic Lease Provisions, subject to increases in the amounts and at the times provided in the Basic Lease Provisions. Base Rent for any period during the Term that is for less than one (1) month shall be prorated based upon the actual number of days of the calendar month involved.

8.3 Additional Rent. In addition to Base Rent, Tenant agrees to pay Landlord as additional rent ("**Additional Rent**"), Tenant's Pro Rata Share of Operating Expenses, subject to calculations for separately metered utilities, exclusive use areas or services and any other special circumstances that may affect Tenant's pro rata allocation of Operating Expenses. Landlord acknowledges that Tenant is relying upon Landlord's estimate of Operating Expenses in entering into this Lease. Such amounts shall be paid by Tenant on a monthly basis at the same time as the Base Rent.

8.3.1 Operating Expenses. “Operating Expenses” shall include all of the costs, fees and expenses that are incurred by Landlord or its agents in operating, insuring, repairing, replacing, managing and maintaining the Building. Operating Expenses shall include, but shall not be limited by the following, subject to exclusions as set forth in Section 8.3.6: water and sewer charges; insurance charges of or relating to all insurance policies and endorsements deemed by Landlord to be reasonably necessary or desirable and relating in any manner to the protection, preservation or operation of the Building or any part thereof; utility costs, including, but not limited to, the cost of heat, light, power, steam and gas; waste disposal; the cost of janitorial services for the Common Areas of the Building; the cost of security and alarm services (including any central station signaling system); all costs and expenses of operating, maintaining and repairing the Common Areas of the Building, including, without limitation: lighting, heating, air conditioning, elevator maintenance, cleaning, drainage, painting, repaving (but not rebuilding), resurfacing and restriping parking lots, sidewalks, driveways, landscaping, fire sprinkler and/or alarm system, security, signs, glass, restrooms, roof surface and membrane (but not structure), awnings, canopies, and all other Common Areas of the Building, excepting the structural integrity of the side walls, roof and foundation; all costs and fees for repairing and maintaining the fixtures, improvements, mechanical, electrical and plumbing equipment and systems, including service contracts, for all such items presently existing or subsequently installed in the Common Areas of the Building; reasonable reserves for (i) roof repairs, (ii) HVAC replacement and building painting based on a five (5) year usable life and for emergencies and any other depreciable components for which it is reasonable to establish reserves; window cleaning costs; labor costs; costs and expenses of managing the Building, including management fees; equipment costs, including the cost of maintenance, repair and service agreements and rental and leasing costs; purchase costs of equipment; current rental and leasing costs of items which would be capital items if purchased; tool costs; licenses, permits and inspection fees; wages and salaries; employee benefits and payroll taxes; accounting and legal fees; any sales, use or service taxes in connection therewith; all costs and fees for repairing, replacing and maintaining the fixtures.

8.3.2 Other Expenses. In addition, Landlord shall be entitled to recover, as Additional Rent (which, along with any other capital expenditures constituting Operating Expenses, Landlord may either include in Operating Expenses or cause to be billed to Tenant along with Operating Expenses (defined below) but as a separate item), Tenant’s Pro Rata Share of: (a) an allocable portion of the cost of capital improvement items which are reasonably calculated to reduce operating expenses, provided that Landlord reasonably believes that such improvements will reduce operating expense costs or improve the operating efficiency of the Building; (b) the cost of fire sprinklers and suppression systems and other life safety systems; (c) Taxes; and (d) other capital expenses that are required under any laws, rules or Regulations that were not applicable to the Building at the time it was constructed; but the costs described in this sentence shall be amortized over such time period as Landlord shall reasonably determine, with interest on the unamortized amount at one percent (1%) in excess of the Wall Street Journal prime lending rate announced from time to time. For purposes of this Lease, “Regulations” means federal, state and city laws, codes, ordinances, rules and regulations.

8.3.3 [Intentionally Omitted]

8.3.4 Definition of “Taxes”. For purposes of this Section Error! Reference source not found., the term “Taxes” shall be defined as real estate taxes and any other taxes, charges and assessments that are levied with respect to the Building or the land appurtenant to the Building, or with respect to any improvements, fixtures and equipment or other property of Landlord, real or personal, located in the Building and used in connection with the operation of the Building and said land, and all fees, expenses and costs incurred by Landlord in investigating, protesting, contesting or in any way seeking

to reduce or avoid increase in any assessments, levies or the tax rate pertaining to any Taxes to be paid by Landlord in any lease year. Notwithstanding anything to the contrary contained herein, Taxes shall not include (i) any transfer, deed, inheritance, estate, succession, transfer, gift, franchise or capital stock tax or any current state or federal income taxes or any income taxes other than those described above, or (ii) any corporate franchise, or estate, inheritance or net income tax, or documentary transfer tax imposed upon any transfer by Landlord of its interest in this Lease or any portion of the Building or any taxes to be paid by Tenant pursuant to Section Error! Reference source not found. or to be paid by other tenants of the Building. With respect to any Taxes which include assessments against income or property not related to the Building, Taxes shall include only that portion of such Taxes which would be payable if the Building and all rights related thereto were the only assets of Landlord. Taxes shall not include interest or penalties arising as a result of a late payment.

8.3.5 Additional Items. The preceding items in this Section 8.3 are by way of example and do not exclude other costs, charges or expenses that may be incurred during the Term, all of which shall be paid by the Tenant on the prorated basis described above. Tenant shall pay all costs associated with Tenant's own occupancy of the Premises, including Tenant's separately metered utilities, if any.

8.3.6 Exclusions from Operating Expenses. Operating Expenses shall not include depreciation or amortization of the Building or equipment in the Building, except as provided herein, loan principal payments, costs of alterations of Tenants' premises, leasing commissions, and interest expenses on long-term borrowings or advertising costs, in addition to the following:

(a) Costs in connection with leasing space in the Building, including brokerage commissions, brochures and marketing supplies, and legal fees in negotiating and preparing lease documents;

(b) Any expenses for which Landlord has received actual reimbursement (other than through Operating Expenses);

(c) Any cost or expense related to removal, cleaning, abatement or remediation of Hazardous Materials existing as of the date of this Lease in or about the Building or Common Areas, except to the extent such removal, cleaning, abatement or remediation is related to the general repair and maintenance of the Building;

(d) The cost of complying with any Regulations in effect (and as interpreted and enforced) on the date of this Lease, provided that if any portion of the Building that was in compliance with all applicable Regulations on the date of this Lease becomes out of compliance due to normal wear and tear, the cost of bringing such portion of the Building into compliance shall be included in Operating Expenses unless otherwise excluded pursuant to the terms hereof;

(e) Depreciation, interest, principal, points and fees on debts or amortization on any mortgage or mortgages or any other debt instrument encumbering the Building (except as permitted herein); and

(f) Repair or replacement of structural portions of the roof, load bearing walls, sidewalls and foundation of the Building;.

8.3.7 Calculation of Operating Expenses. Landlord shall submit to Tenant a statement of Tenant's Pro Rata Share of the anticipated monthly Operating Expenses for the period between the

Rent Commencement Date for Operating Expenses as described in Section O of the Basic Lease Provisions and the following January. Tenant shall pay Tenant's Pro Rata Share of the monthly Operating Expenses concurrently with the payment of Base Rent. Tenant shall continue to make the monthly Operating Expenses payments until notified by Landlord of a change in the amount. By April 1 of each year, Landlord shall give Tenant a statement showing the actual total Operating Expenses for the prior calendar year and Tenant's Pro Rata Share thereof. In the event the total of the monthly payments Tenant has made for Operating Expenses for the prior calendar year are less than the Tenant's actual Pro Rata Share of such Operating Expenses, then Tenant shall pay the difference in a lump sum within ten (10) days after receipt of a statement from Landlord. Any overpayment by Tenant shall be credited toward the monthly rent next coming due. In any year in which substantial maintenance or repair is contemplated, Landlord shall be permitted to include that anticipated cost as part of the estimated monthly Operating Expenses. Even though the Lease Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's share of the Operating Expenses for the year in which this Lease terminates, Tenant shall immediately pay the amount due for any increase over the estimated Operating Expenses previously paid, and, conversely, any overpayment made shall be rebated to Tenant.

8.4 Tenant's Right to Audit Operating Expenses. Tenant shall have the right (no more frequently than once per calendar year) to review Landlord's books and records pertaining to Operating Expenses for the prior calendar year. If in Tenant's opinion, such review discloses an error in Landlord's books and records with regard to the calculation of Operating Expenses, Tenant may cause an audit of Landlord's books and records, which audit will be conducted by a certified public accountant designated by Tenant and reasonably acceptable to Landlord, who does not represent, has not represented, and is not employed by either Landlord or Tenant on any other matters. If any such audit discloses Tenant overpaid its share of Operating Expenses due to Operating Expenses being incorrectly calculated for any calendar year, the amount of the overpayment shall be credited against the Additional Rent next coming due under this Lease, or if the results of the audit are not disclosed until the Lease Term has expired or otherwise terminated, Landlord shall pay Tenant the amount of the overpayment within thirty (30) days after the results of the audit have been disclosed to both parties. If any such audit discloses Tenant underpaid its share of Operating Expenses during any calendar year, Tenant shall pay Landlord the amount of the underpayment within thirty (30) days after the results of the audit have been disclosed to both parties. Tenant shall pay all costs and expenses of the audit; however, if the audit shows Landlord overstated Tenant's Share of Operating Expenses for the calendar year by more than five percent (5%) of

the actual amount payable by Tenant, Landlord shall reimburse Tenant for the reasonable costs and expenses of the audit. This Section 8.4 shall survive termination of the Lease.

8.5 Late Charges and Interest. Tenant acknowledges that late payment by Tenant of Base Rent, Additional Rent or other sums due under this Lease shall cause Landlord to incur costs not contemplated by this Lease, the exact amount of which would be difficult and impractical to ascertain. Therefore, in the event Tenant shall fail to pay any installment of Base Rent, Additional Rent or other sum due within five (5) days after written notice that such sum is due, Tenant shall pay to Landlord a late charge equal to the greater of (i) Two Hundred Fifty and No/100 Dollars (\$250.00), or (ii) five percent (5%) of the overdue amount to reimburse Landlord for the costs relating to collecting and accounting for said late payment(s). In addition, any Base Rent, Additional Rent or other sums due from Tenant or advanced by Landlord shall bear interest at the greater of: (a) ten percent (10%) or (b) the prime rate of interest, as published in the Wall Street Journal (on the date of non-payment), plus three percent (3%), calculated at the time of such non-payment by Tenant or advance by Landlord, provided that the applicable grace period has expired. Such interest shall be treated as Additional Rent due and owing immediately and continuing to accrue until paid or collected. A charge in the amount of Fifty and No/100 Dollars (\$50.00) will be paid by Tenant to Landlord for each check returned "NSF" or otherwise rejected.

8.6 Fair Market Value. Each party to this Lease agrees that the Rent reflects the fair market value of the leased space provided hereunder, and does not take into account the volume or value of any referrals or business otherwise generated between the parties reimbursed under Medicare, Medicaid or any other state or federally funded program. The parties further acknowledge that the services under this Agreement do not involve the counseling or promotion of a business arrangement or other activity that violates 42 U.S.C. §1320a-7b.

8.7 Abated Rent. If this Lease provides for a postponement of any monthly rental payments, a period of free or gratis Rent or other Rent concession, such postponed Rent or free or gratis Rent is called the “**Abated Rent.**” Tenant shall be credited with having paid all of the Abated Rent on the expiration of the term of this Lease only if Tenant has fully, faithfully and punctually performed all of Tenant’s obligations hereunder, including the payment of all Rent (other than the Abated Rent) and all other monetary obligations and the surrender of the Premises in the condition required by this Lease. Tenant acknowledges that its right to receive credit for the Abated Rent is absolutely conditioned upon Tenant’s full, faithful and punctual performance of its obligations under this Lease. If Tenant defaults and does not cure within any applicable grace period, the Abated Rent shall immediately become due and payable in full and this Lease shall be enforced as if there were no such Rent abatement or other Rent concession. In such case, Abated Rent shall be calculated based on the full initial Rent payable under this Lease, plus interest thereon at the rate of twelve percent (12%) per annum from the date each monthly rental payment was postponed.

9. Permitted Use; Restricted Uses; Medical Staff Requirement. Tenant shall use the Premises only for the operation of a state licensed and Medicare certified ambulatory surgery center for endoscopy and related medical and administrative use and all uses ancillary thereto, and for no other purpose without the prior written consent of Landlord, which may be withheld at Landlord's sole discretion (the "**Permitted Use**"). Except as set forth in this Section 9 and as expressly permitted in Exhibit D, Tenant may not use the Premises for any of the uses identified on attached Exhibit D. No use of the Premises may contravene the provisions of any lease with another tenant in the Building that was in existence prior to the Commencement Date of this Lease. Unless approved in writing by Landlord, Tenant (or if Tenant is an entity, Tenant's physician owners, physician members, physician employees and physician contractors) who provide services or see or treat patients in the Premises or who practice within the Premises must be members in good standing of the Medical Staff of Overlake Hospital Medical Center with Active Staff privileges. At no time during the Term of this Lease may the Premises be used by a Competitor of Overlake Hospital Medical Center. For purposes of this Agreement, "**Competitor**" means (i) a hospital or health system, (ii) a medical practice owned or controlled by another hospital or health system, (iii) any person or entity providing outpatient urgent care or emergency services, or any other person or entity providing inpatient services; and (iv) a Medicare certified outpatient surgery facility or ambulatory surgery center, other than the original named Tenant to this Lease, provided it does not otherwise fit within the definition of Competitor herein. A "**Competitor**" includes any entity that is Principally Owned by a Competitor or is an Affiliate of a Competitor. The term "**Principally Owned**" means holding fifty percent (50%) or more of the ownership interests in an entity or possession of the power to direct or cause the direction of the management or policies of such entity. The term "**Affiliate**" means a person or entity that controls another person or entity, is controlled by another person or entity or is under common control with another person or entity. The term "**control**," as used in the immediately preceding sentence means, with respect to an entity, the right to exercise, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the controlled entity.

9.2 Prohibitions. Tenant shall not cause any physical damage to the Premises, beyond ordinary wear and tear. Tenant shall not do anything that may be a nuisance. Tenant shall keep the Premises clean and free from rubbish and shall store all trash and garbage within the Premises or within areas designated by Landlord for such purposes. Tenant shall not do or permit anything to be done in or about the Premises nor bring or keep anything therein that will in any way increase the existing rate of or affect any fire or other insurance upon the Building or any of its contents, or cause cancellation of any insurance policy covering said Building or any part thereof or any of its contents. Tenant shall not do or permit anything to be done in or about the Premises that will in any way obstruct or interfere with the rights of other tenants or occupants of the Building or injure or annoy them or use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause,

maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises.

9.3 Compliance with Laws. Tenant shall not use the Premises or permit anything to be done in or about the Premises that will in any way conflict with any applicable law, statute, ordinance or governmental rules, Regulations or requirements now in force or that may hereafter be in force, and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted relating to or affecting the condition, use or occupancy of the Premises, excluding structural changes not related to or affected by Tenant's improvements or acts. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord is a party thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, Regulation or requirement, shall be conclusive of that fact as between Landlord and Tenant. If any governmental license or permit shall be required for the proper and lawful conduct of Tenant's business activity carried on in the Premises, then Tenant, at its expense, shall duly procure and thereafter maintain such license or permit.

9.4 Building Rules and Regulations. Tenant shall comply with all reasonable rules and regulations now or hereinafter adopted by Landlord during the existence of this Lease. The rules and regulations governing Tenant's conduct in the Building, which are in effect as of the date of this Lease and are subject to periodic change, are attached hereto as Exhibit E. Landlord agrees that the rules and regulations for the Building shall be applied without discrimination or in favor of any tenant, including Tenant.

9.5 Exclusion and Debarment; No Sanctions. Landlord and Tenant each represents and warrants to the other party that neither said party nor any of its owners, officers, directors, trustees, employees or agents (for this Section together known as "Landlord" and "Tenant": (a) has ever been or is

currently excluded, suspended, or debarred from participation in any federal health care program or from participating in any federal health care program or from participating in any government procurement or non-procurement contract, or has ever been convicted of a criminal offense that falls within the ambit of 42 U.S.C. 1320a-7(a), 42 U.S.C. 1320a-7(b)(1)-(3); or (b) has been proposed for exclusion by such federal health care program or a government agency. Furthermore, each party represents and warrants that neither party nor any of its officers, directors, trustees, employees, or agents has ever been convicted of a felony related to the practices of medicine, but not yet been excluded, debarred, suspended or otherwise declared ineligible. Each party will promptly provide written notice to the other of any such exclusion, debarment, sanction or conviction. Such notice will provide grounds for the immediate termination of this Lease, notwithstanding the termination provisions set forth elsewhere in this Lease.

10. . Tenant has deposited with Landlord the Security Deposit, if applicable, set forth in the Basic Lease Provisions above, to be held by Landlord during the Term as set forth below. The Security Deposit shall be held by Landlord as security for the performance by Tenant of Tenant's covenants and obligations hereunder, it being expressly understood that the Security Deposit shall not be considered as a measure of Tenant's damages in case of default by Tenant. If Tenant defaults beyond applicable notice and cure periods in this Lease with respect to any provision of this Lease, Landlord may use any part of the Security Deposit for the payment of any rent or other sum in default, or for the payment of any amount that Landlord may spend or become obligated to spend by reason of Tenant's default, or to compensate Landlord for any other loss or damage Landlord may suffer by reason of Tenant's default, to the extent such amount is otherwise due from Tenant pursuant to the terms of this Lease. If any portion is so used, Tenant shall within ten (10) days after written demand therefor, deposit with Landlord an amount sufficient to restore the Security Deposit to its original amount, and Tenant's failure to do so shall be a material breach of this Lease. Except to such extent, if any, as shall be required by law, Landlord shall not be required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on such deposit. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, within sixty (60) days following the later of (i) the expiration or termination of this Lease, or (ii) Tenant's surrender of the Premises in accordance with the terms of this Lease, the Security Deposit or any balance thereof shall be returned to Tenant.

11.

11.1 Hazardous Materials Warranty. Tenant warrants that it shall not cause or permit any Hazardous Materials (as hereinafter defined) to be brought, kept or used in or about the Premises by Tenant, its subtenants, agents, employees, contractors or invitees (collectively referred to herein as “**Tenant’s agents**”), except in commercial quantities similar to those quantities usually kept on similar premises by others in the same business or profession. Tenant shall cause all such materials to be stored, used and disposed of in compliance with all applicable federal, state and local laws, including, without limitation, laws governing Hazardous Materials. If the presence of Hazardous Materials on, in or under the Premises caused or permitted by Tenant or Tenant’s agents results in any contamination of the Premises, Tenant shall promptly take all actions, at its sole expense, necessary to return the affected area to the condition existing prior to the introduction of any such Hazardous Materials, including, without limitation, any investigation or monitoring of site conditions or any clean up, remediation, response, removal, encapsulation, containment or restoration work required because of the presence of any such Hazardous Materials on, in or under the Premises or any release or suspected release or threat of release of any such Hazardous Materials in the air, soil, surface water or ground water.

11.2 Definition of Hazardous Materials. “Hazardous Materials” as such term is used in this Lease means any hazardous or toxic substances, material or waste, regulated or listed pursuant to any federal, state or local environmental law, including without limitation, the Clean Air Act, the Clean Water Act, the Toxic Substances Control Act, the Comprehensive Environmental Response Compensation and Liability Act, the Resource Conservation and Recovery Act, the Federal Insecticide, Fungicide, Rodenticide Act, the Safe Drinking Water Act and the Occupational Safety and Health Act as such Acts have been or are hereafter amended from time to time.

11.3 Hazardous Materials Indemnity. Tenant shall indemnify Landlord against any and all claims, demands, liabilities, losses and expenses, including consultant fees, court costs and reasonable attorneys' fees, arising out of any breach of the warranty in Section 11.1. Further, Tenant agrees to indemnify Landlord against any and all claims, demands, liabilities, losses and expenses, including consultant fees, court costs and reasonable attorneys' fees, arising from or caused in whole or in part, directly or indirectly, by (i) any release of Hazardous Materials by Tenant or Tenant's agents on the Premises or the Building during the Lease Term; or (ii) Tenant's failure to comply with any Hazardous Materials laws with respect to the Premises. For purposes of the indemnity provisions in this Section 11.3, any acts or omissions of Tenant, or by Tenant's representatives, contractors, assigns, invitees or any other occupant of the Premises (whether or not they are negligent, intentional, willful or unlawful) shall be strictly attributable to Tenant. Tenant's obligations pursuant to the foregoing warranty and indemnity shall survive the expiration or earlier termination of this Lease. Notwithstanding anything to the contrary herein, Tenant shall have no obligation to indemnify Landlord for any claims, liabilities, losses and expenses arising out of any Hazardous Materials placed, store or used in the Building by any party other than Tenant, Tenant's representatives, contractors, assigns and invitees, or any other occupant of the Premises, including, without limitation, by Landlord or its agents, employees or contractors.

11.4 Infectious Waste. Tenant shall comply with all laws and Regulations regarding "Infectious Waste" as defined by the Board of Health of King County. All aspects of the use, handling and disposal of Infectious Waste shall be in compliance with Title 10 of the King County Code and other applicable governmental Regulations now existing or subsequently enacted.

12. Landlord's Obligations.

12.2.1 Landlord shall have no obligation to alter, remodel, improve, repair, decorate or paint the Premises, except that Landlord shall repair and maintain in good condition and repair (i) the structural portions of the Building, including the basic plumbing, air conditioning, heating, mechanical and electrical systems installed or furnished by Landlord, and (ii) Building-standard light bulbs in the Premises.

By taking possession of the Premises, Tenant accepts them to be in good order, condition and repair. It is hereby understood and agreed that no representations respecting the condition of the Premises or the Building have been made by Landlord to Tenant, except as specifically set forth in this Lease. To the best of Landlord's knowledge, the Common Areas in and around the Building are compliant with the Americans with Disabilities Act of 1990, as amended (the "ADA") upon the Commencement Date. Tenant shall be solely responsible for compliance with the ADA within the Premises.

12.1.2 Throughout the Term of this Lease, Landlord shall repair and maintain the Building in a condition consistent with first class medical office buildings, of similar age and condition in the Bellevue metropolitan area. Landlord shall not be liable for any failure to make any repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after written notice of the need of such repairs or maintenance is given to Landlord by Tenant.

12.1.3 Except to the extent, if any, prohibited by law, Tenant waives the right to make repairs at Landlord's expense under any laws, statute or ordinance now or hereafter in effect.

12.2 Tenant's Obligations. Except for portions of the Premises to be repaired and maintained by Landlord as set forth in this Lease, Tenant shall, at all times during the Term, keep the Premises in good condition and repair, excepting damage by fire, or other casualty, and in compliance with all applicable laws, ordinances and Regulations, and will promptly comply with all governmental orders and directives for the correction, prevention and abatement of any violations or nuisances in or upon, or connected with, the Premises, all at Tenant's sole expense. Without limiting the foregoing, tenant acknowledges and agrees that Tenant, at Tenant's sole cost and expense, shall be responsible for replacing all non-Building standard light bulbs in the Premises and for repairing and maintaining any non-Building standard light fixtures in the Premises. If Tenant installs a special HVAC system in the Premises for the purpose of maintaining a temperature-controlled environment for computer systems and/or medical equipment (or for other reasons), Tenant shall be responsible to maintain and/or replace such special HVAC system at Tenant's sole cost. Tenant shall be responsible to maintain and keep clear of debris all x-ray drains in the Premises, if any. Notwithstanding any of the provisions of this Section Error! Reference source not found., Tenant shall be responsible for the lawful removal and cost of removing medical, special or Infectious Wastes from the Premises. If Tenant desires to utilize Landlord's engineering services to assist with certain repairs or maintenance, Landlord will bill Tenant for such engineering services at Landlord's

then current market rate for such services. In addition, and at Landlord's discretion, Landlord may charge a fifteen percent (15%) administrative fee for all materials and subcontractors utilized by Landlord in connection with such engineering services. Tenant must have all repair work in the Premises approved by Landlord and shall provide Landlord with a certificate of insurance for any and all persons or contractors working within the Premises.

13. Services and Utilities Furnished by Landlord. Subject to the other provisions of this Lease, Landlord agrees to furnish to the Premises during normal business hours from 6:00 a.m. to 8:00 p.m. Monday through Friday, and 6:00 a.m. to 6:00 p.m. on Saturday (collectively, the "**Building Hours**"), except for the date of observation of New Year's Day, Independence Day, Labor Day, Memorial Day, Thanksgiving Day, Christmas Day, and, at Landlord's discretion, other locally or nationally recognized holidays which are observed by other buildings comparable to and in the vicinity of the Building (collectively, the "**Holidays**"), the following services and utilities, subject to the rules and regulations of the Building prescribed from time to time: (a) water suitable for normal medical office use of the Premises; (b) heat and air conditioning required in Landlord's judgment for the normal comfort of normal medical office use and occupation of the Premises during Building Hours; (c) cleaning and janitorial service for the Common Areas in and around the Building; (d) elevator service; and (e) electricity for lighting, convenience outlets and other normal medical office use. Electricity costs shall be included in Operating Expenses; provided, however, that Tenant's lighting and connected load does not exceed that of a typical medical office user. In the absence of Landlord's gross negligence or willful misconduct, Landlord shall not be liable for, and Tenant shall not be entitled to, any abatement or of rent by reason of Landlord's failure to furnish any of the foregoing, for any reason whatsoever. Landlord shall not be liable when such failure is caused by accident, breakage, repairs, labor disputes of any character, energy usage restrictions or by any other cause, similar or dissimilar (including any act described in Section 37.2) beyond the reasonable control of Landlord. Landlord shall use reasonable efforts to promptly remedy any interruption in the furnishing of services and utilities.

13.2 Additional Services. Tenant shall not, without Landlord's prior written consent, use heat-generating machines or equipment or lighting that may adversely affect the temperature otherwise maintained by the air conditioning system or increase the water furnished for the Premises by Landlord pursuant to the terms of Section 13 of this Lease. If Tenant uses water, heat or air conditioning in excess of that supplied by Landlord pursuant to Section 13 of this Lease, or electricity in excess of standard office use, Tenant shall pay to Landlord, upon billing, the actual cost of such excess consumption, the cost of the installation, operation and maintenance of equipment that is installed in order to supply such excess consumption. Landlord may install devices to separately meter any increased use, and in such event,

Tenant shall pay the increased cost of such increased use directly to Landlord, on demand, at the rates charged by the public utility company furnishing the same, in addition to the cost of installing, testing and maintaining any additional metering devices necessary to separately meter such Excess Electrical Usage. In no event shall Tenant's use of electricity exceed the Premises' electrical capacity. If Tenant desires to use HVAC during hours other than those for which Landlord is obligated to supply such utilities pursuant to the terms of Section 13 (the "**After Hours HVAC**"), Tenant shall give Landlord such prior notice, if any, as Landlord shall from time to time establish as appropriate, of Tenant's desired use in order to supply such After Hours HVAC, and Landlord shall supply such After Hours HVAC to Tenant at such hourly cost to Tenant (which shall be treated as Additional Rent) as Landlord shall from time to time establish (the "**After Hours HVAC Charge**"). The After Hours HVAC Charge may be increased or decreased during the Term in the event the actual cost of providing the same (e.g., the cost of electricity and the other actual costs of providing the After Hours HVAC) increases or decreases after the date hereof. Notwithstanding any provision to the contrary contained in this Lease, Tenant shall pay to Landlord Landlord's standard charge for any services provided to Tenant that Landlord is not obligated to provide to Tenant pursuant to the terms of this Lease.

13.3 Utility Service Providers. Tenant will not, without the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed, contract with a utility provider to service the Premises with any utility, including, but not limited to, telecommunications, electricity, water, sewer or gas that is not previously providing such service to other tenants in the Building.

13.4 Tenant's Access to Building. Tenant shall have access to the Building and the Premises for Tenant and its employees twenty-four (24) hours per day/seven (7) days per week, subject to the terms of this Lease and such security or monitoring systems as Landlord may reasonably impose, including, without limitation, sign-in procedures and/or presentation of identification cards.

14. Tenant Alterations; Request for Approval. Tenant shall not make or suffer to be made any alterations, additions, or improvements, including, but not limited to, the attachment of any fixtures or equipment in, on, or to the Premises or any part thereof, or the making of any improvements as required by Section Error! Reference source not found. without the prior written consent of Landlord (all of such additions, improvements or attachments being referred to herein as the “**Work**”); provided, however, that alterations, additions or improvements not affecting the structural portions, or weight load of the Building, and that individually cost less than Ten Thousand and No/100 Dollars (\$10,000.00) per alteration are excluded from the requirement of needing Landlord’s consent; provided, however, that in the event the Work includes any plumbing or electrical work, Tenant shall notify Landlord of the nature and timing of such Work in advance of such Work occurring. When applying for Landlord’s consent to such Work, Tenant shall furnish complete plans and specifications for such Work. Landlord’s consent shall not be unreasonably withheld or delayed. Landlord shall respond to Tenant’s request within fifteen (15) days of Tenant’s submission of the request, together with complete plans and specifications for such Work.

14.2 Landlord’s Requirements. In the event Landlord consents to any Work by Tenant, the same shall be made by using either Landlord’s contractor or a contractor reasonably approved by Landlord, in either event at Tenant’s sole cost and expense. If Tenant shall employ any contractor other than Landlord’s contractor and such other contractor or any subcontractor of such other contractor shall employ any non-union labor or supplier, Tenant shall be responsible for and hold Landlord harmless from any and all delays, damages and extra costs suffered by Landlord as a result of any dispute with any labor unions concerning the wage, hours, terms or conditions of the employment of any such labor. In any event, Landlord shall charge Tenant a construction administration fee equal to four percent (4%) of the construction costs of such Tenant Work on a single project for construction costs up to Three Hundred Thousand and No/100 Dollars (\$300,000.00), and if construction costs exceed Three Hundred Thousand and No/100 Dollars (\$300,000.00), Landlord shall charge an additional three percent (3%) construction administration fee on the amount of construction costs that are in excess of Three Hundred Thousand and No/100 Dollars (\$300,000.00). In addition, Tenant shall pay such reasonable third-party costs actually incurred by Landlord in connection with the proposed work and the design thereof, with all such amounts being due ten (10) days after Landlord’s demand. Notwithstanding the foregoing, Landlord shall not charge a construction administration fee for any Work performed by Tenant if the cost of such Work is less than Ten Thousand and No/100 Dollars (\$10,000.00) per alteration. For the purpose of clarification,

this Section 14.2 does not and shall not apply to Tenant's Work performed in accordance with Exhibit C attached hereto; Exhibit C includes separate, specific requirements for Tenant's Work.

14.3 Construction Requirements. All Work proposed by Tenant shall be constructed in accordance with all Regulations and Landlord's then-current General Contractor Construction Rules, using Building standard materials where applicable. Tenant shall, prior to construction, provide the additional insurance required under Section 15.3 in such case, and also all such assurances to Landlord as Landlord shall reasonably require to assure payment of the costs thereof, including but not limited to, notices of non-responsibility, waivers of lien, surety company performance bonds and funded construction escrows and to protect Landlord and the Building and appurtenant land against any loss from any mechanic's, materialmen's or other liens. Tenant shall require Tenant's general contractor (and all of the general contractor's subcontractors) to maintain in effect such insurance as Landlord shall specify for any Work on the Premises.

14.4 Removal of Alterations Notwithstanding anything to the contrary contained herein, so long as Tenant's written request for consent for a proposed alteration or improvements contains the following statement in large, bold and capped font, then at the time Landlord gives its consent for any alterations or improvements, if it so does, Tenant shall also be notified whether or not Landlord will require that such alterations or improvements be removed upon the expiration or earlier termination of this Lease: **"PURSUANT TO SECTION Error! Reference source not found. OF THE LEASE, IF LANDLORD CONSENTS TO THE SUBJECT ALTERATION, LANDLORD SHALL NOTIFY TENANT IN WRITING WHETHER OR NOT LANDLORD WILL REQUIRE SUCH ALTERATION TO BE REMOVED AT THE EXPIRATION OR EARLIER TERMINATION OF THE LEASE."** Notwithstanding anything to the contrary contained in this Lease, at the expiration or earlier termination of this Lease and otherwise in accordance with Section Error! Reference source not found. hereof, Tenant shall be required to remove all alterations or improvements Tenant has

made to the Premises, except for any such alterations or improvements that Landlord expressly indicates or is deemed to have indicated shall not be required to be removed from the Premises by Tenant. In no event shall Tenant be required to remove any improvements to the Premises made by the Landlord or any previous tenant of the Premises. If Tenant's written notice strictly complies with the foregoing and if Landlord fails to notify Tenant within twenty (20) days of Landlord's receipt of such notice whether Tenant shall be required to remove the subject alterations or improvements at the expiration or earlier termination of this Lease, it shall be assumed that Landlord shall require the removal of the subject alterations or improvements. Landlord confirms and agrees that Tenant shall not have any obligation to restore the Premises to its state prior to the completion of the Tenant Work described in the Work Letter.

15. Landlord's Insurance. Landlord agrees, as an Operating Expense, to maintain in full force and effect with respect to the Building throughout the entire Lease Term general fire and extended coverage insurance including vandalism in an amount equal to one hundred percent (100%) of the replacement cost of the Building and commercial general liability insurance. To the extent Landlord also maintains any insurance in any way connected with the Premises, Landlord's insurance shall be excess coverage and Tenant's insurance shall be primary coverage.

15.2 Tenant's Insurance. Tenant shall keep in force throughout the Term: (a) a Commercial General Liability insurance policy or policies to protect the Landlord against any liability to the public or to any invitee of Tenant or Landlord incidental to the use of or resulting from any accident occurring in or upon the Premises with a limit of not less than \$1,000,000 per occurrence and not less than \$2,000,000 in the annual aggregate, or such larger amount as Landlord may prudently and reasonably require from time to time, covering bodily injury and property damage liability; (b) Business Auto Liability covering owned, non-owned and hired vehicles with a limit of not less than \$1,000,000 per accident; (c) Worker's Compensation Insurance with limits as required by statute with Employers Liability and limits of \$1,000,000 each accident, \$1,000,000 disease policy limit, \$1,000,000 disease--each employee for employers with employees in states other than Washington. For employers with employees solely in the State of Washington, evidence of coverage in the state worker's compensation program. Stop gap

coverage with a limit of not less than \$1,000,000 per occurrence and not less than \$2,000,000 in the annual aggregate, or such larger amount as Landlord may prudently and reasonably require from time to time, is required via an endorsement to the employer's general liability policy; (d) \$1,000,000 Umbrella Liability coverage that applies Excess of General Liability, Auto Liability and Employer's Liability/Stop Gap (e) All Risk or Special Form coverage protecting Tenant against loss of or damage to Tenant's alterations, additions, improvements, carpeting, floor coverings, panelings, decorations; (d) \$1,000,000 Umbrella Liability coverage that applies Excess of General Liability, Auto Liability and Employer's Liability/Stop Gap (e) All Risk or Special Form coverage protecting Tenant against loss of or damage to Tenant's alterations, additions, improvements, carpeting, floor coverings, panelings, decorations, fixtures, inventory and other business personal property situated in or about the Premises to the full replacement value of the property so insured; and (f) Business Interruption Insurance with limit of liability representing loss of at least approximately six (6) months of income. All such comprehensive liability insurance shall specifically insure the performance by Tenant of the indemnity agreement as to liability for injury to or death of persons and injury or damage to property as provided in this Lease. Further, all comprehensive liability insurance shall include personal injury, blanket contractual, cross liability and severability of interest clauses, products/completed operations, broad form property damage, independent contractors, owned, non-owned and hired vehicles.

The aforesaid policies shall (a) be provided at Tenant's expense; (b) name the Landlord and the Landlord's lender, if any, as an additional insureds (General Liability) and loss payees (Property—Special Form); (c) be issued by an insurance company with a minimum Best's rating of "A-VII" during the Term; and (d) provide that said insurance shall not be canceled unless forty-five (45) days prior written notice (ten (10) days for non-payment of premium) shall have been given to Landlord; a certificate of Liability insurance on ACORD Form 25 and a certificate of Property insurance on ACORD Form 28 with a copy of the policy shall be delivered to Landlord by Tenant upon the Commencement Date and prior to each renewal of said insurance, and as required from time to time by Landlord.

15.3 Insurance Covering Tenant's Work. Whenever Tenant shall undertake any Work in, to or about the Premises, the aforesaid insurance protection must extend to and include injuries to persons

and damage to property arising in connection with such Work, without limitation including liability under any applicable structural work act, and such other insurance as Landlord shall require; and the policies of or certificates evidencing such insurance must be delivered to Landlord prior to the commencement of any such Work. In addition to the foregoing, Tenant shall require its general contractor and any subcontractors to maintain such insurance as Landlord shall reasonably require.

15.4 Blanket Insurance. All insurance required pursuant to this Section Error! Reference source not found. may be carried under a blanket policy covering the Premises and other locations.

15.5 Waiver of Subrogation. So long as their respective insurers so permit, Tenant and Landlord hereby mutually waive any and all rights of recovery from the other for any loss insured by fire, extended coverage, all risks and other insurance now or hereafter existing for the benefit of the respective party but only to the extent of the net insurance proceeds payable under such policies. Each party shall obtain any special endorsements required by their insurer to evidence compliance with the aforementioned waiver.

16. . In addition to Rent and other charges to be paid by Tenant under this Lease, but excluding Taxes paid pursuant to Section 8.3 above, Tenant shall reimburse to Landlord, upon demand, any and all taxes payable by Landlord (other than net income taxes) whether or not now customary or within the contemplation of the parties to this Lease: (a) upon, allocable to, or measured by or upon the gross or net Rent payable under this Lease, including, without limitation, any gross income tax or excise tax levied by the state, any political subdivision thereof, or the Federal government with respect to the receipt of such rent; (b) upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy of the Premises or any portion thereof, including any sales, use or service tax imposed as a result thereof; (c) upon or measured by the Tenant's gross receipts or payroll or the value of Tenants' equipment, furniture, fixtures and other personal property of Tenant or leasehold improvements, alterations, or additions located in the Premises; or (d) upon this transaction or any document to which Tenant is a party creating or transferring any interest of Tenant in this Lease or the Premises. In addition, Tenant agrees to pay, before delinquency, any and all taxes levied or assessed against Tenant and which become payable during the term hereof upon Tenant's equipment, furniture, fixtures and other personal property of Tenant located in the Premises.

17. . Landlord shall not be liable, and Tenant hereby waives all claims against Landlord, for any damage to any property or any injury to any person in or about the Premises or the Building by or from any cause whatsoever (including without limiting the foregoing, rain or water leakage of any character

from the roof, windows, walls, basement, pipes, plumbing works or appliances, the Building not being in good condition or repair, gas, fire, oil, electricity or theft), except to the extent caused by or arising from the gross negligence or willful misconduct of Landlord or its agents, employees or contractors. Tenant shall protect, indemnify and hold Landlord harmless from and against any and all loss, claims, liability or costs (including court costs and attorneys' fees) incurred by reason of any third-party claim related to: (a) any damage to any property (including but not limited to property of Landlord) or any injury (including but not limited to death) to any person occurring in, on or about the Premises or the Building to the extent that such injury or damage shall be caused by or arise from any actual or alleged act, neglect, fault, or omission by or of Tenant to meet any standards imposed by any duty with respect to the injury or damage; (b) the conduct or management of any work or thing whatsoever done by the Tenant in or about the Premises or from transactions of the Tenant concerning the Premises; (c) Tenant's actual or asserted failure to comply with any and all Regulations applicable to the condition or use of the Premises or its occupancy and for which Tenant is specifically responsible under the terms of this Lease; or (d) any breach or default on the part of Tenant in the performance of any covenant or agreement on the part of the Tenant to be performed pursuant to this Lease. The provisions of this Article shall survive the termination of this Lease with respect to any claims or liability accruing prior to such termination.

18. . Tenant shall not suffer or permit any mechanic's liens or materialman's liens to be filed against the real property of which the Premises form a part nor against the Tenant's leasehold interest in the Premises. Tenant shall indemnify, defend and hold the Landlord harmless from any lien claim, litigation, damages or judgments in connection with a mechanic, materialman or third-party claimant relating to work requested by Tenant. In addition, Tenant shall reimburse Landlord for any costs or reasonable attorneys' fees incurred by Landlord in establishing its right to indemnity under this **Section Error! Reference source not found.** or its defense of such lien claims and actions. Should any claim of lien be filed against the Premises or any action affecting the title to the Building be commenced, upon receiving notice of such lien or action, Tenant shall immediately give Landlord written notice thereof.

19. .Landlord reserves and shall at all times have the right to re-enter the Premises to inspect the same, to supply janitorial service and any other service to be provided by Landlord to Tenant under this Lease, to show said Premises to prospective purchasers, mortgagees or tenants, and to alter, improve or repair the Premises and any portion of the Building, without abatement of rent. Landlord may for that purpose, erect, use and maintain scaffolding, pipes, conduits and other necessary structures and open any wall, ceiling or floor in and through the Building and Premises where reasonably required by the character of the work to be performed, provided that entrance to the Premises shall not be blocked thereby, and further provided that the business of Tenant shall not be interfered with unreasonably. In addition, Tenant agrees to provide Landlord's lender and its lender's agents, representatives and contractors with access to the Premises from time to time for the purposes of inspecting the Premises and conducting engineering and environmental assessments and other investigations of the Premises. Notwithstanding the foregoing, except (i) to the extent requested by Tenant, (ii) in connection with scheduled maintenance programs, and/or (iii) in the event of an emergency, Landlord shall provide to Tenant reasonable prior notice (either written or oral) before Landlord enters the Premises to perform any repairs therein. Landlord shall have the right at any time to change the arrangement and/or locations of public entrances, or public passageways, public doors and doorways, and public corridors, windows, elevators, stairs, toilets or other public parts of the Building and to change the name, number or designation by which the Building is commonly known. In the event that Landlord damages any portion of any wall or wall covering, ceiling, or floor or floor covering within the Premises, Landlord shall repair or replace the damaged portion to match the original as nearly as commercially reasonable but shall not be required to repair or replace more than the portion actually damaged. Tenant hereby waives any claim

for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned by any action of Landlord or Landlord's lender authorized by this Section 19. Notwithstanding the foregoing, except as provided in Section 15.5 to the contrary, Tenant shall not be required to waive any claims against Landlord (other than for loss or damage to Tenant's business) where such loss or damage is due to the gross negligence or willful misconduct of Landlord; provided, however, that any such claim of Tenant shall be limited to the foreseeable, direct and actual damages incurred by Tenant. Notwithstanding the foregoing, except in emergency situations, as determined by Landlord, Landlord shall exercise reasonable efforts to perform any entry into the Premises in a manner that is reasonably designed to minimize interference with the operation of Tenant's business in the Premises.

For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in the Premises, excluding Tenant's vaults and safes or special security areas (designated in advance), and Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in an emergency to obtain entry to any portion of the Premises. To ensure Landlord's ability to access the Premises, Tenant shall provide Landlord with the security code for any special security system that Tenant shall install with Landlord's prior approval in the Premises. As to any portion to which access cannot be had by means of a key or keys in Landlord's possession, Landlord is authorized to gain access by such reasonable means as Landlord shall elect and the reasonable cost of repairing any damage occurring in doing so shall be borne by Tenant and paid to Landlord within fifteen (15) days of Landlord's demand.

20. . In the event the Premises or the Building are damaged by fire or other cause, and in Landlord's reasonable estimation such damage can be materially restored within one hundred eighty (180) days following the commencement of restoration, Landlord shall forthwith repair the same and this Lease shall remain in full force and effect, except that Tenant shall be entitled to a proportionate abatement in rent from the date of such damage. Such abatement of rent shall be made pro rata in accordance with the extent to which the damage and the making of such repairs shall interfere with the use and occupancy by Tenant of the Premises from time to time. Within forty-five (45) days from the date of such damage, Landlord shall notify Tenant, in writing, of Landlord's reasonable estimation of the length of time within which material restoration can be made, and Landlord's determination shall be binding on Tenant. For purposes of this Lease, the Building or Premises shall be deemed "materially restored" if they are in such condition as would not prevent or materially interfere with Tenant's use of the Premises for the purpose for which it was being used immediately before such damage.

If such repairs cannot, in Landlord's reasonable estimation, be made within one hundred eighty (180) days following the commencement of restoration, Landlord and Tenant shall each have the option of giving the other, at any time within thirty (30) days after Landlord's notice of estimated restoration time, notice terminating this Lease as of the date of such damage. In the event of the giving of such notice, this Lease shall expire and all interest of the Tenant in the Premises shall terminate as of the date of such damage as if such date had been originally fixed in this Lease for the expiration of the Term. In the event that neither Landlord nor Tenant exercises its option to terminate this Lease, then Landlord shall repair or restore such damage, this Lease continuing in full force and effect, and the rent hereunder shall be proportionately abated as provided in this Section **Error! Reference source not found.**

Landlord shall not be required to repair or replace any damage or loss by or from fire or other cause to any panelings, decorations, partitions, additions, railings, ceilings, floor coverings, office fixtures or any other property or improvements installed on the Premises by, or belonging to, Tenant. Any

insurance which may be carried by Landlord or Tenant against loss or damage to the Building or Premises shall be for the sole benefit of the party carrying such insurance and under its sole control. In the event that Landlord should fail to complete such repairs and material restoration within sixty (60) days after the date estimated by Landlord therefor as extended by this Section Error! Reference source not found., Tenant may at its option and as its sole remedy terminate this Lease by delivering written notice to Landlord, within fifteen (15) days after the expiration of said period of time, whereupon this Lease shall end on the date of such notice or such later date fixed in such notice as if the date of such notice was the date originally fixed in this Lease for the expiration of the Term; provided, however, that if construction is delayed because of changes, deletions or additions in construction requested by Tenant, strikes, lockouts, casualties, Acts of God, war, material or labor shortages, government regulation or control or other causes beyond the reasonable control of Landlord, the period for restoration, repair or rebuilding shall be extended for the amount of time Landlord is so delayed.

Notwithstanding anything to the contrary contained in this Section Error! Reference source not found.: (a) Landlord shall not have any obligation whatsoever to repair, reconstruct, or restore the Premises when the damages resulting from any casualty covered by the provisions of this Section Error! Reference source not found. occur during the last twelve (12) months of the Term or any extension thereof, but if Landlord determines not to repair such damages Landlord shall notify Tenant and if such damages shall render any material portion of the Premises untenable Tenant shall have the right to terminate this Lease by notice to Landlord within fifteen (15) days after receipt of Landlord's notice; and (b) in the event the holder of any indebtedness secured by a mortgage or deed of trust covering the Premises or Building requires that any insurance proceeds be applied to such indebtedness, then Landlord shall have the right to terminate this Lease by delivering written notice of termination to Tenant within fifteen (15) days after such requirement is made by any such holder, whereupon this Lease shall end on the date of such damage as if the date of such damage were the date originally fixed in this Lease for the expiration of the Term.

In the event of any damage or destruction to the Building or Premises by any peril covered by the provisions of this Section Error! Reference source not found., it shall be Tenant's responsibility to properly secure the Premises and upon notice from Landlord to remove forthwith, at its sole cost and expense, such portion of all of the property belonging to Tenant or its licensees from such portion or all of the Building or Premises as Landlord shall request.

21. . If all or any substantial part of the Premises shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain, or conveyance in lieu of such appropriation, either party to this Lease shall have the right, at its option, of giving the other, at any time within thirty (30) days after such taking, notice terminating this Lease, except that Tenant may only terminate this Lease by reason of taking or appropriation, if such taking or appropriation shall be so substantial as to materially interfere with Tenant's use and occupancy of the Premises. If neither party to this Lease shall so elect to terminate this Lease, the rental thereafter to be paid shall be adjusted on a fair and equitable basis under the circumstances. In addition to the rights of Landlord above, if any substantial part of the Building shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain or conveyance in lieu thereof, and regardless of whether the Premises or any part thereof are so taken or appropriated, Landlord shall have the right, at its sole option, to terminate this Lease. Landlord shall be entitled to any and all income, rent, award, or any interest whatsoever in or upon any such sum, which may be paid or made in connection with any such public or quasi-public use or purpose, and Tenant hereby assigns to Landlord any interest it may have in or claim to all or any part of such sums, other than any separate award which may be made with respect to Tenant's trade fixtures and moving expenses;

Tenant shall make no claim for the value of any unexpired Term. Notwithstanding anything to the contrary in this Section Error! Reference source not found., Tenant shall have the right to claim separately from the condemning authority such compensation as may be recoverable by Tenant in its own right for the amortized value of leasehold improvements paid for solely by Tenant (except for those alterations approved by Landlord and which will become the property of Landlord upon the expiration or termination of this Lease), for Tenant's personal property and trade fixtures, and for relocation and restoration costs incurred by Tenant, so long as it does not prejudice or reduce Landlord's claim against or award from the condemning authority.

22. . The following events shall be deemed to be "**Events of Default**" under this Lease:

22.1 Tenant shall fail to pay when due any sum of money due to be paid to Landlord under this Lease, whether such sum be any installment of the Rent reserved by this Lease, any other amounts treated as Additional Rent under this Lease, or any other payment or reimbursement to Landlord required by this Lease, whether or not treated as Additional Rent under this Lease, and such failure shall continue for a period of five (5) business days after written notice that such payment was not made when due, but if any such notice shall be given two (2) times during the twelve (12) month period commencing with the date of the first (1st) such notice, the third (3rd) failure to pay within five (5) business days after due any additional sum of money becoming due to be paid to Landlord under this Lease during such twelve (12) month period shall be an Event of Default, without notice.

22.2 Tenant shall fail to comply with any term, provision or covenant of this Lease that is not specifically provided for in this Section Error! Reference source not found. and shall not cure such failure within twenty (20) days (forthwith, if the failure involves a hazardous condition) after written notice of such failure to Tenant; provided, however, that such failure shall not be an Event of Default if such failure could not reasonably be cured during such twenty (20) day period, Tenant has commenced the cure within such twenty (20) day period and thereafter is diligently pursuing such cure to completion, but the total aggregate cure period shall not exceed ninety (90) days.

22.3 Tenant shall fail to vacate the Premises immediately upon termination of this Lease, by lapse of time or otherwise, or upon termination of Tenant's right to possession only.

22.4 Tenant shall become insolvent, admit in writing its inability to pay its debts generally as they become due, file a petition in bankruptcy or a petition to take advantage of any insolvency statute, make an assignment for the benefit of creditors, make a transfer in fraud of creditors, apply for or consent to the appointment of a receiver of itself of the whole or any substantial part of its property, or file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws, as now in effect or hereafter amended, or any other applicable law or statute of the United States or any state thereof.

22.5 Tenant (or if Tenant, is an entity, Tenant's physician owners, members and employees and contractors) breaches its requirement to be a member or members in good standing of the Medical Staff of Overlake Hospital Medical Center with Active Staff privileges.

22.6 A court of competent jurisdiction shall enter an order, judgment or decree adjudicating Tenant bankrupt, or appointing a receiver of Tenant, or of the whole or any substantial part of its property, without the consent of Tenant, or approving a petition filed against Tenant seeking reorganization or arrangement of Tenant under the bankruptcy laws of the United States, as now in effect or hereafter

amended, or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within sixty (60) days from the date of entry thereof.

23. . Upon the occurrence of any uncured Events of Default described in or referred to in Section **Error! Reference source not found.**, Landlord shall have the option to pursue any one or more of the following remedies without notice or demand whatsoever, currently or consecutively and not alternatively:

23.1 Landlord may, at its election, terminate this Lease or terminate Tenant's right to possession only, without terminating the Lease.

23.2 Upon any termination of this Lease, whether by lapse of time or otherwise, or upon any termination of Tenant's right to possession without termination of the Lease, Tenant shall surrender possession and vacate the Premises immediately, and deliver possession thereof to Landlord, and Tenant hereby grants to Landlord full and free license to enter into and upon the Premises in such event and to repossess Landlord of the Premises as of Landlord's former estate and to expel or remove Tenant and any others who may be occupying or be within the Premises and to remove Tenant's signs and other evidence of tenancy and all other property of Tenant therefrom without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without incurring any liability for any damage resulting therefrom, Tenant waiving any right to claim damages for such re-entry and expulsion, and without relinquishing Landlord's right to rent or any other right given to Landlord under this Lease or by operation of law.

23.3 Upon any termination of this Lease, whether by lapse of time or otherwise, Landlord shall be entitled to recover as damages, all Rent, including any amounts treated as Additional Rent under this Lease, and other sums due and payable by Tenant on the date of termination, plus as liquidated damages and not as a penalty, an amount equal to the sum of: (a) an amount equal to the then present value of the Rent reserved in this Lease for the residue of the stated Term of this Lease including any amounts treated as Additional Rent under this Lease and all other sums provided in this Lease to be paid by Tenant, minus the fair rental value of the Premises for such residue; (b) the value of the time and expense necessary to obtain a replacement tenant or tenants, and the estimated expenses described in Section 23.4 relating to recovery of the Premises, preparation for reletting and for reletting itself; and (c) the cost of performing any other covenants which would have otherwise been performed by Tenant.

23.4 Upon any termination of Tenant's right to possession only without termination of the Lease:

23.4.1 Neither such termination of Tenant's right to possession nor Landlord's taking and holding possession thereof as provided in Section 23.1 shall terminate the Lease or release Tenant, in whole or in part, from any obligation, including Tenant's obligation to pay the Rent, including any amounts treated as Additional Rent, under this Lease for the full Term, and if Landlord so elects, Tenant shall continue to pay to Landlord the entire amount of the Rent as and when it becomes due, including any amounts treated as Additional Rent under this Lease, for the remainder of the Term, plus any other sums provided in this Lease to be paid by Tenant for the remainder of the Term.

23.4.2 Landlord shall use commercially reasonable efforts to relet the Premises or portions thereof to the extent required by applicable law. Landlord and Tenant agree that nevertheless, Landlord shall at most be required to use only the same efforts Landlord then uses to lease premises in the Building generally and that in any case that Landlord shall not be required to give any preference or

priority to the showing or leasing of the Premises or portions thereof over any other space that Landlord may be leasing or have available and may place a suitable prospective tenant in any such other space regardless of when such other space becomes available and that Landlord shall have the right to relet the Premises for a greater or lesser term than that remaining under this Lease, the right to relet only a portion of the Premises, or a portion of the Premises or the entire Premises as a part of a larger area, and the right to change the character or use of the Premises. In connection with or in preparation for any reletting, Landlord may, but shall not be required to, make repairs, alterations and additions in or to the Premises and redecorate the same to the extent Landlord reasonably deems necessary or desirable, and Tenant shall pay the cost thereof, together with Landlord's expenses of reletting, including, without limitation, any commission incurred by Landlord, within fifteen (15) days of Landlord's demand and evidence of such costs. Landlord shall not be required to observe any instruction given by Tenant about any reletting or accept any tenant offered by Tenant unless such offered tenant has a credit-worthiness reasonably acceptable to Landlord and leases the entire Premises upon terms and conditions including a rate of rent (after giving effect to all expenditures by Landlord for tenant improvements, broker's commissions and other leasing costs) all no less favorable to Landlord than as called for in this Lease, nor shall Landlord be required to make or permit any assignment or sublease for more than the current term or which Landlord would not be required to permit under the provisions of Section Error! Reference source not found.

23.4.3 Until such time as Landlord shall elect to terminate the Lease and shall thereupon be entitled to recover the amounts specified in such case in Section 23.3, Tenant shall pay to Landlord upon demand the full amount of all Rent, including any amounts treated as Additional Rent under this Lease and other sums reserved in this Lease for the remaining Term, together with the costs of repairs, alterations, additions, redecorating and Landlord's expenses of reletting and the collection of the rent accruing therefrom (including reasonable attorney's fees and broker's commissions), as the same shall then be due or become due from time to time, less only such consideration as Landlord may have received from any reletting of the Premises; and Tenant agrees that Landlord may file suits from time to time to recover any sums falling due under this Section Error! Reference source not found. as they become due. Any proceeds of reletting by Landlord in excess of the amount then owed by Tenant to Landlord from time to time shall be credited against Tenant's future obligations under this Lease but shall not otherwise be refunded to Tenant or inure to Tenant's benefit.

23.5 Upon the occurrence of an Event of Default, Landlord may (but shall not be obligated to) cure such default at Tenant's sole expense. Without limiting the generality of the foregoing, Landlord may, at Landlord's option, enter into and upon the Premises if Landlord determines in its sole discretion that Tenant is not acting within a commercially reasonable time to maintain, repair or replace anything for which Tenant is responsible under this Lease or to otherwise effect compliance with its obligations under this Lease and correct the same, without being deemed in any manner guilty of trespass, eviction or forcible entry and detainer and without incurring any liability for any damage or interruption of Tenant's business resulting therefrom, and Tenant agrees to reimburse Landlord within five (5) days of Landlord's demand as Additional Rent, for any expenses Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease, plus interest from the date of expenditure by Landlord at the Wall Street Journal prime rate.

23.6 If, on account of any breach or default by Tenant in Tenant's obligations under the terms and conditions of this Lease, it shall become necessary or appropriate for Landlord to employ or consult with an attorney or collection agency concerning or to enforce or defend any of Landlord's rights or remedies arising under this Lease or to collect any sums due from Tenant, Tenant agrees to pay all costs and fees so incurred by Landlord, including, without limitation, reasonable attorneys' fees and costs.

23.7 Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies provided in this Lease or any other remedies provided by law or in equity (all such remedies being cumulative), nor shall pursuit of any remedy provided in this Lease constitute a forfeiture or waiver of any rent due to Landlord under this Lease or of any damages accruing to Landlord by reason of the violation of any of the terms, provisions and covenants contained in this Lease.

23.8 No act or thing done by Landlord or its agents during the Term shall be deemed a termination of this Lease or an acceptance of the surrender of the Premises, and no agreement to terminate this Lease or accept a surrender of said Premises shall be valid, unless in writing signed by Landlord. No waiver by Landlord of any violation or breach of any of the terms, provisions and covenants contained in this Lease shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions and covenants contained in this Lease. Landlord's acceptance of the payment of rental or other payments after the occurrence of an Event of Default shall not be construed as a waiver of such Default unless Landlord so notifies Tenant in writing. Forbearance by Landlord in enforcing one or more of the remedies provided in this Lease upon an Event of Default shall not be deemed or construed to constitute a waiver of such Event of Default or of Landlord's right to enforce any such remedies with respect to such Event of Default or any subsequent Event of Default.

23.9 Any and all property that may be removed from the Premises by Landlord pursuant to the authority of this Lease or of law, to which Tenant is or may be entitled, may be handled, removed and/or stored, as the case may be, by or at the direction of Landlord but at the risk, cost and expense of Tenant, and Landlord shall in no event be responsible for the value, preservation or safekeeping thereof. Tenant shall pay to Landlord, upon demand, any and all expenses incurred in such removal and all storage charges against such property so long as the same shall be in Landlord's possession or under Landlord's control. Any such property of Tenant not retaken by Tenant from storage within thirty (30) days after removal from the Premises shall, at Landlord's option, be deemed conveyed by Tenant to Landlord under this Lease as by a bill of sale without further payment or credit by Landlord to Tenant.

23.10 If more than one (1) Event of Default occurs during the Term or any renewal thereof, Tenant's renewal options, expansion options, purchase options and rights of first offer and/or refusal, if any are provided for in this Lease, shall be null and void.

23.11 Landlord may terminate this Lease and without further notice repossess the Premises, and be entitled to recover as damage a sum of money equal to the total of (i) the cost of recovering the Premises; (ii) the unpaid Rent earned at the time of termination, plus interest thereon; (iii) the balance of the Rent for the remainder of the Lease Term; (iv) costs of reletting and refurbishing; (v) any other sum of money and damages owed by Tenant to Landlord, less (vi) the rent and costs realized by Landlord through re-letting the Premises or that amount Landlord would have realized had Landlord mitigated its losses as required pursuant to Washington law; or

23.12 Landlord may immediately terminate Tenant's right of possession of the Premises, but not terminate this Lease, and without notice or demand enter upon the Premises or any part thereof and take absolute possession of the same, and, at Landlord's sole option, may relet the Premises or any part thereof on such terms and for such rents as Landlord may reasonably elect. Reletting of the Premises shall not be construed as an election on the part of Landlord to terminate this Lease and, notwithstanding any such reletting without termination, Landlord may at any time thereafter elect to terminate this Lease for default; or

23.13 In lieu of, or in addition to, bringing an action for any or all of the recoveries described above, Landlord may bring an action to recover and regain possession of the Premises in the manner provided by the laws of unlawful detainer then in effect in the state of Washington.

24. . Except as otherwise provided in this Lease, Landlord shall be in default under this Lease if Landlord fails to perform any of its obligations hereunder and said failure continues for a period of thirty (30) days after receipt of written notice thereof from Tenant to Landlord (unless such failure cannot reasonably be cured within thirty (30) days and Landlord shall have commenced to cure said failure within said thirty (30) days and continues diligently to pursue the curing of the same). If Landlord shall be in default under this Lease, and, as a consequence of such default Tenant shall recover a money judgment against Landlord, such judgment shall be satisfied only out of the right, title and interest of Landlord in the Building and the proceeds thereof, including rents, as the same may then be encumbered and Landlord shall not be liable for any deficiency. In no event shall Tenant have the right to levy execution against any property of Landlord other than its interest in the Building. Tenant agrees that no other remedy, including, without limitation, incidental or consequential damages for lost profits, injury to person or property, or any other incidental or consequential loss shall be available to Tenant.

25. .

26. Landlord's Consent to Tenant Assignment Required.

26.2.1 Tenant shall not have the right to assign or pledge this Lease or to sublet the whole or any part of the Premises whether voluntarily or by operation of law, or permit the use or occupancy of the Premises by anyone other than Tenant, and shall not make, suffer or permit such assignment, subleasing or occupancy without the prior written consent of Landlord, which shall not be unreasonably withheld, and said restrictions shall be binding upon any and all assignees of this Lease and subtenants of the Premises. Notwithstanding the foregoing, Tenant shall not sublease or assign its interest in the Premises to any Competitor (as such term is defined in Section 9 of this Lease), unless specifically consented to by Landlord in writing, which consent may be withheld in Landlord's sole and absolute discretion. Tenant shall deliver the following to Landlord in connection with any such request: (a) a true and complete copy of the proposed sublease or assignment; (b) current financial statements, including income and expense statements and balance sheets, or other adequate financial information, for the then current year-to-date and two (2) most recent years for the prospective sublessee or assignee; and (c) a current credit report from a recognized credit agency identifying the credit history of the prospective sublessee or assignee.

For purposes of this Lease, a Change in Control of Tenant shall be included as an assignment for which Landlord's prior written consent is required under this Section 26. A "**Change in Control**" means (a) any issuance, sale, assignment or transfer (including by merger) of fifty percent (50%) or more of the ownership interests or management rights in Tenant, or (b) when added to any prior such issuance, sale or assignment within a three (3) year time period, aggregates fifty percent (50%) or more of the ownership interests or management rights of Tenant; provided, however, any issuance, sale, assignment or transfer (including by merger) that results in at least fifty percent (50%) of the successor entity being owned by any group of individuals that owns fifty percent (50%) of Tenant as of the date hereof shall not be a "Change of Control" or an assignment for which Landlord's prior written consent is required for purposes of this Lease, provided that no portion of the successor entity is owned by a Competitor.

Landlord's decision with regard to acceptance or rejection of a sublease or assignment shall be given in writing within twenty (20) days after delivery of the items specified in this Section 26. In Landlord's sole discretion, no sublease or assignment shall be approved which violates the restricted use provision provisions in Section 9 and Exhibit D, or any other use that contravenes any other tenant lease, agreement, mortgage, governmental restriction or any business activity of Landlord in the Building or elsewhere on the Overlake Hospital Medical Center Campus.

Notwithstanding anything in this Section Error! Reference source not found., Tenant acknowledges and agrees that any such assignment or sublease may also be subject to the prior written consent of a Landlord's lender and holder of any deed of trust on the Building and receipt of all information reasonably requested by such lender in connection with the Tenant's request for an assignment of the Lease or a sublease of the Premises.

26.2 Continued Responsibility. Regardless of any approved assignment or sublease of this Lease, Tenant shall not be released from primary liability to pay Rent and comply with all of the other obligations of this Lease. However, in the event of a default by any such assignee or sublessee, Landlord shall give Tenant notice of the default, shall accept cure of the default by Tenant within the same period of time allowed under Section Error! Reference source not found. and shall permit Tenant to reenter and repossess the Premises for the then unelapsed portion of the Lease Term subject to all of the provisions of this Lease.

26.3 Landlord's Costs. Whether or not Landlord consents to a proposed assignment or sublease (or exercises its right to recapture), Tenant shall reimburse Landlord on demand for any and all reasonable documented out-of-pocket costs, up to an aggregate maximum of Five Thousand and No/100 Dollars (\$5,000.00), that may be incurred by Landlord in connection with any proposed transfer including, without limitation, the cost of investigating the acceptability of the proposed transferee, and Landlord's administrative review fees and reasonable attorneys' fees incurred in connection with each proposed transfer.

26.4 Splitting of Excess Rent. In any Transfer of this Lease, Tenant shall seek to obtain from the Transferee consideration reflecting the then current fair market rent for the space subject to such Transfer. Any rent or other consideration realized by Tenant in connection with or as a result of any

Transfer in excess of Base Rent payable hereunder, after first deducting all reasonable and customary costs actually incurred by Tenant to affect such Transfer (such as tenant improvements, brokerage fees, advertising costs and the like) shall be split equally with Landlord.

26.5 Sale or Assignment by Landlord. Landlord shall have the right to sell, convey, transfer, mortgage, or assign, in whole or in part, for collateral purposes or otherwise, its rights and obligations under this Lease and in all or part of the Premises and the Building. In event of a sale or conveyance by Landlord of the Building, the same shall operate to release Landlord from any future liability upon any of the covenants or conditions, expressed or implied, contained in this Lease in favor of Tenant, and in such event Tenant agrees to look solely to the responsibility of the successor in interest of Landlord in and to this Lease, provided that, any successor pursuant to a voluntary, third-party transfer (but not as part of an involuntary transfer resulting from a foreclosure or deed in lieu thereof) shall have assumed Landlord's obligations under this Lease either by contractual obligation, assumption agreement or by operation of law, and further provided that Landlord and its successors, as the case may be, shall remain liable after their respective periods of ownership with respect to any sums due in connection with a breach or default by such party that arose during such period of ownership by such party. Except as set forth in this Section 26.5, this Lease shall not be affected by any such sale, and Tenant agrees to attorn to the purchaser or assignee. If any security has been given by Tenant to secure the faithful performance of any of the covenants of this Lease, Landlord may transfer or deliver said security, as such, to Landlord's successor in interest and thereupon Landlord shall be discharged from any further liability with regard to said security.

27. . Without the necessity of any additional document being executed by Tenant for the purpose of effecting a subordination, this Lease shall be subject and subordinate at all times to ground or underlying leases and to the lien of any mortgages or deeds of trust now or hereafter placed on, against or affecting the Building, Landlord's interest or estate in the Building, or any ground or underlying lease; provided, however, that if the lessor, mortgagee, trustee or holder of any such mortgage or deed of trust elects to have Tenant's interest in this Lease be superior to any such instrument, then, by notice to Tenant, this

Lease shall be deemed superior, whether this Lease was executed before or after said instrument. Notwithstanding the foregoing, Tenant covenants and agrees to execute and deliver within ten (10) business days of Landlord's request such further instruments evidencing such subordination or superiority of this Lease as may be required by Landlord. Notwithstanding the foregoing, upon written request by Tenant, Landlord will use reasonable efforts to obtain a non-disturbance, subordination and attornment agreement from Landlord's then current mortgagee, if any, on such mortgagee's then current standard form of agreement. "Reasonable efforts" of Landlord shall not require Landlord to incur any cost, expense or liability to obtain such agreement, it being agreed that Tenant shall be responsible for any fee or review costs charged by the mortgagee. Upon request of Landlord, Tenant will execute the mortgagee's form of non-disturbance, subordination and attornment agreement and return the same to Landlord for execution by the mortgagee. Landlord's failure to obtain a non-disturbance, subordination and attornment agreement for Tenant shall have no effect on the rights, obligations and liabilities of Landlord and Tenant or be considered to be a default by Landlord hereunder.

28. . Within ten (10) business days following any written request that Landlord may make from time to time, Tenant shall execute and deliver to Landlord or mortgagee or prospective mortgagee a sworn statement certifying: (a) the date of commencement of this Lease; (b) the fact that this Lease is unmodified and in full force and effect (or, if there have been modifications to this Lease, that this Lease is in full force and effect, as modified, and stating the date and nature of such modifications); (c) the date to which the rent and other sums payable under this Lease have been paid; (d) the fact that there are no current defaults under this Lease by either Landlord or Tenant except as specified in Tenant's statement, or in the event such defaults exist the nature of such defaults; and (e) such other matters as may be reasonably requested by Landlord. Landlord and Tenant intend that any statement delivered pursuant to this Section **Error! Reference source not found.** may be relied upon by any mortgagee, beneficiary or purchaser. Tenant irrevocably agrees that if Tenant fails to execute and deliver such certificate within such ten (10) business day period Landlord or Landlord's beneficiary or agent may execute and deliver such certificate on Tenant's behalf, and that such certificate shall be fully binding on Tenant.

29. . Landlord warrants that Tenant shall have quiet enjoyment of the Premises free from any eviction or interference by Landlord if Tenant pays the Rent and other charges provided herein and otherwise fully and punctually performs the terms and conditions imposed on Tenant.

30. . Tenant agrees, at its own expense, to utilize signs approved by Landlord, which conform to the standard signage plan adopted for the Building, and to install and thereafter maintain in good condition the signs so approved. Landlord will provide Tenant with building standard directory and suite entry signage at Landlord's expense. Tenant may install, at its own expense, any sign it desires within the interior of the Premises without prior approval of Landlord. Such signs shall be removed by Tenant, and any damage caused by such removal shall be repaired by Tenant at its expense upon the expiration or earlier termination of this Lease.

31. . In the event Tenant, or any party claiming under Tenant, retains possession of the Premises after the expiration or earlier termination of this Lease, such possession shall be an unlawful detainer, and no tenancy or interest shall result from such possession. Such occupants shall be subject to immediate eviction and removal at any time. In such a case, the Base Rent for the period of holdover shall be increased to one hundred fifty percent (150%) of the Base Rent last payable under this Lease, and Tenant shall continue to make all other payments required hereunder as Additional Rent, provided that Tenant shall nonetheless be a tenant at sufferance.

32. . Tenant and Landlord shall meet for two (2) joint inspections of the Premises at a time reasonably and mutually acceptable to both Landlord and Tenant, the first to occur at least thirty (30) days (but no more than sixty (60) days) before the last day of the Term, and the second to occur not later than five (5) business days after Tenant has vacated the Premises. Landlord hereby covenants to arrange and attend such joint inspections. In the event of Tenant's failure to participate in either such inspection, Landlord's inspection at or after Tenant's vacation of the Premises shall be conclusively deemed correct for purposes of determining Tenant's responsibility for repairs and restoration.

All alterations, additions, and improvements in, on, or to the Premises made or installed by or for Tenant, including, without limitation, carpeting (collectively, "**Alterations**"), shall be and remain the property of Tenant during the Term. Upon the expiration or sooner termination of the Term, all Alterations shall become a part of the realty and shall belong to Landlord, unless otherwise mutually agreed to by Tenant and Landlord, except for trade fixtures and removable fixtures installed by Tenant, without compensation, and title shall pass to Landlord under this Lease as by a bill of sale. At the end of the Term or any renewal of the Term or other sooner termination of this Lease, Tenant will peaceably deliver up to Landlord possession of the Premises, together with all Alterations by whomsoever made (except removable fixtures installed by Tenant), in the same conditions received or first installed, broom clean and free of all debris, excepting only ordinary wear and tear and damage by fire or other casualty. Notwithstanding the foregoing, subject to the terms of Section 14.4 above, if Landlord elects by notice given to Tenant at least ten (10) days prior to expiration of the Term, Tenant shall, at Tenant's sole cost, remove any Alterations, including carpeting, so designated by Landlord's notice, and repair any damage caused by such removal. Tenant must, at Tenant's sole cost, remove upon termination of this Lease, any and all of Tenant's furniture, furnishings, equipment, movable partitions of less than full height from floor to ceiling and other trade fixtures and personal property, as well as all data/telecommunications cabling and wiring installed by or on behalf of Tenant, whether inside walls, under any raised floor or above any ceiling (collectively, "**Personalty**"). Personalty not so removed shall be deemed abandoned by the Tenant and title to the same shall thereupon pass to Landlord under this Lease as by a bill of sale, but Tenant shall remain responsible for the cost of removal and disposal of such Personalty, as well as any damage caused by such removal.

All obligations of Tenant under this Lease not fully performed as of the expiration or earlier termination of the Term shall survive the expiration or earlier termination of the Term. Upon the expiration or earlier termination of the Term, Tenant shall pay to Landlord the reasonable and customary amount, as estimated by Landlord, necessary to repair and restore the Premises as provided in this Lease and/or to discharge Tenant's obligation for unpaid amounts due or to become due to Landlord. All such amounts shall be used and held by Landlord for payment of such obligations of Tenant, with Tenant being liable for any additional costs upon demand by Landlord, or with any excess to be returned to Tenant after all such obligations have been determined and satisfied. Any otherwise unused Security Deposit shall be credited against the amount payable by Tenant under this Lease.

33. . In addition to other provisions herein, Tenant agrees and shall pay and/or reimburse Landlord's reasonable out-of-pocket costs and expenses, including attorneys' fees, incurred or resulting from and relating to: (a) requests by Tenant for approval or consent under this Lease; (b) any circumstances or developments that give rise to Landlord's right of consent or approval; (c) circumstances resulting from any action or inaction by Tenant contrary to the Lease provisions; or (d) a request for changes, including, but not limited to: (i) the permitted use of the Premises, (ii) alterations and improvements to the Premises, (iii) subletting or assignment, or (iv) any other changes in the terms, conditions or provisions of this Lease. Such expenses and fees shall be paid by Tenant within thirty (30) days of the submission of a

statement for the same. Landlord shall provide an estimate of expenses payable by Tenant under this Section upon Tenant's request.

34. . LANDLORD AND TENANT HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS LEASE OR THE OBLIGATIONS EVIDENCED HEREBY, OR ANY OTHER DOCUMENT OR INSTRUMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT TO EACH OF LANDLORD AND TENANT IN ENTERING INTO THIS LEASE.

35. . Tenant shall be entitled to four (4) parking stalls per one thousand (1,000) rentable square feet in the Overlake Medical Tower North Parking Garage. Landlord reserves the right to charge Tenant Landlord's standard fee for Tenant's parking allocation, which shall be at fair market value. Any changes to such parking fees shall be communicated to Tenant in advance prior to the commencement of the new fees. Any additional monthly parking in excess of Tenant's parking allocation is available through the North Parking Garage's operator at the garage operator's standard rate. Tenant agrees to abide by the parking policy then in effect for the North Parking Garage. Tenant acknowledges that a copy of the parking policy currently in effect has been provided to Tenant.

36. . Tenant agrees that the terms of this Lease are confidential and constitute proprietary information of Landlord, and that disclosure of the terms hereof could adversely affect Landlord. Tenant shall keep its partners, members, managers, officers, directors, employees, agents, real estate brokers and sales persons and attorneys, as applicable, from disclosing the terms of this Lease to any other person without Landlord's prior written consent, except to (a) any accountants of Tenant in connection with the preparation of Tenant's financial statements or tax returns, (b) to agents or consultants of Tenant in connection with Tenant's performance of its obligations hereunder, (c) to an assignee of this Lease or subtenant of the Premises, or (d) to a person to whom disclosure is required in connection with any action brought to enforce this Lease; provided, however, that Tenant shall inform such persons of the confidentiality of the terms of this Lease and, except in the case of a governmental authority, shall obtain their agreement to abide by the confidentiality provisions of this Section prior to such disclosure. If Tenant breaches this covenant, Landlord shall have the right to seek, in addition to its reasonable attorneys' fees, injunctive and other equitable relief, without the necessity of posting a bond, to prevent or curtail violation of this covenant.

37. Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be deemed to be effective and have been duly given: (a) on the date of service if hand delivered or delivered by a facsimile transfer device, receipt confirmed; (b) on the business day following the date on which deposited with a nationally recognized overnight courier for next business day delivery, expenses prepaid; or (c) on the third (3rd) business day following the date on which mailed by first class registered or certified mail, return receipt requested, postage paid; and in any case addressed as follows or to such other address as shall be furnished in writing by such party pursuant to this Section 37:

If to Landlord, to:	Landlord's Address for Notices as set forth in the Basic Lease Provisions
With a copy to:	Landlord's Property Manager, as set forth in the Basic Lease Provisions

If to Tenant, to: Tenant's Address for Notices, as set forth in the Basic Lease Provisions

37.2 Force Majeure. No party shall be liable or responsible to the other party, nor be deemed to have defaulted under or breached this Lease, nor shall such party be subject to termination of this Lease for any failure or delay in fulfilling or performing any term of this Lease as the result of any cause when and to the extent such party's failure or delay is caused by or results from any of the following force majeure events ("**Force Majeure Event(s)**"): (a) acts of God; (b) flood, fire, earthquake, or explosion; (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot or other civil unrest; (d) government order, law, or action; embargoes or blockades in effect on or after the date of this Lease; (f) national or regional emergency; (g) strikes, labor stoppages or slowdowns or other industrial disturbances; (h) epidemic, pandemic or other regional or national medical emergencies, and (i) other similar events beyond the reasonable control of the party; provided, however, Tenant's monetary obligations under this Lease shall not be excused or delayed in any respect as a result of Force Majeure Events. The party whose performance is impacted by the Force Majeure Event shall give notice within twenty (20) days of the Force Majeure Event to the other party, stating the period of time the occurrence is expected to continue. The impacted party shall use diligent efforts to end the failure or delay and ensure the effects of such Force Majeure Event are minimized. The party so delayed shall resume the performance of its obligations as soon as reasonably practicable after the removal of the cause.

37.3 Entire Agreement. This Lease, together with the exhibits, which are incorporated herein by this reference, constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions of the parties, whether written or oral, and there are no representations, warranties or other agreements between the parties in connection with the subject matter of this Lease.

37.4 Severability. Whenever possible, each provision of this Lease will be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating any other provision of this Lease.

37.5 Waiver. The waiver by Landlord of any breach of any term, covenant, or condition contained in this Lease shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition contained herein. The acceptance of Rent hereunder shall not be construed to be a waiver of any breach by Tenant of any term, condition or covenant of this Lease.

37.6 Remedies Cumulative. It is understood and agreed that the remedies herein given to Landlord shall be cumulative, and the exercise of any one remedy of Landlord shall not be to the exclusion of any other remedy.

37.7 Recordation. Tenant shall not record or register this Lease or a short form memorandum hereof without the prior written consent of Landlord, and if consented by Landlord, Tenant shall pay all charges and taxes incident such recording or registration.

37.8 Time of the Essence. Time is of the essence in the performance of this Lease.

37.9 Governing Law; Venue/Jurisdiction. This Lease shall be construed in accordance with the laws of the State of Washington without regard to conflict of law provisions. Venue and jurisdiction shall lie exclusively in the state or federal courts of King County, Washington.

37.10 Headings. The headings in this Lease are for convenience only and shall not affect the construction of this Lease.

37.11 Successor and Assigns. This Lease and all of the provisions of this Lease shall be binding upon and inure to the benefit of the parties to this Lease and their respective successors and permitted assigns.

37.12 Amendments. The provisions of this Lease may be amended only by the written agreement of Landlord and Tenant. Any such amendment may also require the approval of Landlord's lender in order to be effective.

37.13 Third Parties. Nothing in this Lease, expressed or implied, is intended or shall be construed to confer upon any person other than the parties to this Lease any legal or equitable rights or remedies under or by reason of this Lease or any provision contained herein.

37.14 Counterparts. This Lease may be executed in any number of counterparts, each of which shall be an original, and all of which together shall constitute one agreement.

37.15 Waiver of Worker's Compensation Immunity. The indemnification obligations contained in this Lease shall not be limited by any worker's compensation, benefit or disability laws, and each indemnitor hereby waives any immunity that said indemnitor may have under the Industrial Insurance Act, Title 51 RCW and any similar or successor worker's compensation, benefit or disability laws. This waiver is for the exclusive benefit of the party to be indemnified hereunder and is not intended, and shall not be construed, to be for the benefit of any employee of any indemnitor hereunder.

37.16 Authorized Signatories. Landlord and Tenant represent and warrant to each other that the officer or person signing this Lease on its behalf is an authorized signatory and is authorized to legally bind such party to this Lease.

37.17 Authorship of Lease. All provisions of this Lease have been negotiated by both parties at arm's length, and neither party shall be deemed the scrivener of this Lease. The Lease shall not be construed for or against either party by reason of the authorship of any provision hereof.

37.18 Broker's Commissions. Each of the parties represents and warrants to the other that it has not dealt with any broker or finder in connection with this Lease, except as described in Sections W and X in the Basic Lease Provisions, and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Subject to the CON Contingency being satisfied, Landlord shall be obligated to pay a leasing commission to Tenant's brokers set forth Section X of the Basic Lease Provisions in the amount of One Dollar and Fifty Cents (\$1.50) per rental square foot per year of the initial Lease Term, with fifty percent (50%) (\$110,310.00) due upon the Department's approval of Tenant's CON, and the other fifty percent (50%) (\$110,310.00) due on the Commencement Date. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of any dealings with any real estate broker or agent, other than the Brokers, occurring by, through, or under the indemnifying party. The terms of this Section 37.18 shall survive the expiration or earlier termination of the Lease Term.

37.19 Patient Privacy. Notwithstanding anything to the contrary contained in this Lease, in no event shall Landlord's right of entry as set forth in this Lease be deemed to include access to any of Tenant's patient files, other patient records or documented patient information, and Landlord shall observe the privacy of patients at all times, consistent with applicable law.

37.20 Exhibits. The following Exhibits are attached to and from an integral part of this Lease:

- Exhibit A - Legal Description of Property
- Exhibit B - Floor Plan of Premises
- Exhibit C - Work Letter
- Exhibit D - Restricted Uses
- Exhibit E - Building Rules and Regulations
- Exhibit F - Commencement Date Memorandum

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the latest date set forth below.

LANDLORD:

OVERLAKE MEDICAL TOWER, LLC,
a Washington limited liability company

TENANT:

THE EASTSIDE ENDOSCOPY CENTER, LLC,
a Washington limited liability company

By:	Overlake Hospital Association, its sole member	By: _____
Name:	Andrew Tokar	Name: _____
Title:	Chief Financial Officer	Title: _____
Date:	_____	Date: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this ____ day of _____, 202__, before me personally appeared _____, to me known to be the _____ of Overlake Hospital Association, the company that executed the within and foregoing instrument as the sole member of Overlake Medical Tower, LLC, and acknowledged said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated that ____ was authorized to execute said instrument.

SUBSCRIBED AND SWORN TO before me this ____ day of _____, 202__.

NOTARY PUBLIC in and for the State of
Washington, residing at _____
My commission expires: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this ____ day of _____, 202__, before me personally appeared _____, to me known to be the _____ of The Eastside Endoscopy Center, LLC, the limited liability company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute said instrument.

SUBSCRIBED AND SWORN TO before me this ____ day of _____, 202__.

NOTARY PUBLIC in and for the State of
Washington, residing at _____
My commission expires: _____

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

TRACTS G AND H OF OVERLAKE HOSPITAL MEDICAL CENTER BINDING SITE PLAN II, RECORDED IN VOLUME 228 OF PLATS, PAGES 77 THROUGH 84, AND AS AMENDED UNDER VOLUME 249 OF PLATS PAGES 67 THROUGH 74, INCLUSIVE, IN KING COUNTY, WASHINGTON.

EXHIBIT B

FLOOR PLAN OF PREMISES



EXHIBIT C
WORK LETTER

1. Conflicts; Terms. If there is any conflict or inconsistency between the provisions of the Lease and those of this Exhibit C (“**Work Letter**”), the provisions of this Work Letter will control. Except for those terms expressly defined in the Work Letter, all capitalized terms will have the meanings stated for such terms in the Lease. The following terms have the meanings indicated:

- (a) **Intentionally omitted.**
- (b) **“Commencement Date”** means December 1, 2025.
- (c) **“Start Date”** means the date that Tenant receives the CON from the Department and the CON Contingency is satisfied, with Tenant providing to Landlord written notice of the Department’s CON approval.
- (d) **“Tenant Finish Period”** means the period beginning on the Start Date and ending on the day prior to the Commencement Date.
- (e) **“Submission Date”** means no later than the date of the parties’ mutual execution of the Lease.
- (f) **“Landlord’s Representative”** means Landlord’s Property Manager.
- (g) **“Tenant’s Representative”** means _____.
- (h) **“Tenant’s Architect”** means _____, or such other licensed or registered professional engineers as may be selected by Tenant and reasonably approved by Landlord.
- (i) **“Tenant’s Engineers”** means _____.
- (j) **“Allowance”** means the sum of One Million Two Hundred Sixty-three Thousand Four Hundred Seventeen and 20/100 Dollars (\$1,263,417.20).
- (k) **“Leasehold Improvements”** means all alterations, improvements, and installations to be constructed or installed by Landlord or Tenant in the Premises according to this Work Letter.
- (l) **“Landlord’s Work”** means those Leasehold Improvements to be constructed or installed by Landlord, if any, according to Section 4 below.
- (m) **“Tenant’s Work”** means all Leasehold Improvements other than Landlord’s Work.
- (n) **“Preliminary Plans”** means space plans and general specifications for Tenant’s Work prepared by Tenant’s Architect in such form (and on such scale in the case of plans and drawings) as Landlord may reasonably specify.

(o) **“Construction Documents”** means complete construction plans and specifications for Tenant’s Work prepared by Tenant’s Architect and Tenant’s Engineers in such form (and on such scale in the case of plans and drawings) as Landlord may reasonably specify, and detailing all aspects of Tenant’s Work, including, without limitation, the location of medical equipment of a large or heavy nature, other heavy objects, stairwells, walls, doors, computer equipment, telephone and related equipment, and electrical, plumbing, heating, ventilation and air conditioning equipment (including equipment in excess of that required for normal use). Tenant’s Engineers will perform all mechanical and electrical design work included in the Construction Documents.

(p) **“Tenant’s Costs”** means all costs required to be expended by Tenant under this Work Letter in connection with Tenant’s Work, including, without limitation, the costs of: preparing the Preliminary Plans, Construction Documents and the as-built plans described in Section 8; performing Tenant’s Work; obtaining all required insurance, licenses and permits; satisfying all requirements of applicable laws, codes and Regulations; letting all contracts; Landlord’s services provided under Section 14; and all required electrical and telephone panels and/or meters. Tenant’s Costs will not, however, include any costs incurred by Tenant for furniture or other personal property, for fixtures or equipment (unless such fixtures or equipment will constitute permanent additions to the Premises and are shown on the Construction Documents), or for moving to the Premises.

(q) **“Construction Administration Fee”** means four percent (4%) of the construction costs of Tenant Work on a single project for construction costs up to Three Hundred Thousand and No/100 Dollars (\$300,000.00), and if construction costs on a single project exceed Three Hundred Thousand and No/100 Dollars (\$300,000.00), Landlord shall charge an additional three percent (3%) on the amount of construction costs that are in excess of Three Hundred Thousand and No/100 Dollars (\$300,000.00). Notwithstanding the foregoing, Landlord shall not charge a construction administration fee for any Work performed by Tenant if the cost of such Work is less than Ten Thousand and No/100 Dollars (\$10,000.00) in the aggregate in any twelve (12) month period.

(r) **“Substantial Completion”** of Tenant’s Work shall be deemed to have occurred when (i) Tenant’s Representative and Tenant’s Architect certify to Landlord that all of the Tenant’s Work has been performed in accordance with the Construction Documents and this Work Letter, other than any punch list items and any tenant fixtures, work-stations, built-in furniture or equipment to be installed by Tenant and that do not materially interfere with Tenant’s use or occupancy of the Premises; and (ii) Tenant has obtained and delivered to Landlord a permanent or temporary certificate of occupancy for the Premises.

2. Tenant Finish Period. The Tenant Finish Period will begin on the Start Date specified in Section 1 above.

3. Representatives. Landlord appoints Landlord’s Representative to act for Landlord in all matters covered by this Work Letter. Tenant appoints Tenant’s Representative to act for Tenant in all matters covered by this Work Letter. All inquiries, requests, instructions, authorizations, and other communications with respect to the matters covered by this Work Letter will be made to Landlord’s Representative or Tenant’s Representative, as the case may be. Tenant will not make any inquiries or requests to, and will not give any instructions or authorizations to, any other employee or agent of Landlord, including Landlord’s architect, engineers, and contractors or any of their agents or employees, with regard to matters covered by this Work Letter. Either party may change its Representative under this Work Letter at any time by three (3) days prior written notice to the other party.

4. **Landlord's Work.** Landlord, at its expense and as Landlord's Work, will complete in or for the Premises, in a good and workmanlike manner and according to all applicable laws, the following:

None.

5. **Intentionally Omitted.**

6. **Intentionally Omitted.**

7. **Landlord's Approval.** All Preliminary Plans and Construction Documents, and any revisions to the same (whether in the form of a change order or otherwise) are expressly subject to Landlord's prior written approval. Landlord may withhold its approval of any such items that require work which:

(a) exceeds or adversely affects the capacity or integrity of the Building's structure or any of its heating, ventilating, air conditioning, plumbing, mechanical, electrical, communications or other systems;

(b) is not approved by the holder of any encumbrance on the Building or Property;

(c) would not be approved by a prudent owner of property similar to the Building;

(d) violates any agreement which affects the Building or binds Landlord;

(e) Landlord reasonably believes will increase the cost of operating or maintaining any of the Building's systems;

(f) Landlord reasonably believes will reduce the market value of the Premises or the Building at the end of the Term;

(g) does not conform to applicable building code or is not approved by any governmental authority having jurisdiction over the Premises;

(h) does not meet or exceed Building standard; or

(i) Landlord reasonably believes will infringe on the architectural or historical integrity of the Building.

8. **Test Fit Allowance; Tenant's Plans.** Landlord will provide Tenant with an allowance of up to Three Thousand Six Hundred Seventy-seven and No/100 Dollars (\$3,677.00) (or \$0.25/RSF) for one (1) test fit and one (1) revision of the same (the "**Test Fit Allowance**"). On or before the Submission Date, Tenant, at its expense, will cause the Preliminary Plans to be prepared and submitted to Landlord for its approval. Tenant's submittal of the Preliminary Plans will include one (1) sepia, five (5) sets of blue line prints and three (3) sets of those specifications not shown on the drawings. If the submitted materials are not acceptable to Landlord, Landlord will so notify Tenant by returning the sepia with required changes noted. If Landlord so notifies Tenant of any required change to the Preliminary Plans, Tenant will cause the same to be revised according to the returned sepia and resubmitted to Landlord within seven (7) days after receipt of such notice. Within fifteen (15) days after Landlord notifies Tenant of Landlord's approval of the Preliminary Plans, Tenant, at its expense, will cause the Construction Documents to be prepared and

submitted to Landlord for its approval. Such submittal will include one (1) sepia, five (5) sets of blueline prints, three (3) sets of specifications and a complete color and finish board for Tenant's Work. The Construction Documents must strictly conform to the Preliminary Plans approved by Landlord and must be in all respects sufficient for the purpose of obtaining a building permit for Tenant's Work. If required by Landlord, Tenant will cause the Construction Documents to be resubmitted to Landlord for its approval within seven (7) days after Landlord notifies Tenant of any required changes. Tenant's Work will not commence prior to Landlord's approval of the Construction Documents. Except as provided in Section 2 above, no delays in the design or performance of Tenant's Work will change the Start Date or the Commencement Date. Upon completion of Tenant's Work, Tenant will provide Landlord a complete set of reproducible as-built plans of the Premises. If Tenant fails to provide such plans, Landlord may obtain them, directly or by field verification, and charge Tenant for all costs incurred by Landlord in doing so. No approval by Landlord of the Preliminary Plans, the Construction Documents or any revisions to them will constitute a representation or warranty by Landlord as to the adequacy or sufficiency of such plans, or the improvements to which they relate, for any use, purpose or condition, but such approval will merely be the consent of Landlord to the construction or installation of improvements in the Premises according to such plans.

9. Tenant's Work. During the Tenant Finish Period, Tenant, at its expense, will construct or cause to be constructed in the Premises all of Tenant's Work for the build-out of a Medicaid-certified ambulatory surgery center according to the Construction Documents approved by Landlord. Tenant, at its expense, will obtain: (i) all permits (including, without limitation, building permits) required for construction of Tenant's Work; (ii) all contracts and insurance required under this Work Letter; and (iii) all certificates required for occupancy of the Premises from the appropriate governmental authorities. Tenant will cause all Tenant's Work to be diligently completed in a good and workmanlike manner, according to the approved Construction Documents and all applicable laws, and free and clear of any liens or claims for liens. Subject to Landlord's review and approval, Tenant may install a security/entry system of Tenant's choice for the Premises, provided, however, that Landlord shall be provided access to the code for the same for Landlord's entry consistent with Section 19 of the Lease. In addition, Landlord will allow two-way communication between Tenant's fire alarm system and the Building's master system, subject to Landlord's prior review and approval of the same.

10. Tenant's Contractor. Landlord will have the right to approve Tenant's contractor ("**Contractor**") and all subcontractors, which approvals will not be unreasonably withheld or delayed. Landlord will provide Tenant with a list of contractors and subcontractors that are acceptable to Landlord. Tenant may select its Contractor and subcontractors from such list or may request Landlord's approval of a Contractor and subcontractors not on such list. Tenant will not execute any contract for the performance of Tenant's Work until Landlord's approvals of the Contractor and subcontractors have been obtained, and Tenant will cause its proposed Contractor and subcontractors (if not on such list) to submit such information, including financial information, as may be reasonably required by Landlord to determine whether such Contractor and subcontractors should be approved. Tenant agrees to cause its Contractor and all of Contractor's subcontractors to comply with Landlord's then-current General Contractor Construction Rules.

11. Construction Contract. Tenant's construction contract for Tenant's Work will provide (and Tenant will deliver a copy of it to Landlord so that Landlord may confirm it provides) that: (i) Contractor will obtain a payment and performance bond in the amount of one hundred percent (100%) of the cost of constructing Tenant's Work, from a surety company mutually acceptable to Tenant and Landlord; (ii) construction of Tenant's Work will not interfere with Landlord's or Landlord's tenants' activities in, or

use or enjoyment of, the Building; (iii) Contractor will cooperate with other contractors in the Building, if any, to insure harmonious working relationships, including, without limitation, coordinating with other contractors in the Building concerning use of elevators, trash removal and water and utility usage; (iv) Contractor will leave all Common Areas in neat, clean, orderly and safe condition at the end of each day during construction of Tenant's Work; (v) Contractor will procure and maintain and cause its subcontractor to procure and maintain the insurance described in Section 12 below; (vi) upon completion of Tenant's Work, Contractor will provide to Landlord and Tenant as-built drawings together with mechanical balance reports and any maintenance manuals on equipment installed in the Premises as part of Tenant's Work; (vii) any purchased material remaining after completion of the subject portion of Tenant's Work (such as, for example, extra paint, wall coverings or carpet) will be given by Contractor to Landlord for use in subsequent repairs; (viii) all labor and material supplied according to the contract will be fully warranted by Contractor for a period of not less than one (1) year from substantial completion of Tenant's Work and such warranty will provide that it is for the benefit of both Landlord and Tenant and may be enforced by either; and (ix) Contractor will agree to comply with, and will cause all of its subcontractors to comply with, Landlord's General Contractor Construction Rules. The construction contract will also contain the following indemnification and defense provisions:

"Contractor will protect, defend, hold harmless, and indemnify Overlake Medical Tower, LLC and its successors, assigns, directors, officers and employees (collectively, "**Indemnitees**") from and against all claims, actions, liabilities, damages, losses, cost and expense (including attorney's fees) arising out of or resulting from the performance of the work contemplated by this contract by Contractor or any of its subcontractors, provided that any such claims, action, liabilities, damages, losses, cost or expense (i) are attributable to bodily injury, sickness, disease, or death, or to injury to or destruction of tangible property (other than the work contemplated by this contract itself) including the loss of use resulting therefrom, and (ii) are caused in whole or in part by the negligent act or omission of Contractor, any subcontractor, or any of them may, directly or indirectly, be liable. Such obligations will not be construed to negate, abridge or otherwise reduce any other right or obligation of indemnity which would otherwise exist as to any party or person described in this Section.

Contractor agrees to protect, defend, hold harmless and indemnify the Indemnitees from and against any and all claims, actions, liabilities, damages, losses, costs, and expenses (including attorneys' fees) arising out of or resulting from Contractor's failure to purchase all insurance required under Section 12 of the Work Letter attached to and made a part of the Lease dated [DATE OF LEASE TO BE INSERTED], 2024 between Overlake Medical Tower, LLC and The Eastside Endoscopy Center, LLC and Contractor's failure to require and obtain proper insurance coverage from its subcontractors. In any and all claims against the Indemnitees or any employee of Contractor or any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, the indemnification obligation under this provision will not be limited in any way by any limitation of the amount or type of damages, compensation or benefits payable by or for Contractor or any subcontractor under workers' compensation acts, disability benefit acts, or other employee benefit acts.

The indemnification and defense obligations stated above will not apply to any claims, actions, liabilities, damages, losses, cost or expenses caused directly and solely by the affirmative gross negligence or intentional tortious act of the Indemnitees."

12. Contractor's Insurance. Tenant will maintain and/or cause Contractor (and, except as provided below, all of Contractor's subcontractors) to procure and maintain in effect during the entire period of construction of Tenant's Work the following insurance:

(a) Worker's compensation insurance with statutory benefits and limits that fully comply with all state and federal requirements;

(b) Employer's liability insurance with limits of at least \$1,000,000 per accident and per disease per employee, and \$1,000,000 for disease aggregate in respect of any work or operations on or about the Property;

(c) Automobile liability insurance including owned, non-owned, leased and hired car coverage, naming Landlord as an additional insured, providing primary (and not contributing) coverage, and containing cross-liability and severability of interest clauses; limits of liability will be as follows: coverage will be in an amount of not less than \$1,000,000.00 combined single limit per occurrence;

(d) Commercial general liability insurance against claims for bodily injury or property damage, such insurance (1) to be on the so called "occurrence" form with a general aggregate limit of not less than \$2,000,000 and a per occurrence limit of not less than \$1,000,000 (including medical expense of at least \$5,000 per person); (2) providing for no deductible in excess of \$1,000,000 and no self-retention or self-insurance; (3) to cover at least the following hazards: (a) premises and operations (including Fire Damage Legal Liability); (b) products and completed operations on an "if any" basis; (c) independent contractors; (d) blanket contractual liability for advertising and all written and oral contracts to the extent of tort liability; (e) blanket contractual and broad form property damage coverage; (4) naming Landlord as an additional insured; (5) providing primary (and not contributing) coverage; (5) containing cross-liability and severability of interest clauses; and (6) be written in a so-called "builder's risk completed value form," on a non-reporting basis, with an agreed amount endorsement waiving co-insurance provisions; and

(e) "All Risk" or "Special Perils" builder's risk property insurance for the full replacement cost of the Premises, including Tenant's Work, with losses adjusted on a replacement cost basis, written in a so-called "builder's risk completed value form", on a non-reporting basis, naming Landlord as a loss payee, as its interest may appear, providing primary (and not contributing) coverage, including a waiver of all co-insurance provisions and a waiver of all rights of subrogation against Landlord, providing for no "All Risk" or "Special Perils" deductible in excess of \$500,000 and no self-retention or self-insurance, with an "Ordinance or Law Coverage" or "Enforcement" endorsement, including contingent operation of building laws, demolition costs and increased cost of construction, with no exclusion for "wind" damage.

All of the above insurance policies must be placed with insurance companies reasonably acceptable to Landlord and must be endorsed to require thirty (30) days written notice to Landlord prior to any cancellation or material change in coverage (and at least ten (10) days prior notice if cancellation of any policy is caused by non-payment of premium) and must contain an agreed amount endorsement waiving co-insurance provisions. Prior to the commencement of any Tenant's Work, Tenant will cause Contractor to deliver to Landlord original certificates of insurance evidencing the insurance coverage required above. Tenant will also cause Contractor to obtain certificates or evidence of similar insurance from each of Contractor's subcontractors before their work commences and deliver such certificates or evidence to Landlord. Each subcontractor must be covered by insurance of the same character and in the same

amount as specified for Contractor above, except that so long as Contractor's builder's risk policy covers all of Tenant's Work, no subcontractor will be required to maintain builder's risk.

13. Additional Requirements Concerning Tenant's Work. The following additional requirements will apply to Tenant's Work:

(a) All of Tenant's Work will be: (i) of a quality at least equal to Building standard; (ii) completed only according to the Construction Documents approved by Landlord; (iii) conducted in a manner so as to maintain harmonious labor relations and not to interfere with or delay any other work or activities being carried on by Landlord or Landlord's contractors or other tenants or invitees of other tenants; (iv) designed, performed and completed in substantial compliance with all applicable standards and regulations established by Landlord and provided to Tenant in advance of the commencement of construction of Tenant's Work as well as all safety, fire, plumbing and electrical and other codes and governmental and insurance requirements; (v) completed only by the Contractor approved by Landlord; (vi) coordinated by the approved Contractor so as to insure timely completion; and (vii) performed and conducted in such a manner so as not to alter the structure or systems of the Building.

(b) Under no circumstances will Tenant, Contractor or any of their authorized representatives ever alter or modify or in any manner disturb any "Central" (as defined below) system or installation of the Building, including, without limitation, the Central plumbing system, Central electrical system, Central heating, ventilating and air conditioning system, Central fire protection and fire alert system, Central Building maintenance systems, Central structural system, elevators and anything located within the Central core of the Building. Only with Landlord's express written permission will Tenant, Contractor or their authorized representatives alter or modify or in any manner disturb any "Branch" (as defined below) of any Central system or installation of the Building that serves or is located within the Premises. "Central" means that portion of any Building system or component that is within the core of the Building system or component that is within the core of the Building or common to or serves or exists for the benefit of other tenants in the Building, and "Branch" means that portion of any Building system or component that serves to connect or extend Central systems to the Premises. Any and all interfacing with, or tie-ins to, any Central Building systems or Branches will be scheduled with Landlord not later than five (5) days prior to the commencement of any such work. Any such interfacing with, or tie-ins to, any such Building systems, and any checks of such interfacing or tie-ins, will be performed only after the same have been scheduled with, and approved by, Landlord.

(c) Contractor may submit to Landlord written request for use of any Building standard materials that have been pre-stocked by Landlord. Any such request will indicate the quantity and description of the pre-stocked materials needed. Contractor will be responsible for the relocation and allocation of any such materials to the Premises under the supervision of, and only with the consent of, Landlord's Representative or contractor. Contractor will be solely and exclusively responsible for signing for and verifying any such pre-stocked materials so used. Landlord will deduct from the amount of the Allowance described in Section 17 below the value of any pre-stocked materials so requested by Contractor from Landlord. The value of any such pre-stocked materials will be determined by the quantities required in accordance with generally accepted costs in the metropolitan area in which the Building is located.

(d) All construction personnel engaged in the performance of Tenant's Work must use the Building's freight elevator and not the passenger elevators for access to the Premises. All deliveries of materials for use in connection with the construction of Tenant's Work requiring the freight elevator of

the Building must be scheduled in advance with Landlord. In addition, any of Tenant's Work that is to be performed during hours other than Business Hours must be scheduled in advance with Landlord.

(e) Tenant agrees that if Contractor fails to leave all Common Areas in a neat, clean, orderly and safe condition at the end of each day during construction of Tenant's Work, Landlord will have the right to immediately take such action as Landlord deems appropriate to render the Common Areas neat, clean, orderly and safe, and Tenant will, upon Landlord's written demand, reimburse Landlord for all Landlord's costs of taking such action.

14. Landlord's Services; Construction Administration. During construction of Tenant's Work, Landlord will provide the following services related to such construction, the actual cost of which will be paid by Tenant as a part of Tenant's Costs: all electricity and other utilities; refuse removal (including dumpsters); and any other services requested by Tenant or Contractor that Landlord agrees to provide (such as engineering, maintenance, or housekeeping services). In addition, Landlord will provide construction administration with respect to Tenant's Work and Tenant shall pay to Landlord the Construction Administration Fee. Tenant shall pay such reasonable third-party costs actually incurred by Landlord in connection with the proposed Work and the design thereof. All Tenant's Costs that are payable to Landlord will be paid by Tenant within ten (10) days after the date of Landlord's invoice.

15. Inspection; Stop Work; Noncomplying Work. Landlord reserves the right to inspect Tenant's Work in the Premises at all reasonable times, provided that such inspection(s) will in no way make Landlord responsible for any of Tenant's Work and will not constitute a representation or warranty by Landlord as to the adequacy or sufficiency of Tenant's Work. Landlord reserves the right to stop any and all work performed (or to be performed) if Landlord considers any such work, or its performance, to be dangerous or creating a nuisance, or otherwise injurious to Tenant, Landlord or any other Building tenants. If any inspection by Landlord reveals any items of Tenant's Work that does not comply with Tenant's obligations under this Work Letter, Landlord may so notify Tenant and require that the item be corrected to so comply. Within ten (10) days after the date of any such notice from Landlord, Tenant will begin correction of any such noncomplying item and will then promptly and diligently pursue such correction to completion. If any such item is not so corrected, Landlord may enter the Premises at any time and correct the item at Tenant's expense (to be paid by Tenant promptly upon demand).

16. Mechanics' Liens. In the conduct of Tenant's Work, Tenant will take all action necessary to ensure that no mechanic's or other liens attach to the Premises or Building. Without limitation, Tenant will post notices, with form and content and in the manner as specified by any applicable law, notifying all persons or entities which may supply labor or materials in connection with Tenant's Work that Landlord's interest in the Premises and Building will not be subject to any lien for the same. If any such lien should be filed, the provisions of Section 16 of the Lease will apply.

17. Allowance and Disbursement of Allowance. Subject to the terms of this Work Letter, Landlord agrees to pay Tenant the "Allowance," to be applied to the cost of designing and performing Tenant's Work. The Allowance shall be available solely for the construction costs of Tenant's Work, and no portion thereof shall be used for furniture, personal property, the purchase of medical or office equipment, working capital, free rent, moving expenses, the Construction Administration Fee, or other such purposes. Tenant shall not be entitled to receive or retain any portion of the Allowance that exceeds the Tenant's actual costs of the Tenant's Work. Provided Tenant is not in default under the terms and conditions of the Lease, Landlord's payment to Tenant of the Allowance shall be paid in two (2) approximately equal installments and by application for reimbursement submitted to Landlord by Tenant, which must be

itemized and supported by a schedule of values, unit costs, supporting invoices, and any other substantiating data as reasonably required by Landlord, including, without limitation, the job number and a certificate signed by Tenant's Architect evidencing the actual completion of the work (the "**Payment Application**"). The first Payment Application shall be submitted to Landlord when approximately one-half (1/2) of Tenant's Work is complete, and the last Payment Application shall be submitted to Landlord upon Substantial Completion of Tenant's Work. If Landlord approves the Payment Application and confirms receipt of appropriate conditional lien waivers and releases for requested payment, then Landlord shall pay the Payment Application within thirty (30) days of receipt. Notwithstanding the foregoing, Landlord shall be entitled to withhold the last payment of the total Allowance, which will be held by Landlord for thirty (30) days after Landlord's receipt of (1) final conditional lien waivers for the prospective last payment of the Allowance and (2) unconditional lien waivers and releases for Landlord's prior payment. In addition, in order to receive the final payment of the Allowance, Tenant must satisfy the following conditions: (a) delivery to Landlord of "as built" construction drawings; (b) a final certificate of occupancy for the Premises issued by the appropriate governmental authority; and (c) delivery of an assignment of construction warranties to Landlord by Tenant. If Tenant has not used in full or submitted all of the appropriate documentation required by this Section 17 within one hundred twenty (120) days of Substantial Completion of Tenant's Work, Tenant shall forfeit the balance of the Allowance.

If Tenant is in Default under the Lease beyond any applicable grace and cure period and Landlord thereafter terminates the Lease, the unamortized portion of the Allowance shall be deemed sums advanced by Landlord on Tenant's behalf and such unamortized portion (in accordance with the formula set forth below) shall be due from Tenant as Additional Rent payable in a lump sum as an additional remedy of Landlord under the Lease.

Amortization Formula

$U = A \times (RM/LM)$, where

U = Unamortized portion of Allowance

A = Amount of Allowance plus simple interest at 12% per annum from the date of this Lease until the date of termination

LM = Total months during the initial Lease Term, and

RM = Remaining months to the end of the initial Lease Term.

18. General. Failure by Tenant to pay any amounts due under this Work Letter will have the same effect as failure to pay Rent under the Lease, and such failure or Tenant's failure to perform any of its other obligations under this Work Letter will constitute an Event of Default under Section Error! Reference source not found. of the Lease, entitling Landlord to all of its remedies under the Lease as well as all remedies otherwise available to Landlord. This Exhibit C shall not be deemed applicable to any additional space added to the Premises at any time or from time to time, whether by any options under the Lease or otherwise, or to any portion of the original Premises or any additions to the Premises in the event of a renewal or extension of the original Term of the Lease, whether by any options under the Lease or otherwise, unless expressly so provided in the Lease or any amendment or supplement to the Lease. To the extent the terms of this Exhibit C conflict with the terms of Landlord's then-current General Contractor Construction Rules, the terms of this Exhibit C shall prevail.

EXHIBIT D

RESTRICTED USES

In the furtherance of its goals to benefit the community by improving quality, integrating the delivery of health care services and reducing duplicate tests, procedures, equipment and treatments, thereby helping to achieve greater efficiency and reduced costs to the community, the Premises may not be used on a commercial basis for any of the following types of medical services. However, services provided by a tenant for patients for whom the tenant is the attending health care provider shall be permitted so long as the service is not made available to third parties, including other tenants.

- (1) ambulatory surgery;
- (2) laboratory;
- (3) imaging modalities including MRI, CT, nuclear or ultrasound scans and plain film x-rays;
- (4) physical, occupational or speech therapy;
- (5) pharmacy;
- (6) renal dialysis;
- (7) chemotherapy or medical oncology including infusion therapy;
- (8) urgent care facility;
- (9) licensed short stay facility;
- (10) pediatric specialty care.

Exceptions to the above-stated categories shall only be permitted at the discretion of the Landlord or if such use is specifically included in Section 9 of the Lease.

EXHIBIT E

BUILDING RULES AND REGULATIONS

1. No sign, placard, picture, advertisement, name or notice shall be displayed or affixed on or to any part of the outside or inside of the Building or attached garage without the prior written consent of Landlord and Landlord shall have the right to remove any such sign, placard, picture, advertisement, name or notice without notice to and at the expense of Tenant.

All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of Tenant by Landlord's designated vendors.

Tenant shall not place anything or allow anything to be placed near the glass of any window, door, partition or wall which may appear unsightly from outside the Premises; provided, however, that Landlord shall furnish and install a Building standard window covering at all exterior windows. Tenant shall not, without prior written consent of Landlord, cause or otherwise sunscreen any window.

2. The sidewalks, halls, passages, exits, entrances, elevators and stairways shall not be obstructed by any of the tenants or used by them for any purpose other than for ingress and egress from their respective Premises. General Contractors conducting tenant improvements within the Overlake Medical Tower shall protect the wood floors, carpeting, elevators and common area furnishings from unnecessary abused with protective floor and wall coverings and shall comply with Landlord's then current General Contractor Construction Rules.

3. Tenant shall not alter any lock or install any new or additional locks or any bolts on any doors or windows of the Premises without the written consent of the Landlord. Each instance will require separate permission. Landlord must be provided with a copy of the key for emergency access.

4. The toilet rooms, urinals, washbowls, and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the Tenant who, or whose employees or invitees shall have caused it. Tenant will not add or remove anything from the restrooms (i.e., trash cans, signage, air fresheners, bowl cleaners, coat hooks, etc.).

5. Tenant shall not overload the floor of the Premises or in any way deface the Premises or any part thereof.

6. No furniture, freight, supplies or equipment of any kind shall be brought into the Building without the prior notice to Landlord and all moving of the same into or out of the Building shall be done at such time and in such manner as Landlord shall designate. Landlord shall have the right to prescribe the weight, size, and position of all safes and other heavy equipment brought into the Building and also the times and manner of moving the same in and out of the Building. Safes, file cabinets or other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property from any cause and all damage done to the Building by moving or maintaining any such safe, file cabinets or other property shall be repaired at the expense of Tenant. Only two-wheeled carts with rubber wheels will be allowed into the Building and elevator during regular hours. No metal wheels,

horizontal carts or pallet jacks are allowed during regular hours. Deliveries requiring these devices must be scheduled for after hours through Landlord. This includes vendor/supplier deliveries as well.

7. Tenant shall not use, keep or permit to be used or kept any foul or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to the Landlord or other occupants of the Building by reason of noise, odors and/or vibrations, or interfere in any way with other tenants or those having business therein, nor shall any animals or birds be brought in or kept in or about the Premises or the Building.

8. No cooking shall be done or permitted by any Tenant on the Premises, nor shall the Premises be used for the storage of merchandise, for washing clothes, for lodging, or for any improper, objectionable or immoral purposes.

9. Tenant shall not use or keep in the Premises or the Building any kerosene, gasoline or inflammable or combustible fluid or material, or use any method of heating or air conditioning other than that supplied by Landlord.

10. Landlord will direct electricians as to where and how telephone and telegraph wires are to be introduced. No boring or cutting for wires will be allowed without the consent of the Landlord. The location of telephones, call boxes and other office equipment affixed to the Premises shall be subject to the approval of Landlord.

11. On legal holidays and during non-Building hours, access to the Building, or to the halls, corridors, elevators or stairways in the Building, or to the Premises may be refused unless the person seeking access is known to the person or employee of the Building in charge and has a pass or is properly identified. The Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob, riot, public excitement, or other commotion, the Landlord reserves the right to prevent access to the Building during the continuance of the same by closing the doors or otherwise, for the safety of the tenants and protection of property in the Building and the Building.

12. Landlord reserves the right to exclude or expel from the Building any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Building.

13. No vending machine or machines of any description shall be installed, maintained or operated upon the Premises without the written consent of the Landlord.

14. Landlord shall have the right, exercise without notice and without liability to Tenant, to change the name and street address of the Building of which the Premises are a part.

15. Tenant shall not disturb, solicit, or canvass any occupant of the Building and shall cooperate to prevent same.

16. Without the written consent of Landlord, Tenant shall not use the name of the Building in connection with or in promoting or advertising the business of Tenant except as Tenant' address.

17. Landlord shall have the right to control and operate the public portions of the Building, and the public facilities, and heating and air conditioning, as well as facilities for the common use of the tenants, in such manner as it deems best for the benefit of the tenants generally.

18. All entrance doors in the Premises shall be left locked when the Premises are not in use, and all doors opening to public corridor shall be kept closed except for normal ingress and egress from the Premises. Doors to the Premises must never be propped open.

19. Parking stalls are available for use by Tenant on a non-exclusive basis.

20. Landlord shall have the right to implement such security devices and procedures in such a manner as it deems best for the benefit of the tenants, generally.

21. Unless otherwise requested by tenants occupying two-thirds (2/3rds) or more of the rental area of the medical office portions of the Building, the hours of operation of the Building shall be 6:00 a.m. to 8:00 p.m., Monday through Friday, and 6:00 a.m. to 6:00 p.m. on Saturday.

22. Unless otherwise notified by Landlord, all trash must be removed through the garage elevators and/or the Building's second floor entrance. If trash is removed after hours, the doors must be locked at all times. The doors are never allowed to be propped open or left unsecured.

23. Carts shall be used to remove all trash from the Premises. Any janitors who place trash bags on the Building's common corridor carpet or who remove trash without a cart may be permanently removed by the Building at Landlord's discretion.

24. Tenants are responsible for the actions of their vendors while working in the Premises. Landlord reserves the right to remove any vendor from the property who is not following Building rules and regulations pertaining to tenants and/or vendors.

25. No animals or pets other than registered service animals will be allowed on the property.

26. Tenants will keep all janitorial supplies used for their suite within the footprint of their space. Storing supplies in common area closets is not allowed unless previously approved by Landlord.

27. Tenants will comply with the building fire life safety program and requests of the local fire jurisdiction. All tenants will assign a floor warden who will actively participate in all training as mandated and provided by the Landlord. The Building is a "Class B" office building which requires all of its tenants to respond to a building emergency as expected in a Class B property.

28. Medical emergency elevator keys will be distributed at the sole discretion of Landlord. If Tenant is issued a key, it will only be used during an actual emergency and not for day-to-day convenience.

29. Canvassing, soliciting, distribution of handbills or any other written material in the Building is prohibited and each tenant shall cooperate to prevent the same.

30. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of any lease of any premises in the Building. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by Landlord shall be construed as a waiver

of such Rules and Regulations in favor of any other tenant or tenants, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Building.

31. Landlord reserves the right to make such other and reasonable, general and non-discriminatory rules and regulations as in its judgment may from time to time be needed for safety and security, for care and cleanliness of the Building, and for the preservation of good order in and about the Building. Tenant agrees to abide by all such rules and regulations herein stated and any additional rules and regulations that are adopted and provided in writing to Tenant. Tenant shall be responsible for the observance of the foregoing rules by Tenant's employees, agents, clients, patients, customers, invitees and guests.

EXHIBIT F

COMMENCEMENT DATE MEMORANDUM

attached to and made a part of the Lease bearing the Lease Reference Date of _____, 202__ between OVERLAKE MEDICAL TOWER, LLC, and THE EASTSIDE ENDOSCOPY CENTER, LLC

THIS MEMORANDUM, is by and between **OVERLAKE MEDICAL TOWER, LLC**, a Washington limited liability company ("**Landlord**"), and **THE EASTSIDE ENDOSCOPY CENTER, LLC** a Washington limited liability company ("**Tenant**").

RECITALS

A. Landlord and Tenant are parties to that certain Lease, dated for reference _____, 202__ (the "**Lease**") for certain premises (the "**Premises**") consisting of approximately 14,708 square feet in Suite 400 of the building commonly known as Overlake Medical Tower.

B. Tenant is in possession of the Premises and the Term of the Lease has commenced.

C. Landlord and Tenant desire to enter into this Memorandum confirming the Commencement Date of _____.

NOW, THEREFORE, Landlord and Tenant agree as follows:



1. The actual Commencement Date is _____.

2. The actual Termination Date is _____.

3. The schedule of the Base Rent set forth in the Lease's Basic Lease Provisions is deleted in its entirety, and the following is substituted therefor:

[insert rent schedule]

4. Capitalized terms not defined herein shall have the same meaning as set forth in the Lease.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum to be executed as of the latest date and year written beneath their signatures below.

LANDLORD:
OVERLAKE MEDICAL TOWER, LLC,
a Washington limited liability company
By: Overlake Hospital Association, its sole member

By: _____

Name: Andrew Tokar

Title: Chief Financial Officer

Date: _____

TENANT:
THE EASTSIDE ENDOSCOPY CENTER, LLC
a Washington limited liability company

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT 6

FINANCING AGREEMENT WITH KEY BANK

The Eastside Endoscopy Center, LLC Preliminary Proposed Terms

February 23rd, 2024



TILTOPHOTO



Preliminary Proposed Terms – Key Equipment Finance

Borrower	The Eastside Endoscopy Center, LLC (“Borrower”)
Guarantor	Washington Gastroenterology, PLLC (“Guarantor”)
Facilities	Delay Draw Term Loan (“DDTL”)
Facility Commitment	Up to \$5,900,000
Purpose	Construction and equipment costs for T.I. buildout project and the conversion of non-revolving DDTL to an amortizing term loan.
Maturity	<ul style="list-style-type: none">• Draw Period: 12 months• Term Period: 84 months (7 years)
Rate	<ul style="list-style-type: none">• 12-Month Draw Period: Monthly interest-only payments with rate of Prime + 0.00%• 84-Month Term Loan: Fixed rate estimated at 7.33% as of 2/9/2024, with final rate to be determined upon conversion of line balances to term loan. Monthly payment estimated at \$90,091.61,
Collateral	Broad form UCC Filing on Borrower and First Lien Position on leasehold improvements.
Fees	45 bps on the full facility commitment.
Financial Covenants and Reporting Requirements	<p>To be finalized in underwriting and conversations with the Borrower:</p> <ul style="list-style-type: none">• Operating Cash Flow to Total Fixed Charges covenant• Leverage Covenant <p>Financial Statement Reporting</p> <ul style="list-style-type: none">• Quarterly internally prepared balance sheet, income statement, covenant compliance certificate for the Borrower and the Guarantor, within 30 days of quarter-end• Annual CPA Reviewed statements from the Guarantor, due within 120 days of Fiscal Year End



This financing view is for discussion purposes only and does not represent a financing commitment on the part of KeyBank National Association or its affiliates. This is intended as an outline of certain of the material terms of the Credit Facilities and does not purport to summarize all of the conditions, covenants, representations, warranties and other provisions which would be contained in definitive documentation for the Credit Facilities contemplated hereby.

KeyBank Contacts

Name & Title	Phone/E-Mail
Commercial Banking	
Tim Mansfield <i>Vice President – Senior Relationship Manager</i>	(253) 686-1186 Tim.Mansfield@KeyBank.com
Brock Edwards <i>Vice President – Equipment Finance</i>	(503)-866-9254 Brock.L.Edwards@key.com
Jenna Bellavia <i>Commercial Analyst</i>	(206) 684-6210 Jenna_Bellavia@KeyBank.com



This financing view is for discussion purposes only and does not represent a financing commitment on the part of KeyBank National Association or its affiliates. This is intended as an outline of certain of the material terms of the Credit Facilities and does not purport to summarize all of the conditions, covenants, representations, warranties and other provisions which would be contained in definitive documentation for the Credit Facilities contemplated hereby.

EXHIBIT 7
AMORTIZATION SCHEDULE

AMORTIZATION SCHEDULE

Principal \$5,900,000.00	Loan Date 10-05-2023	Maturity 10-01-2028	Loan No 1	Call / Coll **** / ****	Account N12345	Officer XXXX	Initials
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.							

Borrower: 123 Main Street Company
123 Main Street
Seattle, WA 44444

Lender: KeyBank National Association
WA-Anacortes
1600 Commercial Ave
Anacortes, WA 98221

Disbursement Date: October 5, 2023
Interest Rate: 8.500

Repayment Schedule: Installment
Calculation Method: 365/360 U.S. Rule

Payment Number	Payment Date	Payment Amount	Interest Paid	Principal Paid	Remaining Balance
1	11-01-2023	121,297.88	37,612.50	83,685.38	5,816,314.62
2	12-01-2023	121,297.88	41,198.90	80,098.98	5,736,215.64
2023 TOTALS:		242,595.76	78,811.40	163,784.36	
3	01-01-2024	121,297.88	41,985.91	79,311.97	5,656,903.67
4	02-01-2024	121,297.88	41,405.39	79,892.49	5,577,011.18
5	03-01-2024	121,297.88	38,187.03	83,110.85	5,493,900.33
6	04-01-2024	121,297.88	40,212.30	81,085.58	5,412,814.75
7	05-01-2024	121,297.88	38,340.77	82,957.11	5,329,857.64
8	06-01-2024	121,297.88	39,011.60	82,286.28	5,247,571.36
9	07-01-2024	121,297.88	37,170.30	84,127.58	5,163,443.78
10	08-01-2024	121,297.88	37,793.54	83,504.34	5,079,939.44
11	09-01-2024	121,297.88	37,182.33	84,115.55	4,995,823.89
12	10-01-2024	121,297.88	35,387.09	85,910.79	4,909,913.10
13	11-01-2024	121,297.88	35,937.84	85,360.04	4,824,553.06
14	12-01-2024	121,297.88	34,173.92	87,123.96	4,737,429.10
2024 TOTALS:		1,455,574.56	456,788.02	998,786.54	
15	01-01-2025	121,297.88	34,675.35	86,622.53	4,650,806.57
16	02-01-2025	121,297.88	34,041.32	87,256.56	4,563,550.01
17	03-01-2025	121,297.88	30,170.14	91,127.74	4,472,422.27
18	04-01-2025	121,297.88	32,735.65	88,562.23	4,383,860.04
19	05-01-2025	121,297.88	31,052.34	90,245.54	4,293,614.50
20	06-01-2025	121,297.88	31,426.87	89,871.01	4,203,743.49
21	07-01-2025	121,297.88	29,776.52	91,521.36	4,112,222.13
22	08-01-2025	121,297.88	30,099.18	91,198.70	4,021,023.43
23	09-01-2025	121,297.88	29,431.66	91,866.22	3,929,157.21
24	10-01-2025	121,297.88	27,831.53	93,466.35	3,835,690.86
25	11-01-2025	121,297.88	28,075.13	93,222.75	3,742,468.11
26	12-01-2025	121,297.88	26,509.15	94,788.73	3,647,679.38
2025 TOTALS:		1,455,574.56	365,824.84	1,089,749.72	
27	01-01-2026	121,297.88	26,698.99	94,598.89	3,553,080.49
28	02-01-2026	121,297.88	26,006.58	95,291.30	3,457,789.19
29	03-01-2026	121,297.88	22,859.83	98,438.05	3,359,351.14
30	04-01-2026	121,297.88	24,588.58	96,709.30	3,262,641.84
31	05-01-2026	121,297.88	23,110.38	98,187.50	3,164,454.34
32	06-01-2026	121,297.88	23,162.05	98,135.83	3,066,318.51
33	07-01-2026	121,297.88	21,719.76	99,578.12	2,966,740.39
34	08-01-2026	121,297.88	21,714.89	99,582.99	2,867,157.40
35	09-01-2026	121,297.88	20,986.00	100,311.88	2,766,845.52
36	10-01-2026	121,297.88	19,598.49	101,699.39	2,665,146.13
37	11-01-2026	121,297.88	19,507.39	101,790.49	2,563,355.64
38	12-01-2026	121,297.88	18,157.10	103,140.78	2,460,214.86
2026 TOTALS:		1,455,574.56	268,110.04	1,187,464.52	
39	01-01-2027	121,297.88	18,007.41	103,290.47	2,356,924.39
40	02-01-2027	121,297.88	17,251.38	104,046.50	2,252,877.89
41	03-01-2027	121,297.88	14,894.03	106,403.85	2,146,474.04
42	04-01-2027	121,297.88	15,711.00	105,586.88	2,040,887.16
43	05-01-2027	121,297.88	14,456.28	106,841.60	1,934,045.56
44	06-01-2027	121,297.88	14,156.14	107,141.74	1,826,903.82
45	07-01-2027	121,297.88	12,940.57	108,357.31	1,718,546.51
46	08-01-2027	121,297.88	12,578.81	108,719.07	1,609,827.44
47	09-01-2027	121,297.88	11,783.04	109,514.84	1,500,312.60
48	10-01-2027	121,297.88	10,627.21	110,670.67	1,389,641.93
49	11-01-2027	121,297.88	10,171.41	111,126.47	1,278,515.46
50	12-01-2027	121,297.88	9,056.15	112,241.73	1,166,273.73
2027 TOTALS:		1,455,574.56	161,633.43	1,293,941.13	

**AMORTIZATION SCHEDULE
(Continued)**

Loan No: 1

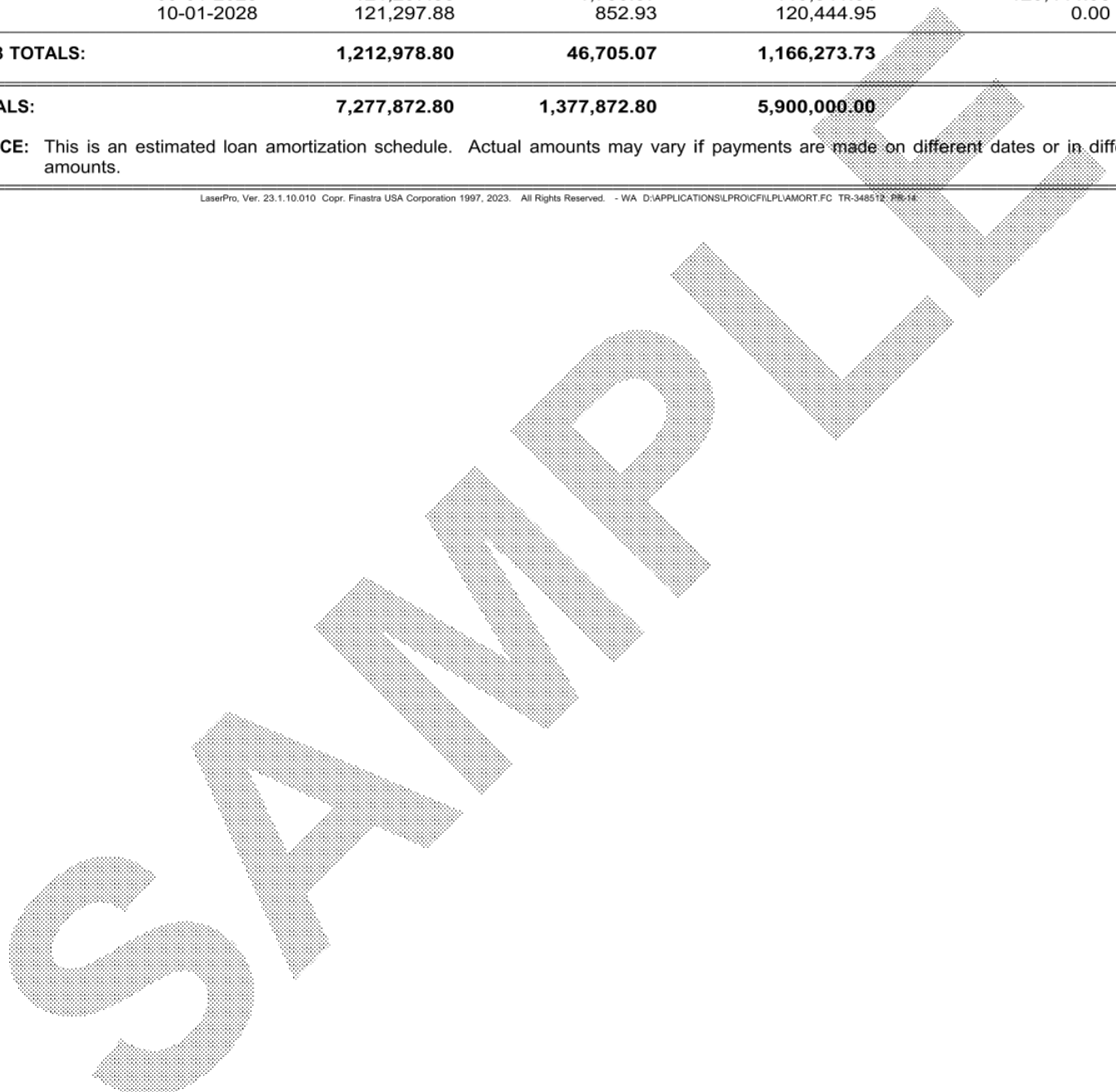
Page 2

51	01-01-2028	121,297.88	8,536.48	112,761.40	1,053,512.33
52	02-01-2028	121,297.88	7,711.12	113,586.76	939,925.57
53	03-01-2028	121,297.88	6,435.88	114,862.00	825,063.57
54	04-01-2028	121,297.88	6,039.01	115,258.87	709,804.70
55	05-01-2028	121,297.88	5,027.78	116,270.10	593,534.60
56	06-01-2028	121,297.88	4,344.34	116,953.54	476,581.06
57	07-01-2028	121,297.88	3,375.78	117,922.10	358,658.96
58	08-01-2028	121,297.88	2,625.18	118,672.70	239,986.26
59	09-01-2028	121,297.88	1,756.57	119,541.31	120,444.95
60	10-01-2028	121,297.88	852.93	120,444.95	0.00

2028 TOTALS: 1,212,978.80 46,705.07 1,166,273.73

TOTALS: 7,277,872.80 1,377,872.80 5,900,000.00

NOTICE: This is an estimated loan amortization schedule. Actual amounts may vary if payments are made on different dates or in different amounts.





31000012345000000010D20

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$5,900,000.00	10-05-2023	10-01-2028	1	**** / ****	N12345	XXXX	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

Borrower: 123 Main Street Company
123 Main Street
Seattle, WA 44444

Lender: KeyBank National Association
WA-Anacortes
1600 Commercial Ave
Anacortes, WA 98221

Principal Amount: \$5,900,000.00

Date of Note: October 5, 2023

PROMISE TO PAY. 123 Main Street Company ("Borrower") promises to pay to KeyBank National Association ("Lender"), or order, in lawful money of the United States of America, the principal amount of Five Million Nine Hundred Thousand & 00/100 Dollars (\$5,900,000.00), together with interest on the unpaid principal balance from October 5, 2023, until paid in full.

PAYMENT. Subject to any payment changes resulting from changes in the Index, Borrower will pay this loan in 60 payments of \$121,297.88 each payment. Borrower's first payment is due November 1, 2023, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on October 1, 2028, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied to first pay interest accrued to the day Lender receives the payment, then to bring principal current, then to pay any late fees, and then Lender will apply any remaining balance to reduce principal. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an index which is the Prime Rate announced by Lender (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans and is set by Lender in its sole discretion. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each day that the Index changes. The interest rate will change automatically and correspondingly on the date of each announced change of the Index by Lender. Borrower understands that Lender may make loans based on other rates as well. **The Index currently is 8.500% per annum.** Interest on the unpaid principal balance of this Note will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using a rate equal to the Index, resulting in an initial rate of 8.500% per annum based on a year of 360 days. If Lender determines, in its sole discretion, that the Index has become unavailable or unreliable, either temporarily, indefinitely, or permanently, during the term of this Note, Lender may amend this Note by designating a substantially similar substitute index. Lender may also amend and add a positive or negative margin (percentage added to or subtracted from the substitute index value) as part of the rate determination. In making these amendments, Lender may take into consideration any then-prevailing market convention for selecting a substitute index and margin for the specific Index that is unavailable or unreliable. Such an amendment to the terms of this Note will become effective and bind Borrower 10 business days after Lender gives written notice to Borrower without any action or consent of the Borrower. **NOTICE:** Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law. Whenever changes occur in the interest rate, Lender, at its option, may do one or more of the following: (A) change Borrower's payments by setting a new payment amount calculated by amortizing the outstanding principal balance at the new interest rate over the remaining term of the loan, (B) increase Borrower's payments to cover accruing interest if the interest rate adjustment is an increase, (C) change the number of Borrower's payments, and (D) continue Borrower's payments at the same amount and change Borrower's final payment amount.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT. Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. **All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: KeyBank National Association, WA-Anacortes, 1600 Commercial Ave, Anacortes, WA 98221.**

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the unpaid portion of the regularly scheduled payment or \$50.00, whichever is greater.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the interest rate on this Note shall be increased by adding an additional 3.000 percentage point margin ("Default Rate Margin"). The Default Rate Margin shall also apply to each succeeding interest rate change that would have applied had there been no default. If judgment is entered in connection with this Note, interest will continue to accrue after the date of judgment at the rate in effect at the time judgment is entered. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false

**PROMISSORY NOTE
(Continued)**

Loan No: 1

Page 2

or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Change In Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment, is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured if Borrower, after Lender sends written notice to Borrower demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Washington without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Washington.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$20.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the debt against any and all such accounts.

AUTHORIZATION TO CHARGE DEPOSIT ACCOUNT FOR LOAN PAYMENTS. Borrower hereby authorizes Lender automatically to deduct from Borrower's designated deposit account ("Account"), payments due on the loan on the date each payment is due.

Borrower authorizes Lender to deduct amounts subject to change without prior notification to Borrower of the new amount to be deducted due to: (1) late charges assessed; (2) delinquent amounts due or (3) any other payment amount required under the terms of the loan. If the funds in the Account are insufficient to cover any payment, Lender shall not be obligated to advance funds to cover the payment. Lender shall not be liable for dishonoring checks or other items due to insufficient funds caused by the honoring of this Authorization.

Borrower may terminate this authorization by giving not less than three (3) days prior written notice to the Loan Services Department. This authorization may be terminated at any time by Lender.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

BUSINESS LOAN AGREEMENT. The terms and conditions set forth in any Business Loan Agreement executed by Borrower apply to the Loan evidenced by this Note. In the event of a conflict between the terms of this Note and the Business Loan Agreement, the terms of the Business Loan Agreement will control.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

123 MAIN STREET COMPANY

By: _____
John Smith, President of 123 Main Street Company

SAMPLE

RESPONSE TO REQUEST FOR SUPPLEMENTAL
INFORMATION

DATED APRIL 29, 2024

STUDEBAKER | NAULT

EMILY R. STUDEBAKER, ESQ.
11900 N.E. 1st Street, Suite 300
Bellevue, WA 98005
estudebaker@studebakernault.com

April 29, 2024

Jules Kolln, Analyst
Certificate of Need Program
Community Health System

VIA E-MAIL: jules.kolln@doh.wa.gov; fslcon@doh.wa.gov

Re: Certificate of Need Application #24-15

Dear Ms. Kolln:

In response to your letter dated March 14, 2024 regarding the Certificate of Need Application filed by The Eastside Endoscopy Center, LLC (“Eastside Endoscopy Center”), please find enclosed Eastside Endoscopy Center’s Responses to Request for Supplemental Information (the “Responses”). If you need any additional documents or information, or if you have any questions concerning the Responses, please do not hesitate to contact me.

Regards,

STUDEBAKER NAULT, PLLC



Emily R. Studebaker

cc: Jennifer Moore, Director of Operations
The Eastside Endoscopy Center, LLC

THE EASTSIDE ENDOSCOPY CENTER, LLC

**RESPONSES TO SECOND SCREENING REQUEST
FOR SUPPLEMENTAL INFORMATION**

APPLICANT DESCRIPTION

No questions.

PROJECT DESCRIPTION

1. The response to question #1 of the first screening letter states that the project will not commence until after CN approval “*or an exemption from the certificate of need review requirement.*” Does Eastside Endoscopy intend to apply for exemption in addition to this application?

Eastside Endoscopy Center understands that it cannot operate the proposed ASF unless and until it receives a certificate of need or an exemption from the certificate of need review requirement. At this time, Eastside Endoscopy Center does not anticipate applying for exemption for the site. Below is an update timeline for the project:

Event	Anticipated Month/Year
Design complete	July 2024
Construction Commenced	October 2024
Construction Completed	June 2025
Facility Prepared for Survey	July 2025
Project Completion	July 2025

2. Related to the previous question, confirm your understanding that the application referenced throughout this screening is for a full Certificate of Need review, with the intent of seeking a CN, and an exemption is not a possible outcome of this application.

Eastside Endoscopy Center understands that the application referenced throughout this screening is for a full certificate of need review, with the intent of seeking a certificate of need, and an exemption is not a possible outcome of this application.

WAC 246-310-210 - NEED

3. The response to question #3 of the first screening letter provides the projected utilization for year 2024 at 7,620 procedures. Assuming no other changes to Table 3 and Table 4 from the initial application, this amounts to a 29.4% *decrease* in procedures in 2024 followed by 97.1% *increase* in procedures for 2025. Explain why 2024 will see a significant drop in procedures from 2023 followed by nearly doubling procedures in 2025.

Please find below a corrected table that includes both historical utilization for the current ASF and projected utilization for the proposed ASF. The utilization data previously provided to the Department of Health (the “Department”) in response to its first screening inadvertently included data for both the current ASF and also Eastside Endoscopy Center’s ASF located in Issaquah for the years 2020 through 2023.

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Number of Procedure	5,836	6,873	7,367	7,312	7,620	11,264	15,319	15,625	15,938	16,256
% Change		17.8%	7.2%	-0.7%	4.2%	47.8%	36.0%	2.0%	2.0%	2.0%

Please also see Exhibit 1 for the updated pro forma revenue and expense projections and Exhibit 2 for the updated pro forma balance sheet for the proposed ASF.

4. The assumptions in Exhibit 1 of the screening responses state “*Bellevue endoscopy [sic] would move from operating 2 rooms to 4 rooms with CON approval*” while pages 3 and 9 of the application state that 3 ORs are currently in use. Clarify whether the historical utilization (and related revenues and expenses) are based on the operation of two ORs or three ORs.

The historical utilization and related revenues and expenses are based on the operation of two ORs. (However, as indicated above, the utilization data and related expenses and revenue previously provided to the Department in response to its first screening inadvertently included data for both the current ASF and also Eastside Endoscopy Center’s ASF located in Issaquah for the years 2021 through 2023.) The current ASF has three ORs. However, due to the COVID-19 pandemic, starting in 2020 only two ORs were utilized in order to provide for increased social distancing of patients and staff. Subsequently, the Department advised Washington Gastroenterology that endoscopy centers could not store their endoscopes in their decontamination rooms. As a result, and due to the fact that the current ASF has no alternative space for storage and no additional square footage to build storage space, Eastside Endoscopy Center is storing its endoscopes in its smallest OR in order to comply with the Department’s requirements for storage of endoscopes.

5. In relation to the previous question, if the applicant has only been operating 2 ORs, explain why. Also explain if operating a third approved OR was not considered as an option in the applicant’s discussion of alternatives in the Cost Containment section of the application.

Please see answer to Question #4. The Department advised Washington Gastroenterology that endoscopy centers could not store their endoscopes in their decontamination rooms. As a result, and due to the fact that the current ASF has no alternative space for storage and no additional square footage to build storage space, Eastside Endoscopy Center is storing its endoscopes in its smallest OR in order to comply with the Department’s requirements for storage of endoscopes.

6. If the facility has been operating 3 ORs, explain why volumes are projected to increase by approximately 50% with the addition of only 33% more OR capacity.

Please see answers to Questions #4 and #5.

WAC 246-310-220 – FINANCIAL FEASIBILITY

No questions.

WAC 246-310-230 – STRUCTURE AND PROCESS OF CARE

7. The FTE table provided with the screening responses indicates a 100% increase in staffing between 2024 and 2025. In a question related to those in Project Description, above, provide the rationale behind this increase when the facility is only adding 33% more OR capacity to its currently approved number of rooms.

Please see answers to Questions #3 and #4.

8. The response to question #7 of the first screening letter states “*Edwin J. Lai, M.D. is an owner of Eastside Endoscopy Center; he is not an employee. Dr. Lai does not provide medical director services pursuant to a contract.*” This statement is unclear. Does this statement mean that Dr. Lai does not provide medical director services, or does this statement mean that Dr. Lai provides these services as part of his responsibilities as owner rather than as part of a contract? Provide a brief explanation.

Dr. Lai is an owner of Eastside Endoscopy Center, and he provides medical director services there. *See Eastside Endoscopy Center, LLC’s Certificate of Need Application Seeking Approval to Relocate and Expand Ambulatory Surgical Facility from Three Operating Rooms to Four Operating Rooms (the “Application”)* at p. 4. He has provided medical director services at Eastside Endoscopy Center since 2020. Dr. Lai does not provide those services pursuant to a contract, but rather provides them as part of his responsibilities as an owner of Eastside Endoscopy Center. Eastside Endoscopy Center provided the medical director job description, which sets forth Dr. Lai’s duties as medical director. *See Application at pp. 205-207.* If needed for certificate of need approval, Eastside Endoscopy Center will enter into a contract with Dr. Lai for the provision of the medical director services.

9. Related to the previous question, if Dr. Lai is not an employee of the endoscopy center *and* does not perform medical director services under contract, explain how Dr. Lai is compensated (if at all) for his role as medical director of the center.

Please see answer to Question #8. Dr. Lai is not compensated for his medical director responsibilities. Please see also see answer to Question #16.

10. Related to the previous questions, if Dr. Lai does not provide medical director services, has an individual been identified that does provide these services?

Please see answer to Questions #8 and #9.

WAC 246-310-240 – COST CONTAINMENT

No questions.

EXHIBIT REVIEW – EXHIBITS PROVIDED IN INITIAL APPLICATION

Any exhibits from the initial application not listed below have no further screening questions.

Exhibit H – Historical Revenue and Expense Statements

11. After further review of the historical financials provided in the initial application, several inconsistencies have been found.

Example 1: On pdf 53 the 2021 YTD Actual *Fixed Expenses* is \$1,636,885 whereas on pdf 55 the 2021 YTD Actual *Fixed Expenses* is \$1,627,080.

Example 2: On pdf 65 the 2022 YTD Actual *Net Income* is \$1,408,456 whereas on pdf 59 this value is listed at \$1,071,548.

These and other inconsistencies have been found. Therefore, provide updated historical financials clearly demonstrating the historical financial performance of this facility.

Please see Exhibit 3 for updated historical financials.

Please note that the historical financials include financials specific to the Bellevue center and also financials for The Eastside Endoscopy Center, LLC (which reflect both the Bellevue center and the Issaquah center).

12. Related to the previous question, if there is a reason for these discrepancies that is not evident, provide an explanation.

Example 1: Temporary Staffing – This line was moved into the Staff Wages and Expense line under the employee wages section. This change was made during 2022. 2021 financials provided were utilizing the old format. Updated historical financials have been provided to be consistent in formatting over these periods.

Example 2: Different Periods – The 2023 financials provided in the original submission were year to date through September, because, at the time of the original submission, the third quarter was the most recently completed quarter for 2023. The 2022 financials were for the entire year (through December). The 2023 financials were for a 9-month period, whereas the 2022 financials were for a 12-month period. New financials have been provided for 2023 to show year to date financial information through December so that comparisons between 2022 and 2023 can be made more completely.

EXHIBIT REVIEW – EXHIBITS PROVIDED IN FIRST SCREENING

Exhibit 1 – Volume Assumptions

No questions.

Exhibit 2 – Corrected Capital Expenditure

13. The initial application provides an estimated equipment cost of \$740,000 (Application, Exhibit Q). This cost does not appear to be included in the updated Estimated Capital Expenditure table provided in screening. Explain where the estimated \$740,000 is included or provide an updated equipment cost breakdown.

The total cost for equipment listed in Exhibit Q of the Application (\$740,000) is included in the capital expenditure table at Exhibit 2 of the Application at line items f and h, *i.e.*, the cost of the equipment is not separately listed in the table. It is separately listed below.

Please see below an excerpt for the capital expenditure table submitted in response to the Department’s first screening.

Item	Cost
f. Building Construction	\$4,918,913
g. Fixed Equipment (not already included in the construction contract)	\$0
h. Movable Equipment	\$250,000

Please see below an excerpt for the capital expenditure table that breaks out the fixed equipment costs. The total capital expenditure amount is unchanged.

Item	Cost
f. Building Construction	\$4,428,913
g. Fixed Equipment (not already included in the construction contract)	\$490,000
h. Movable Equipment	\$250,000

Exhibit 3 – Updated Pro Forma Expense and Revenue Projections

14. The updated financial projections do not appear to have a line item for bad debt. Provide updated financials that include projections for bad debt. Alternatively, explain how bad debt is determined or estimated as well as the projected amount of bad debt in each year of the projection period.

Please see Exhibit 4 for Eastside Endoscopy Center’s Bad Debt/Collection Policy.

Amounts classified as bad debt fall under the “Contractual Allowance” line on the financial statements. These amounts have historically been negligible and therefore are not separated from the aforementioned line. For reference, the historical amounts written off as bad debt are below.

2020: \$45.68
2021: \$107.93
2022: \$67.64
2023: \$93.90

Eastside Endoscopy Center projects similar bad debt write offs in future years.

Exhibit 4 – Updated Pro Forma Balance Sheets

15. The historical revenue and expense statements provided in Exhibit H of the application, as well as the pro-forma statements of operations provided in Exhibit I of the application and Exhibit 3 of the applicant's first screening responses contain a variable expense titled "*Medical Director Fees.*"

This appears to conflict with the statements quoted above from the applicant's response to question #7 of the department's first screening. If Dr. Lai is neither an employee nor a contracted provider of services to the endoscopy center, to whom are the medical director fees paid and what is the basis for the payment amounts to support this projected expense?

Please see answer to Question #8.

16. Related to the previous question, the medical director fees in the projected statements of operation are significantly different from the amounts in the historical statements. If not addressed in your response to the previous question, explain how medical director fees are projected and why they differ from the historical fees.

Medical director fees, as labeled on the financial statements, is compensation for the members who are part of Eastside Endoscopy Center's board of directors.

In 2020, Eastside Endoscopy Center had four directors, each receiving \$1,094.00 per month for director compensation. The Bellevue center expensed the full amount for this compensation.

Effective February 1, 2021, Eastside Endoscopy Center had three directors, all whom received the same compensation. The Bellevue center expensed the full amount for this compensation.

Effective January 1, 2022, the director fee compensation was allocated by number of rooms operational at each of Eastside Endoscopy Center's endoscopy centers – two in the Bellevue center, two in the Issaquah center. Compensation remained at \$1,094.00 per month for each of the three directors.

Upon expansion of the Bellevue's center from two operational rooms to four rooms, for a total of six rooms across both the Bellevue center and the Issaquah center, it is anticipated that the total director fee will increase 50% from \$1,094.00 to \$1,641.00, with allocation of the expense to continue to be determined by number of operational rooms. The Bellevue center's portion of the director fee expense for each director would change from \$547.00 to \$1,094.00 once the four-room center is operational. The Issaquah center would continue to have \$547.00 in monthly director fee expenses per director. Proforma financials have been updated to correct the projected director fees expense.

Please also see answers to Questions #8 and #9.

Exhibit 5 – Lease for Overlake Hospital Tower

17. The base rent schedule provided in this exhibit does not appear to align with the *Building Rent* line item provided in the financial projections provided in Exhibit 3. Provide a table or crosswalk demonstrating how these rent costs are reflected in the financial projections. If updated financial projections are needed, provide them.

Please see Exhibit 5 for Lease for Overlake Medical Tower between Overlake Medical Tower, LLC and The Eastside Endoscopy Center, LLC for Suite 400. Please also see Exhibit 1 for the pro forma revenue and expense projections and Exhibit 2 for the pro forma balance sheet for the proposed ASF.

18. Related to the previous question, the financial projections for *Base Rent* show the rent costs holding steady at \$838,356 for the years 2026-2029; however, the rent schedule provided in the lease shows an increase in *Base Rent/RSF* each year. Explain why rent costs are projected to hold steady when the lease agreement reflects an annual increase in rent.

Please see Exhibit 5 for Lease for Overlake Medical Tower between Overlake Medical Tower, LLC and The Eastside Endoscopy Center, LLC for Suite 400. Please also see Exhibit 1 for the pro forma revenue and expense projections and Exhibit 2 for the pro forma balance sheets for the proposed ASF.

Exhibit 6 – Financing Agreement with Key Bank

19. The email from Key Bank presented in Exhibit N of the application states that the loan cost estimates are “for discussion purposes only.” Provide copies of letter(s) from each source/lending institution that indicate a willingness to finance the proposed project. The letter(s) should include:
- i. Proposed interest rate(s) (Fixed or Variable)
 - ii. Proposed term (period) of the loan(s)
 - iii. Proposed amount of loan(s)
- Note that personal or proprietary account or other identifying information should not be included or, at minimum, redacted from the documentation provided.

Please see Exhibit 6 for Key Bank Term Sheet.

20. Provide Amortization tables for each finance source identified in the question above.

Please see Exhibit 7 for the amortization tables.

Exhibit 7 – Amortization Schedule

No questions.

EXHIBIT 1

UPDATED PRO FORMA REVENUE
AND EXPENSE PROJECTIONS

**EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER**

	2024	2025	2026	2027	2028	2029
SUMMARY						
PROCEDURES	7,620	11,264	15,319	15,625	15,938	16,256
CASES	6,977	10,314	14,027	14,307	14,593	14,885
SESSIONS	983	1,453	1,976	2,015	2,056	2,097
CPT's	8,820	13,038	17,732	18,086	18,448	18,817
WORKING DAYS	254	254	254	254	254	254
PROCEDURES PER DAY	30	44	60	62	63	64
PROCEDURES PER SESSION	8	8	8	8	8	8
CASES PER DAY	27	41	55	56	57	59
CPT's PER PROCEDURE	1.16	1.16	1.16	1.16	1.16	1.16
CPT's PER CASE	1.26	1.26	1.26	1.26	1.26	1.26
REVENUE PER PROCEDURE	697	721	721	721	721	721
EXPENSES PER PROCEDURE	469	522	533	533	533	533
NET INCOME PER PROCEDURE	228	200	188	188	188	188
CASH COLLECTIONS						
CHARGES	13,429,584	20,547,264	27,944,279	28,503,164	29,073,228	29,654,692
CASH COLLECTED	5,139,866	7,863,995	10,695,033	10,908,933	11,127,112	11,349,654
GROSS COLLECTIONS %	38.3%	38.3%	38.3%	38.3%	38.3%	38.3%
INCOME						
FACILITY FEES	13,429,584	20,547,264	27,944,279	28,503,164	29,073,228	29,654,692
CONTRACTUAL ALLOWANCE	(7,953,079)	(12,168,211)	(16,548,767)	(16,879,742)	(17,217,337)	(17,561,683)
CHARITY CARE	(166,527)	(254,786)	(346,509)	(353,439)	(360,508)	(367,718)
NET REVENUE	5,309,978	8,124,267	11,049,003	11,269,983	11,495,383	11,725,291
OPERATING EXPENSES						
EMPLOYEE WAGES						
STAFF WAGES & TAXES	1,462,937	2,260,238	3,073,924	3,166,141	3,261,126	3,358,959
TOTAL EMPLOYEE WAGES	1,462,937	2,260,238	3,073,924	3,166,141	3,261,126	3,358,959
VARIABLE EXPENSES						
PROFIT SHARING CONTRIBUTION	65,193	100,723	138,327	142,476	146,751	151,153
LIFE INSURANCE	1,275	1,970	2,705	2,786	2,870	2,956
MEDICAL INSURANCE	142,602	213,902	285,203	285,203	285,203	285,203
DENTAL INSURANCE	8,615	12,923	17,230	17,230	17,230	17,230
UNIFORMS	3,439	5,159	6,879	6,879	6,879	6,879
MEDICAL DIRECTOR FEES	19,692	29,538	39,384	39,384	39,384	39,384
MEDICAL SUPPLIES	340,256	520,592	708,006	722,166	736,609	751,341
DRUG SUPPLIES	70,270	107,513	146,218	149,142	152,125	155,167
ADMINISTRATIVE SUPPLIES	13,784	21,090	28,682	29,255	29,841	30,437

**EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER**

	2024	2025	2026	2027	2028	2029
PRINTING & PUBLICATIONS	9,128	13,829	18,623	18,809	18,997	19,187
OFFICE EXPENSE	43,254	65,530	88,247	89,129	90,021	90,921
BANK FEES	7,500	37,800	15,000	15,000	15,000	15,000
INTERPRETER SERVICES	35,888	53,831	71,775	71,775	71,775	71,775
DUES & SUBSCRIPTIONS	3,446	5,168	6,891	6,891	6,891	6,891
EDUCATION & SEMINARS	2,324	3,485	4,647	4,647	4,647	4,647
ADVERTISING	-	-	-	-	-	-
LINEN & LAUNDRY	66,860	103,299	141,864	146,120	150,504	155,019
EQUIPMENT LEASE	24,319	36,479	48,639	48,639	48,639	48,639
MAINT & REPAIRS EQUIPMENT	58,391	87,586	116,781	116,781	116,781	116,781
MAINTENANCE CONTRACT	72,508	108,763	145,017	145,017	145,017	145,017
ACCOUNTING FEES	1,375	2,063	2,750	2,750	2,750	2,750
MANAGEMENT FEES	198,000	297,000	396,000	396,000	396,000	396,000
CONSULTING FEES	6,027	9,041	12,055	12,055	12,055	12,055
BILLING FEES	318,599	487,456	662,940	676,199	689,723	703,517
CREDENTIALING	25	38	50	50	50	50
ACCREDITATION	3,356	5,035	6,713	6,713	6,713	6,713
RECRUITING	907	1,360	1,814	1,814	1,814	1,814
COMPUTER SERVICES	35,718	53,578	71,437	71,437	71,437	71,437
SOFTWARE SUBSCRIPTION	1,392	2,088	2,783	2,783	2,783	2,783
COMPUTER HARDWARE	2,874	4,311	5,748	5,748	5,748	5,748
TELEPHONE	3,648	5,472	7,296	7,296	7,296	7,296
PROMOTION	6,061	9,091	12,122	12,122	12,122	12,122
POSTAGE	275	413	550	550	550	550
BUSINESS TAXES	106,200	162,485	220,980	225,400	229,908	234,506
BUSINESS LICENSES	3,470	5,205	6,940	6,940	6,940	6,940
PROPERTY & OTHER TAXES	1,750	2,625	3,500	3,500	3,500	3,500
UTILITIES EXPENSE	1,284	1,926	2,569	2,569	2,569	2,569
MEALS AND ENT 50%	202	303	404	404	404	404
DISABILITY INSURANCE	5,858	9,051	12,430	12,803	13,187	13,582
PROFESSIONAL LIABILITY INSURANCE	7,027	10,540	14,053	14,053	14,053	14,053
COMMERCIAL LIABILITY INSURANCE	7,444	11,166	14,888	14,888	14,888	14,888
TOTAL VARIABLE EXPENSES	1,700,235	2,609,425	3,488,137	3,533,402	3,579,650	3,626,903
FIXED EXPENSES						
BUILDING RENT	220,948	504,611	930,375	958,287	987,035	1,016,647
DEPRECIATION EXPENSE	192,000	500,000	670,000	670,000	670,000	670,000
TOTAL FIXED EXPENSES	412,948	1,004,611	1,600,375	1,628,287	1,657,035	1,686,647
TOTAL WAGES & OPERATING EXPENSES	3,576,120	5,874,274	8,162,435	8,327,830	8,497,810	8,672,510

**EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER**

	2024	2025	2026	2027	2028	2029
TOTAL OPERATING INCOME (LOSS)	1,733,858	2,249,993	2,886,568	2,942,153	2,997,573	3,052,781
NON-OPERATING (INCOME) EXPENSE						
INTEREST EXPENSE	5,000	367,943	420,775	329,573	230,310	122,274
TOTAL NON-OPERATING (INCOME) EXPENSE	5,000	367,943	420,775	329,573	230,310	122,274
BELLEVUE ENDOSCOPY NET INCOME (LOSS)	1,728,858	1,882,050	2,465,793	2,612,580	2,767,262	2,930,507
BELLEVUE ANESTHESIA PROJECTED NET INCOME	567,264	867,914	1,180,364	1,203,971	1,228,050	1,252,611
NET INCOME (LOSS)	2,296,123	2,749,965	3,646,157	3,816,551	3,995,312	4,183,118

EEC Pro Forma Income Statement – Bellevue – Assumptions

- Bellevue endoscopy would move from operating 2 rooms to 4 rooms with CON approval. The change from 2024 to 2025 in volumes, revenues, and most costs reflect this. **2025 volumes, revenue, and costs changed to factor in mid-year 2025 start in new space.**
- Cash Collected @ 38.3% - EEC Days in AR hovers around 20 days, well below national average, due to the efficiency and effectiveness of our in-house revenue cycle management team. This trend has continued for years and no expectation that this will change.
- Revenue estimated @ 2% growth per year in line with growth of procedure volumes year over year.
- Staffing costs estimated @ 3% growth per year from annual cost of living/merit adjustments.
- Profit sharing is 5% of staff wages.
- **Bank fees in 2025 capture loan fees noted in financing agreement.**
- Some expenses show flat year over year from 2025-2029. While this is unlikely were vendors and products to remain the same, we put a lot of effort into working with vendors to keep costs low in addition to constant evaluation of what's available in the market. As times change, we may also find savings by discontinuing the use of more expensive, legacy products and services in favor of cheaper, more efficient products and services without impacting patient care.
- Building rent captures CAM (common area maintenance). Amounts shown for 2025-2029 factors in straight line rent expense in addition to an estimate of CAM costs. **2025 costs show half year in current, 2 room space, half in future, 4 room space.** 2025 costs reflect rent expense as determined by lease agreement based on occupancy starting July 1st, 2025, with first rent expense October 1st, 2025 to align with 3 months of free rent per agreement. CAM is calculated at a historical percentage of rent on current space and factored into the building rent line. Rent and CAM are captured for existing space through the life of that lease expiring November 30th, 2025 – this assumes no early termination of existing lease.
- Depreciation primarily assumes retirement of current scopes for new scopes and starting depreciation on LHI from construction project in 2025. Costs given for use in calculating depreciation are estimates. **2025 costs show half year for newly constructed, 4 room space.** Depreciation no longer assumes retirement of existing scopes. New scopes to be purchased in addition to the construction as part of the financing. Depreciation is estimated and calculated for equipment at 5 year useful life, LHI at 10 years.
- Interest expense assumes first payment on 5-year construction financing to occur in Q4 2024 with 5-year financing on new scopes in 2025. The construction financing may go longer depending on what term is elected. **Interest expense changed to reflect new timeline for moving into new space. Construction financing settled on 7-year term with new scopes coming on midyear 2025 to coincide with the new space.** Interest expense reverted to 5-year term per financing agreement. Agreement captures construction as well as new scopes and equipment. The financing documentation we will include lists two separate interest rates - one for the draw period and one for the term period. The draw period rate is listed at 8.50% with the term period rate to be determined once the loan is converted to a term loan (this would occur after the project is complete). The term rate is listed at 7.53% as of April 26th, however, the interest expense in the projections and amortization table are solely based on the 8.50% rate. This was done for the sake of ease in projecting our financial outlook as well as presenting a "worst case scenario" in the projections.
- Bellevue anesthesia income assumes current rate of propofol, ~99.35% YTD 2023, for patient volume @ 2% yearly growth in line with procedure volume growth year over year.

EXHIBIT 2

UPDATED PRO FORMA BALANCE SHEET

**EASTSIDE ENDOSCOPY CENTERS
BALANCE SHEET
BELLEVUE ENDOSCOPY CENTER**

	2024	2025	2026	2027	2028	2029
CURRENT ASSETS						
KEYBANK CHECKING	318,627	650,000	663,000	676,260	689,785	703,581
INVENTORY - MEDICAL SUPPLIES	33,981	70,000	72,100	74,263	76,491	78,786
ACCOUNTS RECEIVABLE	737,835	1,505,183	1,535,287	1,565,993	1,597,312	1,629,259
CONTRACTUAL ALLOWANCE	(411,743)	(839,955)	(856,754)	(873,889)	(891,367)	(909,194)
ACCOUNTS RECEIVABLE - ANESTHESIA	180,744	368,718	376,092	383,614	391,287	399,112
WAGI ANESTHESIA RECEIVABLE	134,307	278,535	288,823	258,810	256,081	257,764
PREPAID INSURANCE	2,000	4,000	4,000	4,000	4,000	4,000
PREPAID ASSETS	17,500	35,000	35,000	35,000	35,000	35,000
DEPOSITS	-	70,366	70,366	70,366	70,366	70,366
TOTAL CURRENT ASSETS	1,013,251	2,141,846	2,187,913	2,194,416	2,228,954	2,268,673
FIXED ASSETS						
MED EQUIP, FURN, & EQUIP	1,200,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
FURNITURE & EQUIPMENT	12,000	12,000	12,000	12,000	12,000	12,000
COMPUTER EQUIPMENT	6,500	6,500	6,500	6,500	6,500	6,500
PHONE SYSTEM	3,000	3,000	3,000	3,000	3,000	3,000
COMPUTER SOFTWARE	1,500	1,500	1,500	1,500	1,500	1,500
CONSTRUCTION/LHI	1,345,000	5,100,000	5,100,000	5,100,000	5,100,000	5,100,000
LESS ACCUMULATED DEPRECIATION	(1,580,000)	(1,915,000)	(2,585,000)	(3,255,000)	(3,925,000)	(4,595,000)
TOTAL FIXED ASSETS	988,000	5,208,000	4,538,000	3,868,000	3,198,000	2,528,000
TOTAL ASSETS	2,001,251	7,349,846	6,725,913	6,062,416	5,426,954	4,796,673
CURRENT LIABILITIES						
ACCOUNTS PAYABLE	54,437	109,964	111,063	112,174	113,296	114,429
PROFIT SHARING CONTRIBUTION PAYABLE	65,193	134,298	138,327	142,476	146,751	151,153
WAGI PAYABLE	106,897	215,933	218,092	220,273	222,476	224,700
ACCRUED SALARIES	19,417	40,000	41,200	42,436	43,709	45,020
ACCRUED EXPENSES	76,398	154,325	155,868	157,427	159,001	160,591
ACCRUED B&O TAXES	9,292	18,957	19,336	19,722	20,117	20,519
TOTAL CURRENT LIABILITIES	331,636	673,475	683,886	694,508	705,349	716,413
LONG TERM LIABILITIES						
KEYBANK NOTE - CONSTRUCTION	845,000	5,415,964	4,384,168	3,261,171	2,038,911	708,615
TOTAL LONG TERM LIABILITIES	845,000	5,415,964	4,384,168	3,261,171	2,038,911	708,615
TOTAL LIABILITIES	1,176,636	6,089,439	5,068,054	3,955,679	2,744,260	1,425,027
TOTAL EQUITY	824,615	1,260,407	1,657,859	2,106,737	2,682,694	3,371,645

EXHIBIT 3

UPDATED HISTORICAL FINANCIALS

EASTSIDE ENDOSCOPY CENTERS**BALANCE SHEET**

For the Period Ending December 31, 2020

	<u>December</u> <u>2020</u>	<u>December</u> <u>2019</u>	<u>Variance</u>
ASSETS			
CURRENT ASSETS			
PETTY CASH	200	200	-
KEYBANK CHECKING	1,065,588	357,690	707,898
INVENTORY - MEDICAL SUPPLIES	1,380	-	1,380
ACCOUNTS RECEIVABLE	961,441	895,488	65,952
CONTRACTUAL ALLOWANCE	(490,085)	(456,449)	(33,636)
ACCOUNTS RECEIVABLE - ANESTHESIA	264,564	679,805	(415,241)
WAGI ANESTHESIA RECEIVABLE	276,053	-	276,053
PACELINE RECEIVABLE	724	121,953	(121,229)
PREPAID INSURANCE	14,719	6,711	8,008
PREPAID ASSETS	57,315	22,414	34,901
WWEC RECEIVABLE	-	1,424	(1,424)
TOTAL CURRENT ASSETS	<u>2,151,899</u>	<u>1,629,237</u>	<u>522,662</u>
FIXED ASSETS			
MED EQUIP, FURN, & EQUIP	2,275,165	2,217,825	57,341
LEASEHOLD IMPROVEMENTS	1,442,423	1,442,423	-
COMPUTER EQUIPMENT	106,947	106,947	-
PHONE SYSTEM	4,695	-	4,695
COMPUTER SOFTWARE	148,115	148,115	-
LESS ACCUMULATED DEPRECIATION	(2,669,475)	(2,429,072)	(240,403)
TOTAL FIXED ASSETS	<u>1,307,870</u>	<u>1,486,237</u>	<u>(178,367)</u>
OTHER ASSETS			
DEPOSITS	14,110	14,110	-
TOTAL OTHER ASSETS	<u>14,110</u>	<u>14,110</u>	<u>-</u>
TOTAL ASSETS	<u>3,473,879</u>	<u>3,129,584</u>	<u>344,295</u>

EASTSIDE ENDOSCOPY CENTERS**BALANCE SHEET**

For the Period Ending December 31, 2020

	<u>December</u> <u>2020</u>	<u>December</u> <u>2019</u>	<u>Variance</u>
LIABILITIES			
<i>CURRENT LIABILITIES</i>			
ACCOUNTS PAYABLE	154,612	51,328	103,284
L&I PAYABLE	4,201	3,734	466
PROFIT SHARING CONTRIBUTION PAYABLE	90,356	79,396	10,960
401K DEFERRALS PAYABLE	6,349	256	6,093
401K ROTH PAYABLE	721	86	635
WAGI MEDICAL INSURANCE PAYABLE	11,082	13,702	(2,620)
WAGI DENTAL INSURANCE PAYABLE	2,632	1,421	1,211
UNEARNED REVENUE	252,000	-	252,000
LIFELOCK	7	-	7
WWEC PAYABLE	237	-	237
WAGI PAYABLE	667,908	701,642	(33,733)
ACCRUED SALARIES	25,410	95,941	(70,531)
ACCRUED VACATION	145,088	124,836	20,251
ACCRUED EXPENSES	14,787	4,577	10,211
ACCRUED B&O TAXES	22,067	20,258	1,809
ACCRUED MEDICAL DIRECTOR FEES	4,376	4,376	-
STD - FUNDS HELD	81	111	(29)
<i>TOTAL CURRENT LIABILITIES</i>	<u>1,401,914</u>	<u>1,101,663</u>	<u>300,251</u>
<i>LONG TERM LIABILITIES</i>			
PPP LOAN	387,822	-	387,822
ACCRUED RENT	465,833	445,687	20,146
LANDLORD INCENTIVE	143,160	157,338	(14,178)
KEYBANK NOTE	668,820	781,038	(112,218)
<i>TOTAL LONG TERM LIABILITIES</i>	<u>1,665,635</u>	<u>1,384,063</u>	<u>281,572</u>
TOTAL LIABILITIES	<u>3,067,549</u>	<u>2,485,726</u>	<u>581,823</u>

EASTSIDE ENDOSCOPY CENTERS

BALANCE SHEET

For the Period Ending December 31, 2020

	December 2020	December 2019	Variance
EQUITY			
CAPITAL - LAI	11,121	19,531	(8,410)
CAPITAL - MOHAN	78,103	53,107	24,996
CAPITAL - TZUNG	78,101	53,107	24,994
CAPITAL - WOHLMAN	78,104	53,108	24,996
CAPITAL - SELINGER	34,523	31,316	3,207
CAPITAL - BUTANI	36,798	32,480	4,318
CAPITAL - KANG	64,044	46,080	17,964
CAPITAL - KIM	35,257	30,356	4,901
CAPITAL - REES-LUI	78,102	53,107	24,995
CAPITAL - YAP	12,847	19,446	(6,599)
CAPITAL - PHYSICIANS ENDOSCOPY	136,852	100,101	36,751
DRAW - LAI	(168,602)	(278,136)	109,534
DRAW - MOHAN	(168,602)	(278,136)	109,534
DRAW - TZUNG	(168,602)	(278,136)	109,534
DRAW - WOHLMAN	(168,602)	(278,136)	109,534
DRAW - SELINGER	(168,602)	(278,136)	109,534
DRAW - BUTANI	(168,602)	(278,136)	109,534
DRAW - KANG	(168,602)	(278,136)	109,534
DRAW - KIM	(168,602)	(278,136)	109,534
DRAW - REES-LUI	(168,602)	(278,136)	109,534
DRAW - YAP	(168,602)	(278,136)	109,534
DRAW - PHYSICIANS ENDOSCOPY	(493,237)	(907,007)	413,770
RETAINED EARNINGS	6	3	3
RETAINED EARNINGS-CURRENT	1,941,729	3,840,483	(1,898,754)
TOTAL EQUITY	406,330	643,858	(237,528)
TOTAL LIABILITIES AND EQUITY	3,473,879	3,129,584	344,295

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER
For the Period Ending December 31, 2020

	Monthly Activity			Year to Date				
	October 2020	November 2020	December 2020	2020 YTD Actual	2020 YTD Budget	Variance	2019 YTD Actual	Variance
SUMMARY								
PROCEDURES	596	526	592	5,836	8,954	(3,118)	9,491	(3,655)
CASES	529	474	517	5,161	7,895	(2,734)	8,380	(3,219)
SESSIONS	88	74	86	853			814	39
CPT's	708	616	698	6,924	10,478	(3,554)	11,094	(4,170)
WORKING DAYS	22	19	22	255	255	-	254	1
PROCEDURES PER DAY	27	28	27	23	35	(12)	37	(14)
PROCEDURES PER SESSION	7	7	7	7			12	(5)
CASES PER DAY	24	25	24	20	31	(11)	33	(13)
CPT's PER PROCEDURE	1.19	1.17	1.18	1.19	1.17	0.02	1.17	0.02
CPT's PER CASE	1.34	1.30	1.35	1.34	1.33	0.01	1.32	0.02
REVENUE PER PROCEDURE	640	643	668	663	648	16	651	12
EXPENSES PER PROCEDURE	534	552	485	592	469	123	435	157
NET INCOME PER PROCEDURE	105	91	183	71	179	(108)	216	(145)
CASH COLLECTIONS								
CHARGES	822,909	699,973	799,163	7,936,465			11,772,478	(3,836,013)
CASH COLLECTED	370,215	367,523	365,832	3,962,310			6,135,641	(2,173,331)
GROSS COLLECTIONS %	45.0%	52.5%	45.8%	49.9%			52.1%	-2.2%
INCOME								
FACILITY FEES	822,909	699,973	799,163	7,936,465	11,048,878	(3,112,413)	11,771,978	(3,835,513)
CONTRACTUAL ALLOWANCE	(441,656)	(361,877)	(403,651)	(4,065,000)	(5,248,217)	1,183,217	(5,593,371)	1,528,371
NET REVENUE	381,253	338,096	395,512	3,871,465	5,800,661	(1,929,196)	6,178,607	(2,307,142)
OPERATING EXPENSES								
EMPLOYEE WAGES								
STAFF WAGES & TAXES	136,054	121,562	109,376	1,503,301	1,941,234	(437,933)	1,709,505	(206,204)
BONUSES	-	-	-	-	-	-	21,900	(21,900)
TOTAL EMPLOYEE WAGES	136,054	121,562	109,376	1,503,301	1,941,234	(437,933)	1,731,405	(228,104)
VARIABLE EXPENSES								
PAYROLL FEES	222	220	321	2,990	3,375	(385)	2,615	375
FSCRA TAX CREDIT	(2,370)	(167)	(4,464)	(7,726)	-	(7,726)	-	(7,726)
PROFIT SHARING CONTRIBUTION	8,600	8,600	(37,608)	56,992	128,640	(71,648)	103,760	(46,768)
LIFE INSURANCE	157	-	207	1,894	1,980	(86)	2,642	(748)
SHORT TERM DISABILITY INSURANCE	-	-	-	-	-	-	(85)	85
MEDICAL INSURANCE	26,377	12,291	2,637	122,356	197,220	(74,865)	179,043	(56,687)
DENTAL INSURANCE	1,443	541	1,724	12,056	14,400	(2,344)	14,459	(2,403)

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER
For the Period Ending December 31, 2020

	Monthly Activity			Year to Date				
	October 2020	November 2020	December 2020	2020 YTD Actual	2020 YTD Budget	Variance	2019 YTD Actual	Variance
HSA	-	-	-	-	-	-	(231)	231
MEETINGS & TRAVEL	-	98	993	1,173	6,000	(4,827)	2,858	(1,685)
UNIFORMS	284	109	2,340	2,733	-	2,733	-	2,733
MEDICAL DIRECTOR FEES	4,376	4,376	4,376	52,512	52,512	-	52,512	-
MEDICAL SUPPLIES	30,702	35,087	19,791	293,291	397,260	(103,969)	437,539	(144,248)
DRUG SUPPLIES	2,695	6,312	4,856	44,024	55,836	(11,812)	68,409	(24,385)
ADMINISTRATIVE SUPPLIES	921	451	589	7,756	8,184	(428)	10,373	(2,618)
PRINTING & PUBLICATIONS	981	1,586	-	7,389	6,900	489	9,043	(1,655)
OFFICE EXPENSE	1,035	3,191	1,838	14,077	36,000	(21,923)	34,478	(20,400)
BANK FEES	2,542	1,649	2,074	23,348	42,000	(18,652)	44,691	(21,343)
FRAUD LOSS	-	-	-	3,724	-	3,724	-	3,724
INTERPRETER SERVICES	1,838	936	1,314	14,925	10,800	4,125	20,639	(5,715)
ELECTRONIC CLAIMS & RECALLS	520	600	520	14,720	-	14,720	-	14,720
DUES & SUBSCRIPTIONS	402	-	2,983	7,331	6,765	566	4,982	2,349
EDUCATION & SEMINARS	1,174	305	1,743	12,206	3,600	8,606	5,902	6,304
ADVERTISING	-	-	-	288	11,400	(11,112)	9,287	(8,999)
LINEN & LAUNDRY	5,283	-	9,831	51,147	66,000	(14,853)	70,015	(18,868)
EQUIPMENT LEASE	1,201	212	2,300	17,404	18,300	(896)	19,685	(2,280)
MAINT & REPAIRS EQUIPMENT	2,365	3,157	2,069	35,231	24,000	11,231	41,915	(6,683)
MAINTENANCE CONTRACT	5,010	5,010	5,189	60,710	38,400	22,310	55,222	5,487
ACCOUNTING FEES	880	-	-	3,680	4,800	(1,120)	7,024	(3,344)
MANAGEMENT FEES	47,875	45,286	48,731	532,288	624,837	(92,549)	670,716	(138,429)
LEGAL FEES	-	-	-	1,096	-	1,096	5,598	(4,502)
CONSULTING FEES	438	756	456	6,660	6,000	660	6,649	11
CREDENTIALING	-	-	-	32	-	32	45	(13)
ACCREDITATION	-	-	-	6,526	-	6,526	-	6,526
RECRUITING	194	97	-	1,871	-	1,871	3,588	(1,717)
COMPUTER SERVICES	1,950	1,569	2,611	26,467	16,800	9,667	28,272	(1,805)
SOFTWARE SUBSCRIPTION	286	-	-	4,234	13,200	(8,966)	7,711	(3,477)
COMPUTER HARDWARE	-	731	313	31,216	-	31,216	-	31,216
COMPUTER INFRASTRUCTURE	-	-	-	-	-	-	111	(111)
TELEPHONE	(393)	451	722	11,858	21,600	(9,742)	14,349	(2,491)
PROMOTION	-	1,318	311	1,863	23,540	(21,677)	12,716	(10,853)
POSTAGE	26	-	-	134	240	(106)	236	(102)
BUSINESS TAXES	7,682	6,711	7,938	73,358	107,196	(33,838)	105,560	(32,202)
BUSINESS LICENSES	-	-	546	594	198	396	198	396
PROPERTY & OTHER TAXES	357	357	357	4,332	4,500	(168)	3,404	928
UTILITIES EXPENSE	55	55	45	574	480	94	464	110
REIMBURSABLE EXPENSES	(287)	(40)	(113)	-	-	-	-	-

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER
For the Period Ending December 31, 2020

	Monthly Activity			Year to Date				
	October 2020	November 2020	December 2020	2020 YTD Actual	2020 YTD Budget	Variance	2019 YTD Actual	Variance
DISABILITY INSURANCE	772	-	1,010	9,207	9,600	(393)	12,587	(3,380)
PROFESSIONAL LIABILITY INSURANCE	533	533	533	6,400	6,300	100	6,063	337
COMMERCIAL LIABILITY INSURANCE	944	944	944	10,854	9,300	1,554	9,595	1,259
CYBER LIABILITY INSURANCE	334	334	334	4,332	3,972	360	3,961	371
TOTAL VARIABLE EXPENSES	157,404	143,667	90,359	1,590,127	1,982,135	(392,008)	2,088,601	(498,474)
FIXED EXPENSES								
BUILDING RENT	14,616	14,616	14,616	175,262	179,386	(4,124)	180,340	(5,078)
DEPRECIATION EXPENSE	10,387	10,387	72,776	187,033	96,904	90,129	125,031	62,002
TOTAL FIXED EXPENSES	25,003	25,003	87,391	362,295	276,290	86,005	305,371	56,924
TOTAL WAGES & OPERATING EXPENSES	318,461	290,232	287,126	3,455,722	4,199,658	(743,936)	4,125,377	(669,654)
TOTAL OPERATING INCOME (LOSS)	62,792	47,865	108,385	415,742	1,601,002	(1,185,260)	2,053,230	(1,637,488)
NON-OPERATING (INCOME) EXPENSE								
HHS CARES ACT RELIEF FUND	-	-	-	(151,296)	-	(151,296)	-	(151,296)
MISCELLANEOUS INCOME	92	-	-	(717)	-	(717)	(699)	(18)
INTEREST INCOME	-	-	-	(1)	-	(1)	-	(1)
INTEREST EXPENSE	1,866	1,833	1,800	17,280	22,357	(5,076)	5,906	11,374
TOTAL NON-OPERATING (INCOME) EXPENSE	1,958	1,833	1,800	(134,733)	22,357	(157,090)	5,207	(139,940)
NET INCOME (LOSS)	60,834	46,032	106,586	550,475	1,578,646	(1,028,170)	2,048,023	(1,497,548)

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
For the Period Ending December 31, 2020

	Monthly Activity			Year to Date				
	October 2020	November 2020	December 2020	2020 YTD Actual	2020 YTD Budget	Variance	2019 YTD Actual	Variance
SUMMARY								
PROCEDURES	1,127	949	1,087	9,503	11,522	(2,019)	12,122	(2,619)
CASES	1,009	849	952	8,378	10,197	(1,819)	10,749	(2,371)
SESSIONS	167	143	162	1,400			1,039	361
CPT's	1,333	1,116	1,266	11,180	13,508	(2,328)	14,197	(3,017)
WORKING DAYS	22	19	22	255	255	-	254	1
PROCEDURES PER DAY	51	50	49	37	45	(8)	48	(10)
PROCEDURES PER SESSION	7	7	7	7			12	(5)
CASES PER DAY	46	45	43	33	40	(7)	42	(9)
CPT's PER PROCEDURE	1.18	1.18	1.16	1.18	1.17	0.00	1.17	0.01
CPT's PER CASE	1.32	1.31	1.33	1.33	1.32	0.01	1.32	0.01
REVENUE PER PROCEDURE	893	879	911	881	905	(23)	905	(24)
EXPENSES PER PROCEDURE	610	664	652	695	625	70	591	104
NET INCOME PER PROCEDURE	283	216	259	187	280	(93)	314	(128)
CASH COLLECTIONS								
CHARGES	1,532,442	1,269,354	1,443,097	12,778,321			15,075,279	(2,296,958)
CASH COLLECTED	698,020	677,249	708,138	6,247,468			7,907,715	(1,660,247)
GROSS COLLECTIONS %	45.5%	53.4%	49.1%	48.9%			52.5%	-3.6%
INCOME								
FACILITY FEES	1,532,442	1,269,354	1,443,097	12,778,321	14,248,375	(1,470,054)	15,074,779	(2,296,458)
ANESTHESIA SERVICE FEES	516,916	439,470	492,185	5,044,835	5,402,303	(357,468)	7,766,025	(2,721,190)
CONTRACTUAL ALLOWANCE	(795,934)	(645,579)	(718,811)	(6,492,468)	(6,742,382)	249,914	(7,132,858)	640,390
CONTRACTUAL ALLOWANCE - ANESTHESIA	(247,405)	(228,730)	(226,369)	(2,954,075)	(2,485,060)	(469,015)	(4,736,095)	1,782,020
NET REVENUE	1,006,019	834,515	990,102	8,376,613	10,423,236	(2,046,623)	10,971,851	(2,595,238)
OPERATING EXPENSES								
EMPLOYEE WAGES								
STAFF WAGES & TAXES	355,438	318,380	363,219	3,287,188	3,858,212	(571,024)	3,566,017	(278,830)
BONUSES	-	-	-	-	-	-	26,100	(26,100)
TOTAL EMPLOYEE WAGES	355,438	318,380	363,219	3,287,188	3,858,212	(571,024)	3,592,117	(304,930)
VARIABLE EXPENSES								
PAYROLL FEES	277	275	402	3,738	4,185	(447)	3,269	469
FSCRA TAX CREDIT	(2,513)	(453)	(6,470)	(10,801)	-	(10,801)	-	(10,801)
PROFIT SHARING CONTRIBUTION	10,200	10,200	(9,452)	102,748	156,120	(53,372)	123,488	(20,740)
LIFE INSURANCE	184	-	369	2,336	2,340	(4)	2,880	(544)
SHORT TERM DISABILITY INSURANCE	-	-	-	-	-	-	(222)	222
MEDICAL INSURANCE	31,930	14,878	3,192	148,115	228,360	(80,245)	207,313	(59,198)

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
For the Period Ending December 31, 2020

	Monthly Activity			Year to Date				
	October 2020	November 2020	December 2020	2020 YTD Actual	2020 YTD Budget	Variance	2019 YTD Actual	Variance
DENTAL INSURANCE	1,705	639	2,037	14,248	16,560	(2,312)	16,628	(2,380)
HSA	-	-	-	-	-	-	(231)	231
MEETINGS & TRAVEL	-	98	1,885	2,065	6,000	(3,935)	3,259	(1,193)
UNIFORMS	284	218	2,340	2,841	-	2,841	-	2,841
MEDICAL DIRECTOR FEES	4,376	4,376	4,376	52,512	52,512	-	52,512	-
MEDICAL SUPPLIES	67,904	66,591	41,226	491,877	514,668	(22,791)	565,635	(73,758)
DRUG SUPPLIES	4,579	16,201	8,449	75,018	78,636	(3,618)	96,929	(21,911)
ADMINISTRATIVE SUPPLIES	1,654	1,522	1,914	14,444	11,064	3,380	13,728	716
PRINTING & PUBLICATIONS	1,365	2,567	245	11,437	9,300	2,137	11,446	(9)
OFFICE EXPENSE	1,775	3,784	2,297	25,088	42,000	(16,912)	39,919	(14,832)
BANK FEES	3,177	2,284	2,791	29,607	51,600	(21,993)	58,341	(28,734)
FRAUD LOSS	-	-	-	3,724	-	3,724	-	3,724
INTERPRETER SERVICES	1,838	1,356	1,773	16,182	11,520	4,662	21,900	(5,719)
ELECTRONIC CLAIMS & RECALLS	520	600	520	14,720	-	14,720	-	14,720
DUES & SUBSCRIPTIONS	402	240	5,966	12,361	8,595	3,766	5,835	6,527
EDUCATION & SEMINARS	2,111	518	3,486	17,065	4,500	12,565	7,657	9,408
ADVERTISING	-	-	-	360	14,100	(13,740)	11,832	(11,472)
LINEN & LAUNDRY	10,014	-	17,536	84,750	90,960	(6,210)	94,457	(9,707)
EQUIPMENT LEASE	1,610	664	4,283	26,347	33,900	(7,553)	33,359	(7,012)
MAINT & REPAIRS EQUIPMENT	3,678	7,452	2,805	68,489	43,200	25,289	65,000	3,489
MAINTENANCE CONTRACT	8,069	8,246	9,095	100,034	60,000	40,034	87,363	12,671
ACCOUNTING FEES	1,100	-	-	4,600	6,000	(1,400)	8,780	(4,180)
MANAGEMENT FEES	77,191	70,427	76,457	773,151	814,902	(41,751)	872,515	(99,364)
LEGAL FEES	-	-	-	1,419	-	1,419	6,997	(5,578)
CONSULTING FEES	877	1,512	912	12,443	15,000	(2,557)	14,031	(1,587)
BILLING FEES	16,482	16,430	17,728	149,759	85,017	64,742	156,251	(6,493)
CREDENTIALING	-	-	-	32	-	32	52	(20)
ACCREDITATION	-	-	-	13,051	-	13,051	-	13,051
RECRUITING	341	97	97	2,346	-	2,346	3,588	(1,241)
COMPUTER SERVICES	2,836	2,359	3,373	37,479	21,000	16,479	39,487	(2,008)
SOFTWARE SUBSCRIPTION	357	-	-	4,955	18,600	(13,645)	8,950	(3,995)
COMPUTER HARDWARE	-	731	625	47,221	-	47,221	-	47,221
COMPUTER INFRASTRUCTURE	-	-	-	-	-	-	173	(173)
TELEPHONE	(543)	1,499	2,036	31,383	48,600	(17,217)	35,766	(4,384)
PROMOTION	-	1,890	414	2,538	24,227	(21,689)	15,781	(13,243)
POSTAGE	84	-	26	434	324	110	322	112
BUSINESS TAXES	19,754	16,205	19,310	158,552	205,571	(47,019)	185,510	(26,959)
BUSINESS LICENSES	-	-	546	606	360	246	423	183
PROPERTY & OTHER TAXES	770	770	770	9,385	9,900	(515)	7,452	1,933
UTILITIES EXPENSE	122	122	112	1,379	1,200	179	1,190	189

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
For the Period Ending December 31, 2020

	Monthly Activity			Year to Date				
	October 2020	November 2020	December 2020	2020 YTD Actual	2020 YTD Budget	Variance	2019 YTD Actual	Variance
REIMBURSABLE EXPENSES	(112)	468	(620)	-	-	-	-	-
DISABILITY INSURANCE	900	-	1,802	11,331	10,680	651	13,691	(2,361)
PROFESSIONAL LIABILITY INSURANCE	667	667	667	8,000	7,860	140	7,579	421
COMMERCIAL LIABILITY INSURANCE	1,180	1,180	1,180	13,568	11,700	1,868	11,914	1,654
CYBER LIABILITY INSURANCE	417	417	417	5,416	4,968	448	4,952	464
TOTAL VARIABLE EXPENSES	277,561	257,029	226,916	2,598,353	2,726,028	(127,676)	2,917,702	(319,349)
FIXED EXPENSES								
BUILDING RENT	39,844	39,844	39,844	477,484	470,476	7,008	474,215	3,269
DEPRECIATION EXPENSE	14,686	14,686	78,855	240,403	147,621	92,782	176,548	63,855
TOTAL FIXED EXPENSES	54,530	54,530	118,699	717,887	618,097	99,790	650,763	67,124
TOTAL WAGES & OPERATING EXPENSES	687,529	629,940	708,834	6,603,427	7,202,337	(598,910)	7,160,582	(557,155)
TOTAL OPERATING INCOME (LOSS)	318,490	204,575	281,269	1,773,186	3,220,899	(1,447,713)	3,811,269	(2,038,083)
NON-OPERATING (INCOME) EXPENSE								
HHS CARES ACT RELIEF FUND	-	-	-	(189,120)	-	(189,120)	-	(189,120)
MISCELLANEOUS INCOME	115	-	-	(1,023)	(30,000)	28,977	(36,165)	35,142
INTEREST INCOME	-	-	-	(1)	-	(1)	-	(1)
INTEREST EXPENSE	2,332	2,291	2,249	21,601	27,946	(6,345)	6,951	14,650
TOTAL NON-OPERATING (INCOME) EXPENSE	2,447	2,291	2,249	(168,543)	(2,054)	(166,489)	(29,214)	(139,329)
NET INCOME (LOSS)	316,042	202,284	279,019	1,941,729	3,222,953	(1,281,224)	3,840,483	(1,898,754)

EASTSIDE ENDOSCOPY CENTERS**BALANCE SHEET**

For the Period Ending December 31, 2021

	<u>December</u> <u>2021</u>	<u>December</u> <u>2020</u>	<u>Variance</u>
ASSETS			
CURRENT ASSETS			
PETTY CASH	200	200	-
KEYBANK CHECKING	1,627,488	1,065,588	561,900
INVENTORY - MEDICAL SUPPLIES	-	1,380	(1,380)
ACCOUNTS RECEIVABLE	897,523	961,441	(63,918)
CONTRACTUAL ALLOWANCE	(498,686)	(490,085)	(8,602)
ACCOUNTS RECEIVABLE - ANESTHESIA	296,592	264,564	32,028
WAGI ANESTHESIA RECEIVABLE	302,969	276,053	26,916
PACELINE RECEIVABLE	-	724	(724)
PREPAID INSURANCE	10,825	14,719	(3,894)
PREPAID ASSETS	47,523	57,315	(9,792)
TOTAL CURRENT ASSETS	<u>2,684,432</u>	<u>2,151,899</u>	<u>532,533</u>
FIXED ASSETS			
MED EQUIP, FURN, & EQUIP	1,438,598	2,275,165	(836,567)
LEASEHOLD IMPROVEMENTS	1,442,423	1,442,423	-
COMPUTER EQUIPMENT	4,185	106,947	(102,762)
PHONE SYSTEM	4,695	4,695	-
COMPUTER SOFTWARE	-	148,115	(148,115)
LESS ACCUMULATED DEPRECIATION	(1,793,449)	(2,669,475)	876,026
TOTAL FIXED ASSETS	<u>1,096,452</u>	<u>1,307,870</u>	<u>(211,418)</u>
OTHER ASSETS			
DEPOSITS	14,110	14,110	-
TOTAL OTHER ASSETS	<u>14,110</u>	<u>14,110</u>	<u>-</u>
TOTAL ASSETS	<u>3,794,994</u>	<u>3,473,879</u>	<u>321,115</u>

EASTSIDE ENDOSCOPY CENTERS**BALANCE SHEET**

For the Period Ending December 31, 2021

	<u>December</u> <u>2021</u>	<u>December</u> <u>2020</u>	<u>Variance</u>
LIABILITIES			
<i>CURRENT LIABILITIES</i>			
ACCOUNTS PAYABLE	167,538	154,612	12,926
L&I PAYABLE	4,507	4,201	306
PROFIT SHARING CONTRIBUTION PAYABLE	99,101	90,356	8,746
401K DEFERRALS PAYABLE	8,905	6,349	2,556
401K ROTH PAYABLE	355	721	(366)
WAGI MEDICAL INSURANCE PAYABLE	31,947	11,082	20,865
WAGI DENTAL INSURANCE PAYABLE	1,904	2,632	(728)
UNEARNED REVENUE	81,139	252,000	(170,861)
LIFELOCK	8	7	1
WWEC PAYABLE	467	237	231
PACELINE PAYABLE	336	-	336
WAGI PAYABLE	88,798	667,908	(579,110)
ACCRUED SALARIES	31,569	25,410	6,159
ACCRUED VACATION	118,046	145,088	(27,042)
ACCRUED EXPENSES	22,322	14,787	7,534
ACCRUED B&O TAXES	22,439	22,067	372
ACCRUED MEDICAL DIRECTOR FEES	-	4,376	(4,376)
STD - FUNDS HELD	81	81	-
<i>TOTAL CURRENT LIABILITIES</i>	<u>679,462</u>	<u>1,401,914</u>	<u>(722,452)</u>
<i>LONG TERM LIABILITIES</i>			
PPP LOAN	-	387,822	(387,822)
ACCRUED RENT	474,311	465,833	8,478
LANDLORD INCENTIVE	128,982	143,160	(14,178)
NOTES PAYABLE - LONG TERM	342,920	-	342,920
KEYBANK NOTE	520,215	668,820	(148,604)
<i>TOTAL LONG TERM LIABILITIES</i>	<u>1,466,428</u>	<u>1,665,635</u>	<u>(199,207)</u>
TOTAL LIABILITIES	<u>2,145,890</u>	<u>3,067,549</u>	<u>(921,659)</u>

EASTSIDE ENDOSCOPY CENTERS**BALANCE SHEET**

For the Period Ending December 31, 2021

	<u>December 2021</u>	<u>December 2020</u>	<u>Variance</u>
EQUITY			
CAPITAL - LAI	(12,297)	11,121	(23,418)
CAPITAL - MOHAN	54,685	78,103	(23,418)
CAPITAL - TZUNG	54,683	78,101	(23,418)
CAPITAL - WOHLMAN	54,686	78,104	(23,418)
CAPITAL - SELINGER	11,105	34,523	(23,418)
CAPITAL - BUTANI	13,380	36,798	(23,418)
CAPITAL - KANG	40,626	64,044	(23,418)
CAPITAL - KIM	11,839	35,257	(23,418)
CAPITAL - REES-LUI	54,684	78,102	(23,418)
CAPITAL - YAP	(10,571)	12,847	(23,418)
CAPITAL - PHYSICIANS ENDOSCOPY	133,503	136,852	(3,348)
DRAW - LAI	(269,676)	(168,602)	(101,074)
DRAW - MOHAN	(269,676)	(168,602)	(101,074)
DRAW - TZUNG	(182,442)	(168,602)	(13,840)
DRAW - WOHLMAN	(269,676)	(168,602)	(101,074)
DRAW - SELINGER	(269,676)	(168,602)	(101,074)
DRAW - BUTANI	(269,676)	(168,602)	(101,074)
DRAW - KANG	(269,676)	(168,602)	(101,074)
DRAW - KIM	(269,676)	(168,602)	(101,074)
DRAW - REES-LUI	(269,676)	(168,602)	(101,074)
DRAW - YAP	(269,676)	(168,602)	(101,074)
DRAW - PHYSICIANS ENDOSCOPY	(880,511)	(493,237)	(387,274)
RETAINED EARNINGS	-	6	(6)
RETAINED EARNINGS-CURRENT	4,732,821	1,941,729	2,791,092
TOTAL EQUITY	<u>1,649,104</u>	<u>406,330</u>	<u>1,242,774</u>
TOTAL LIABILITIES AND EQUITY	<u>3,794,994</u>	<u>3,473,879</u>	<u>321,115</u>

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER
For the Period Ending December 31, 2021

	Monthly Activity			Year to Date				
	October 2021	November 2021	December 2021	2021 YTD Actual	2021 YTD Budget	Variance	2020 YTD Actual	Variance
SUMMARY								
PROCEDURES	566	592	577	6,873	6,197	676	5,836	1,037
CASES	511	531	522	6,097	5,462	635	5,161	936
SESSIONS	80	80	84	983			853	130
CPT's	689	720	688	8,209	7,374	835	6,924	1,285
WORKING DAYS	21	20	22	254	254	-	255	(1)
PROCEDURES PER DAY	27	30	26	27	24	3	23	4
PROCEDURES PER SESSION	7	7	7	7			7	0
CASES PER DAY	24	27	24	24	22	3	20	4
CPT's PER PROCEDURE	1.22	1.22	1.19	1.19	1.19	0.00	1.19	0.01
CPT's PER CASE	1.35	1.36	1.32	1.35	1.35	(0.00)	1.34	0.00
REVENUE PER PROCEDURE	683	678	641	653	676	(22)	663	(10)
EXPENSES PER PROCEDURE	529	518	625	506	582	(76)	592	(86)
NET INCOME PER PROCEDURE	154	160	16	147	93	54	71	76
CASH COLLECTIONS								
CHARGES	800,523	838,974	792,337	9,487,114			7,936,465	1,550,649
CASH COLLECTED	346,774	361,992	439,085	4,431,611			3,962,310	469,301
GROSS COLLECTIONS %	43.3%	43.1%	55.4%	46.7%			49.9%	-3.2%
INCOME								
FACILITY FEES	800,523	838,974	792,337	9,487,114	7,840,055	1,647,059	7,936,465	1,550,649
CONTRACTUAL ALLOWANCE	(414,148)	(437,365)	(422,685)	(4,996,889)	(3,652,104)	(1,344,785)	(4,065,000)	(931,889)
NET REVENUE	386,375	401,609	369,652	4,490,225	4,187,951	302,273	3,871,465	618,760
OPERATING EXPENSES								
EMPLOYEE WAGES								
STAFF WAGES & TAXES	126,700	124,138	165,476	1,489,726	1,645,774	(156,048)	1,503,301	(13,574)
TOTAL EMPLOYEE WAGES	126,700	124,138	165,476	1,489,726	1,645,774	(156,048)	1,503,301	(13,574)
VARIABLE EXPENSES								
PAYROLL FEES	273	331	-	3,140	2,615	525	2,990	149
FSCRA TAX CREDIT	-	-	-	(680)	-	(680)	(7,726)	7,046
PROFIT SHARING CONTRIBUTION	4,750	4,750	33,993	86,243	104,444	(18,200)	56,992	29,252
LIFE INSURANCE	136	127	163	1,440	2,642	(1,202)	1,894	(454)
MEDICAL INSURANCE	16,155	20,040	15,136	170,107	175,462	(5,355)	122,356	47,751
DENTAL INSURANCE	884	888	853	10,355	14,459	(4,104)	12,056	(1,701)
MEETINGS & TRAVEL	37	480	1,040	1,806	1,866	(60)	1,173	633
UNIFORMS	79	765	560	4,629	375	4,254	2,733	1,897

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER
For the Period Ending December 31, 2021

	Monthly Activity			Year to Date				
	October 2021	November 2021	December 2021	2021 YTD Actual	2021 YTD Budget	Variance	2020 YTD Actual	Variance
MEDICAL DIRECTOR FEES	3,282	3,282	3,282	37,196	52,512	(15,316)	52,512	(15,316)
MEDICAL SUPPLIES	30,974	33,811	32,957	341,714	291,398	50,317	293,291	48,424
DRUG SUPPLIES	4,222	4,044	3,192	51,981	44,667	7,314	44,024	7,957
ADMINISTRATIVE SUPPLIES	413	1,511	346	9,890	6,773	3,117	7,756	2,134
PRINTING & PUBLICATIONS	903	978	-	8,427	5,905	2,522	7,389	1,038
OFFICE EXPENSE	1,595	1,526	1,571	22,013	22,512	(499)	14,077	7,935
BANK FEES	1,196	1,309	1,391	16,066	24,000	(7,934)	23,348	(7,282)
FRAUD LOSS	-	-	-	-	-	-	3,724	(3,724)
INTERPRETER SERVICES	2,322	2,857	3,701	30,557	13,476	17,081	14,925	15,633
ELECTRONIC CLAIMS & RECALLS	-	-	-	-	-	-	14,720	(14,720)
DUES & SUBSCRIPTIONS	(1,577)	83	2,448	3,857	3,253	604	7,331	(3,474)
EDUCATION & SEMINARS	31	1,730	850	4,878	3,854	1,024	12,206	(7,328)
ADVERTISING	3,295	1,647	-	17,570	6,064	11,506	288	17,282
LINEN & LAUNDRY	4,573	8,952	-	51,548	38,858	12,690	51,147	400
EQUIPMENT LEASE	1,833	1,285	1,531	18,534	18,200	334	17,404	1,129
MAINT & REPAIRS EQUIPMENT	2,467	2,638	2,218	25,310	41,915	(16,604)	35,231	(9,921)
MAINTENANCE CONTRACT	4,754	4,754	4,967	60,444	60,120	324	60,710	(266)
ACCOUNTING FEES	-	-	-	3,135	3,000	135	3,680	(545)
MANAGEMENT FEES	41,182	42,097	40,179	488,684	551,277	(62,593)	532,288	(43,604)
LEGAL FEES	5,012	-	-	6,088	-	6,088	1,096	4,992
CONSULTING FEES	582	474	774	6,619	5,880	739	6,660	(42)
CREDENTIALING	16	-	1	47	-	47	32	15
ACCREDITATION	-	-	-	45	-	45	6,526	(6,481)
RECRUITING	50	121	-	1,113	-	1,113	1,871	(758)
COMPUTER SERVICES	1,709	139	3,359	15,004	28,272	(13,268)	26,467	(11,463)
SOFTWARE SUBSCRIPTION	-	197	-	1,587	2,580	(993)	4,234	(2,648)
COMPUTER HARDWARE	-	-	-	-	-	-	31,216	(31,216)
TELEPHONE	313	315	333	4,356	4,980	(624)	11,858	(7,501)
PROMOTION	12	74	371	931	10,000	(9,069)	1,863	(932)
POSTAGE	31	234	-	284	154	129	134	150
BUSINESS TAXES	7,748	8,183	7,650	91,256	73,289	17,967	73,358	17,898
BUSINESS LICENSES	546	546	546	6,788	198	6,590	594	6,194
PROPERTY & OTHER TAXES	821	821	821	8,461	4,500	3,961	4,332	4,129
UTILITIES EXPENSE	64	64	64	764	552	212	574	189
MEALS AND ENT 50%	-	38	-	38	-	38	-	38
REIMBURSABLE EXPENSES	-	(100)	100	-	-	-	-	-
DISABILITY INSURANCE	645	598	779	6,850	9,600	(2,750)	9,207	(2,357)
PROFESSIONAL LIABILITY INSURANCE	377	377	377	4,519	6,420	(1,901)	6,400	(1,881)
COMMERCIAL LIABILITY INSURANCE	472	403	472	3,488	11,400	(7,912)	10,854	(7,366)

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER
For the Period Ending December 31, 2021

	Monthly Activity			Year to Date				
	October 2021	November 2021	December 2021	2021 YTD Actual	2021 YTD Budget	Variance	2020 YTD Actual	Variance
CYBER LIABILITY INSURANCE	-	-	-	-	4,200	(4,200)	4,332	(4,332)
TOTAL VARIABLE EXPENSES	142,176	152,367	166,022	1,627,080	1,651,670	(24,591)	1,590,127	36,953
FIXED EXPENSES								
BUILDING RENT	14,704	14,704	14,705	177,790	186,739	(8,949)	175,262	2,528
DEPRECIATION EXPENSE	15,586	15,586	14,155	185,602	124,656	60,946	187,033	(1,431)
TOTAL FIXED EXPENSES	30,290	30,290	28,860	363,391	311,395	51,997	362,295	1,097
TOTAL WAGES & OPERATING EXPENSES	299,167	306,796	360,359	3,480,198	3,608,840	(128,642)	3,455,722	24,475
TOTAL OPERATING INCOME (LOSS)	87,208	94,814	9,294	1,010,027	579,112	430,915	415,742	594,285
NON-OPERATING (INCOME) EXPENSE								
HHS CARES ACT RELIEF FUND	-	-	(4,113)	(811,579)	-	(811,579)	(151,296)	(660,283)
MISCELLANEOUS INCOME	-	(213,302)	213,302	92	-	92	(717)	809
PPP LOAN FORGIVENESS	-	-	(213,302)	(213,302)	-	(213,302)	-	(213,302)
INTEREST INCOME	-	-	-	-	-	-	(1)	1
INTEREST EXPENSE	1,006	982	958	16,935	17,577	(642)	17,280	(346)
GAIN OR LOSS ON SALE OF ASSETS	-	-	12,568	12,568	-	12,568	-	12,568
TOTAL NON-OPERATING (INCOME) EXPENSE	1,006	(212,320)	9,413	(95,287)	17,577	(1,012,864)	(134,733)	(860,554)
NET INCOME (LOSS)	86,202	307,134	(119)	2,005,314	561,535	1,443,779	550,475	1,454,838

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
For the Period Ending December 31, 2021

	Monthly Activity			Year to Date				
	October 2021	November 2021	December 2021	2021 YTD Actual	2021 YTD Budget	Variance	2020 YTD Actual	Variance
SUMMARY								
PROCEDURES	1,039	1,088	1,089	11,926	12,252	(326)	9,503	2,423
CASES	920	968	985	10,515	10,777	(262)	8,378	2,137
SESSIONS	153	149	156	1,761			1,400	361
CPT's	1,249	1,302	1,276	14,135	14,339	(204)	11,180	2,955
WORKING DAYS	21	20	22	254	254	-	255	(1)
PROCEDURES PER DAY	49	54	50	47	48	(1)	37	10
PROCEDURES PER SESSION	7	7	7	7			7	(0)
CASES PER DAY	44	48	45	41	42	(1)	33	9
CPT's PER PROCEDURE	1.20	1.20	1.17	1.19	1.17	0.01	1.18	0.01
CPT's PER CASE	1.36	1.35	1.30	1.34	1.33	0.01	1.33	0.01
REVENUE PER PROCEDURE	943	943	899	907	923	(16)	881	25
EXPENSES PER PROCEDURE	651	632	715	648	617	31	695	(46)
NET INCOME PER PROCEDURE	293	311	184	258	306	(47)	187	72
CASH COLLECTIONS								
CHARGES	1,441,793	1,507,874	1,463,154	16,259,686			12,778,321	3,481,365
CASH COLLECTED	646,346	660,158	837,672	7,747,648			6,247,468	1,500,180
GROSS COLLECTIONS %	44.8%	43.8%	57.3%	47.6%			48.9%	-1.2%
INCOME								
FACILITY FEES	1,441,793	1,507,874	1,463,154	16,259,686	15,593,164	666,522	12,778,321	3,481,365
ANESTHESIA SERVICE FEES	479,846	495,900	499,777	5,435,691	7,692,324	(2,256,633)	5,044,835	390,856
CONTRACTUAL ALLOWANCE	(733,095)	(771,709)	(749,760)	(8,411,870)	(7,195,088)	(1,216,782)	(6,492,468)	(1,919,403)
CONTRACTUAL ALLOWANCE - ANESTHESIA	(208,383)	(205,557)	(233,710)	(2,472,108)	(4,786,886)	2,314,778	(2,954,075)	481,967
NET REVENUE	980,161	1,026,507	979,462	10,811,399	11,303,514	(492,115)	8,376,613	2,434,785
OPERATING EXPENSES								
EMPLOYEE WAGES								
STAFF WAGES & TAXES	341,872	334,677	401,449	3,944,787	3,958,118	(13,331)	3,287,188	657,599
TOTAL EMPLOYEE WAGES	341,872	334,677	401,449	3,944,787	3,958,118	(13,331)	3,287,188	657,599
VARIABLE EXPENSES								
PAYROLL FEES	342	414	-	3,925	3,269	656	3,738	187
FSCRA TAX CREDIT	-	-	-	(3,757)	-	(3,757)	(10,801)	7,044
PROFIT SHARING CONTRIBUTION	8,567	8,567	64,257	158,494	156,149	2,345	102,748	55,746
LIFE INSURANCE	242	232	264	2,658	2,880	(222)	2,336	322
MEDICAL INSURANCE	27,261	33,818	25,542	287,055	203,167	83,888	148,115	138,940
DENTAL INSURANCE	1,508	1,515	1,455	17,664	16,628	1,036	14,248	3,416
MEETINGS & TRAVEL	75	960	2,105	3,389	2,789	600	2,065	1,324

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
For the Period Ending December 31, 2021

	Monthly Activity			Year to Date				
	October 2021	November 2021	December 2021	2021 YTD Actual	2021 YTD Budget	Variance	2020 YTD Actual	Variance
UNIFORMS	265	1,458	638	6,250	750	5,500	2,841	3,408
MEDICAL DIRECTOR FEES	3,282	3,282	3,282	37,196	52,512	(15,316)	52,512	(15,316)
MEDICAL SUPPLIES	55,292	65,997	44,314	607,889	592,095	15,793	491,877	116,011
DRUG SUPPLIES	7,369	7,453	7,149	94,213	110,304	(16,091)	75,018	19,195
ADMINISTRATIVE SUPPLIES	1,278	2,390	785	20,779	14,494	6,285	14,444	6,335
PRINTING & PUBLICATIONS	1,339	1,249	423	14,578	11,434	3,144	11,437	3,141
OFFICE EXPENSE	3,412	1,591	1,659	26,710	35,035	(8,326)	25,088	1,622
BANK FEES	2,092	2,178	2,456	27,730	30,000	(2,270)	29,607	(1,877)
FRAUD LOSS	-	-	-	-	-	-	3,724	(3,724)
INTERPRETER SERVICES	2,809	2,857	4,268	35,242	16,379	18,863	16,182	19,060
ELECTRONIC CLAIMS & RECALLS	-	-	-	-	-	-	14,720	(14,720)
DUES & SUBSCRIPTIONS	(1,157)	165	4,895	8,682	5,215	3,467	12,361	(3,679)
EDUCATION & SEMINARS	31	2,336	1,748	8,145	7,893	252	17,065	(8,921)
ADVERTISING	5,990	2,995	-	31,945	11,921	20,024	360	31,585
LINEN & LAUNDRY	7,972	17,341	-	92,391	86,671	5,720	84,750	7,641
EQUIPMENT LEASE	2,418	3,072	1,975	28,517	25,520	2,997	26,347	2,170
MAINT & REPAIRS EQUIPMENT	3,129	3,504	3,284	46,332	65,000	(18,669)	68,489	(22,158)
MAINTENANCE CONTRACT	8,237	9,030	9,995	101,901	96,840	5,061	100,034	1,867
ACCOUNTING FEES	-	-	-	5,700	4,000	1,700	4,600	1,100
MANAGEMENT FEES	75,522	77,170	75,804	872,315	899,885	(27,570)	773,151	99,164
LEGAL FEES	9,112	-	-	11,069	-	11,069	1,419	9,651
CONSULTING FEES	1,140	948	1,548	13,144	11,760	1,384	12,443	701
BILLING FEES	15,152	15,264	19,343	175,883	157,927	17,956	149,759	26,124
CREDENTIALING	32	-	3	91	-	91	32	59
ACCREDITATION	-	-	-	45	-	45	13,051	(13,006)
RECRUITING	149	220	-	1,657	-	1,657	2,346	(690)
COMPUTER SERVICES	3,499	533	6,755	31,038	39,488	(8,450)	37,479	(6,441)
SOFTWARE SUBSCRIPTION	-	358	-	2,630	3,444	(814)	4,955	(2,325)
COMPUTER HARDWARE	1,982	-	-	3,360	-	3,360	47,221	(43,860)
TELEPHONE	1,253	1,259	1,294	16,134	17,580	(1,446)	31,383	(15,249)
PROMOTION	12	74	543	1,278	12,500	(11,222)	2,538	(1,260)
POSTAGE	31	225	50	1,109	352	758	434	675
BUSINESS TAXES	19,234	20,258	19,437	213,690	197,812	15,879	158,552	55,138
BUSINESS LICENSES	990	990	990	12,385	360	12,025	606	11,779
PROPERTY & OTHER TAXES	1,192	1,192	1,192	13,041	9,600	3,441	9,385	3,656
UTILITIES EXPENSE	157	167	132	1,870	1,356	514	1,379	491
MEALS AND ENT 50%	-	38	-	38	-	38	-	38
REIMBURSABLE EXPENSES	343	(95)	(248)	-	-	-	-	-
DISABILITY INSURANCE	1,157	1,110	1,266	12,755	11,040	1,715	11,331	1,424
PROFESSIONAL LIABILITY INSURANCE	685	685	685	8,216	8,040	176	8,000	216

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
For the Period Ending December 31, 2021

	Monthly Activity			Year to Date				
	October 2021	November 2021	December 2021	2021 YTD Actual	2021 YTD Budget	Variance	2020 YTD Actual	Variance
COMMERCIAL LIABILITY INSURANCE	913	734	913	6,508	14,280	(7,772)	13,568	(7,059)
CYBER LIABILITY INSURANCE	-	-	-	-	5,220	(5,220)	5,416	(5,416)
TOTAL VARIABLE EXPENSES	274,309	293,534	310,200	3,061,882	2,941,587	120,295	2,598,353	463,529
FIXED EXPENSES								
BUILDING RENT	39,795	39,795	39,796	478,348	483,320	(4,972)	477,484	864
DEPRECIATION EXPENSE	20,034	20,034	27,331	247,700	176,256	71,444	240,403	7,297
TOTAL FIXED EXPENSES	59,829	59,829	67,127	726,048	659,576	66,472	717,887	8,161
TOTAL WAGES & OPERATING EXPENSES	676,010	688,041	778,777	7,732,717	7,559,281	173,436	6,603,427	1,129,290
TOTAL OPERATING INCOME (LOSS)	304,151	338,466	200,685	3,078,682	3,744,233	(665,551)	1,773,186	1,305,496
NON-OPERATING (INCOME) EXPENSE								
HHS CARES ACT RELIEF FUND	-	-	(7,478)	(1,309,843)	-	(1,309,843)	(189,120)	(1,120,723)
MISCELLANEOUS INCOME	-	(387,822)	387,822	167	-	167	(1,023)	1,190
PPP LOAN FORGIVENESS	-	-	(387,822)	(387,822)	-	(387,822)	-	(387,822)
INTEREST INCOME	-	-	-	-	-	-	(1)	1
INTEREST EXPENSE	1,828	1,786	1,743	30,791	21,971	8,820	21,601	9,190
GAIN OR LOSS ON SALE OF ASSETS	-	-	12,568	12,568	-	12,568	-	12,568
TOTAL NON-OPERATING (INCOME) EXPENSE	1,828	(386,036)	6,832	(1,654,139)	21,971	(1,676,110)	(168,543)	(1,485,597)
NET INCOME (LOSS)	302,323	724,503	193,853	4,732,821	3,722,262	1,010,560	1,941,729	2,791,092

EASTSIDE ENDOSCOPY CENTERS**BALANCE SHEET**

For the Period Ending December 31, 2022

	<u>December</u> <u>2022</u>	<u>December</u> <u>2021</u>	<u>Variance</u>
ASSETS			
CURRENT ASSETS			
PETTY CASH	200	200	-
KEYBANK CHECKING	1,129,958	1,627,488	(497,530)
INVENTORY - MEDICAL SUPPLIES	74,163	-	74,163
ACCOUNTS RECEIVABLE	1,055,215	897,523	157,692
CONTRACTUAL ALLOWANCE	(610,471)	(498,686)	(111,785)
ACCOUNTS RECEIVABLE - ANESTHESIA	326,185	296,592	29,594
WAGI ANESTHESIA RECEIVABLE	289,467	302,969	(13,502)
PREPAID INSURANCE	3,513	10,825	(7,311)
PREPAID ASSETS	40,472	47,523	(7,051)
TOTAL CURRENT ASSETS	<u>2,308,702</u>	<u>2,684,432</u>	<u>(375,731)</u>
FIXED ASSETS			
MED EQUIP, FURN, & EQUIP	1,469,512	1,438,598	30,914
LEASEHOLD IMPROVEMENTS	1,442,423	1,442,423	-
FURNITURE & EQUIPMENT	2,111	-	2,111
COMPUTER EQUIPMENT	4,185	4,185	-
PHONE SYSTEM	4,695	4,695	-
COMPUTER SOFTWARE	2,068	-	2,068
LESS ACCUMULATED DEPRECIATION	(2,032,375)	(1,793,449)	(238,926)
TOTAL FIXED ASSETS	<u>892,620</u>	<u>1,096,452</u>	<u>(203,832)</u>
OTHER ASSETS			
DEPOSITS	28,482	14,110	14,372
TOTAL OTHER ASSETS	<u>28,482</u>	<u>14,110</u>	<u>14,372</u>
TOTAL ASSETS	<u>3,229,804</u>	<u>3,794,994</u>	<u>(565,191)</u>

EASTSIDE ENDOSCOPY CENTERS**BALANCE SHEET**

For the Period Ending December 31, 2022

	<u>December 2022</u>	<u>December 2021</u>	<u>Variance</u>
LIABILITIES			
<i>CURRENT LIABILITIES</i>			
ACCOUNTS PAYABLE	104,190	167,538	(63,348)
L&I PAYABLE	-	4,507	(4,507)
PROFIT SHARING CONTRIBUTION PAYABLE	112,318	99,101	13,216
401K DEFERRALS PAYABLE	-	8,905	(8,905)
401K ROTH PAYABLE	-	355	(355)
WAGI MEDICAL INSURANCE PAYABLE	14,528	31,947	(17,419)
WAGI DENTAL INSURANCE PAYABLE	1,474	1,904	(430)
UNEARNED REVENUE	-	81,139	(81,139)
LIFELOCK	-	8	(8)
WWEC PAYABLE	199	467	(268)
PACELINE PAYABLE	-	336	(336)
WAGI PAYABLE	110,037	88,798	21,239
WAGI PAYROLL PAYABLE	(860)	-	(860)
ACCRUED SALARIES	-	31,569	(31,569)
ACCRUED VACATION	97,362	118,046	(20,683)
ACCRUED EXPENSES	158,381	22,322	136,059
ACCRUED B&O TAXES	25,124	22,439	2,685
STD - FUNDS HELD	-	81	(81)
<i>TOTAL CURRENT LIABILITIES</i>	<u>622,753</u>	<u>679,462</u>	<u>(56,710)</u>
<i>LONG TERM LIABILITIES</i>			
ACCRUED RENT	471,916	474,311	(2,395)
LANDLORD INCENTIVE	114,804	128,982	(14,178)
NOTES PAYABLE - LONG TERM	228,613	342,920	(114,307)
KEYBANK NOTE	358,325	520,215	(161,891)
<i>TOTAL LONG TERM LIABILITIES</i>	<u>1,173,657</u>	<u>1,466,428</u>	<u>(292,771)</u>
TOTAL LIABILITIES	<u>1,796,410</u>	<u>2,145,890</u>	<u>(349,480)</u>

EASTSIDE ENDOSCOPY CENTERS**BALANCE SHEET**

For the Period Ending December 31, 2022

	<u>December 2022</u>	<u>December 2021</u>	<u>Variance</u>
EQUITY			
CAPITAL - LAI	97,026	(12,297)	109,323
CAPITAL - MOHAN	164,008	54,685	109,323
CAPITAL - TZUNG	-	54,683	(54,683)
CAPITAL - WOHLMAN	164,009	54,686	109,323
CAPITAL - SELINGER	120,428	11,105	109,323
CAPITAL - BUTANI	122,703	13,380	109,323
CAPITAL - KANG	149,949	40,626	109,323
CAPITAL - KIM	121,162	11,839	109,323
CAPITAL - REES-LUI	164,007	54,684	109,323
CAPITAL - YAP	98,752	(10,571)	109,323
CAPITAL - PHYSICIANS ENDOSCOPY	447,059	133,503	313,556
DRAW - LAI	(392,131)	(269,676)	(122,455)
DRAW - MOHAN	(392,131)	(269,676)	(122,455)
DRAW - TZUNG	-	(182,442)	182,442
DRAW - WOHLMAN	(392,131)	(269,676)	(122,455)
DRAW - SELINGER	(392,131)	(269,676)	(122,455)
DRAW - BUTANI	(392,131)	(269,676)	(122,455)
DRAW - KANG	(392,131)	(269,676)	(122,455)
DRAW - KIM	(392,131)	(269,676)	(122,455)
DRAW - REES-LUI	(392,131)	(269,676)	(122,455)
DRAW - YAP	(392,131)	(269,676)	(122,455)
DRAW - PHYSICIANS ENDOSCOPY	(1,190,834)	(880,511)	(310,323)
RETAINED EARNINGS-CURRENT	4,504,302	4,732,821	(228,519)
TOTAL EQUITY	<u>1,433,394</u>	<u>1,649,104</u>	<u>(215,710)</u>
TOTAL LIABILITIES AND EQUITY	<u>3,229,804</u>	<u>3,794,994</u>	<u>(565,191)</u>

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER
For the Period Ending December 31, 2022

	Monthly Activity			Year to Date				
	October 2022	November 2022	December 2022	2022 YTD Actual	2022 YTD Budget	Variance	2021 YTD Actual	Variance
SUMMARY								
PROCEDURES	640	598	604	7,367	7,027	340	6,873	494
CASES	582	552	546	6,655	6,194	461	6,097	558
SESSIONS	82	78	83	977			983	(6)
CPT's	734	690	711	8,607	8,361	246	8,209	398
WORKING DAYS	21	20	21	254	254	-	254	-
PROCEDURES PER DAY	30	30	29	29	28	1	27	2
PROCEDURES PER SESSION	8	8	7	8			7	1
CASES PER DAY	28	28	26	26	24	2	24	2
CPT's PER PROCEDURE	1.15	1.15	1.18	1.17	1.19	(0.02)	1.19	(0.03)
CPT's PER CASE	1.26	1.25	1.30	1.29	1.35	(0.06)	1.35	(0.05)
REVENUE PER PROCEDURE	684	720	730	674	655	19	653	21
EXPENSES PER PROCEDURE	441	552	573	480	507	(27)	506	(26)
NET INCOME PER PROCEDURE	243	167	157	194	148	46	147	47
CASH COLLECTIONS								
CHARGES	901,757	852,605	884,816	10,566,849			9,487,114	1,079,735
CASH COLLECTED	431,882	433,425	467,746	4,889,253			4,431,611	457,642
GROSS COLLECTIONS %	47.9%	50.8%	52.9%	46.3%			46.7%	-0.4%
INCOME								
FACILITY FEES	901,757	852,605	884,816	10,566,849	9,689,916	876,933	9,487,114	1,079,735
CONTRACTUAL ALLOWANCE	(463,913)	(422,136)	(443,611)	(5,599,768)	(5,084,878)	(514,890)	(4,996,889)	(602,879)
NET REVENUE	437,844	430,469	441,205	4,967,081	4,605,038	362,043	4,490,225	476,856
OPERATING EXPENSES								
EMPLOYEE WAGES								
STAFF WAGES & TAXES	127,668	128,776	162,478	1,553,657	1,596,840	(43,183)	1,489,726	63,931
TOTAL EMPLOYEE WAGES	127,668	128,776	162,478	1,553,657	1,596,840	(43,183)	1,489,726	63,931
VARIABLE EXPENSES								
PAYROLL FEES	-	-	-	507	3,313	(2,806)	3,140	(2,633)
FSCRA TAX CREDIT	-	-	-	-	-	-	(680)	680
PROFIT SHARING CONTRIBUTION	5,789	5,789	30,233	93,912	80,494	13,418	86,243	7,669
LIFE INSURANCE	146	145	159	1,868	1,264	604	1,440	428
MEDICAL INSURANCE	(12,044)	29,878	9,685	109,577	142,484	(32,907)	170,107	(60,529)
DENTAL INSURANCE	871	752	964	11,555	10,615	940	10,355	1,200
MEETINGS & TRAVEL	150	883	858	2,951	384	2,567	1,806	1,145
UNIFORMS	597	-	400	6,855	4,303	2,552	4,629	2,226

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER
For the Period Ending December 31, 2022

	Monthly Activity			Year to Date				
	October 2022	November 2022	December 2022	2022 YTD Actual	2022 YTD Budget	Variance	2021 YTD Actual	Variance
MEDICAL DIRECTOR FEES	1,641	1,641	1,641	19,692	39,384	(19,692)	37,196	(17,504)
MEDICAL SUPPLIES	22,953	44,531	19,924	325,847	342,362	(16,515)	341,714	(15,868)
DRUG SUPPLIES	6,252	5,091	6,016	53,367	55,830	(2,463)	51,981	1,386
ADMINISTRATIVE SUPPLIES	3,088	2,073	1,128	24,611	10,257	14,353	9,890	14,721
PRINTING & PUBLICATIONS	2,352	-	846	8,969	9,272	(303)	8,427	543
OFFICE EXPENSE	1,832	1,761	3,420	23,634	23,999	(365)	22,013	1,621
BANK FEES	1,089	885	1,016	15,200	19,200	(4,000)	16,066	(866)
INTERPRETER SERVICES	2,643	2,543	4,022	33,072	27,622	5,450	30,557	2,515
DUES & SUBSCRIPTIONS	455	210	1,966	4,771	4,467	304	3,857	913
EDUCATION & SEMINARS	899	63	1,298	6,486	2,978	3,507	4,878	1,607
ADVERTISING	1,998	1,998	1,998	24,117	20,400	3,717	17,570	6,548
LINEN & LAUNDRY	5,728	5,516	5,342	65,314	50,537	14,778	51,548	13,767
EQUIPMENT LEASE	1,412	1,409	3,493	20,331	19,000	1,331	18,534	1,798
MAINT & REPAIRS EQUIPMENT	2,215	2,239	4,329	26,286	23,379	2,908	25,310	976
MAINTENANCE CONTRACT	5,342	5,342	5,896	61,764	60,600	1,164	60,444	1,320
ACCOUNTING FEES	3,050	-	-	4,095	3,000	1,095	3,135	960
MANAGEMENT FEES	16,500	16,500	16,500	197,100	492,302	(295,202)	488,684	(291,584)
LEGAL FEES	-	594	985	1,579	-	1,579	6,088	(4,509)
CONSULTING FEES	515	530	1,323	7,269	6,120	1,149	6,619	651
BILLING FEES	26,271	25,828	26,472	298,025	-	298,025	-	298,025
CREDENTIALING	-	-	1	25	-	25	47	(22)
ACCREDITATION	-	-	-	-	-	-	45	(45)
RECRUITING	262	103	-	994	-	994	1,113	(119)
COMPUTER SERVICES	9,791	2,752	3,408	36,519	14,487	22,032	15,004	21,515
SOFTWARE SUBSCRIPTION	126	126	60	1,151	1,600	(449)	1,587	(435)
COMPUTER HARDWARE	120	-	-	2,089	-	2,089	-	2,089
TELEPHONE	307	307	325	3,755	4,500	(745)	4,356	(602)
PROMOTION	54	106	73	1,539	10,000	(8,461)	931	608
POSTAGE	26	22	-	520	29	491	284	237
BUSINESS TAXES	8,899	8,929	8,623	100,740	80,588	20,152	91,256	9,484
BUSINESS LICENSES	546	546	576	6,610	6,648	(38)	6,788	(178)
PROPERTY & OTHER TAXES	654	654	654	8,345	9,900	(1,555)	8,461	(116)
UTILITIES EXPENSE	75	75	75	900	780	120	764	136
MEALS AND ENT 50%	36	24	-	411	-	411	38	373
REIMBURSABLE EXPENSES	(1)	(44)	45	-	-	-	-	-
DISABILITY INSURANCE	686	680	749	8,848	7,800	1,048	6,850	1,997
PROFESSIONAL LIABILITY INSURANCE	337	337	337	4,044	4,800	(756)	4,519	(475)
COMMERCIAL LIABILITY INSURANCE	494	494	(345)	5,025	3,600	1,425	3,488	1,537
TOTAL VARIABLE EXPENSES	124,155	171,311	164,493	1,630,269	1,598,299	31,971	1,627,080	3,190

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER
For the Period Ending December 31, 2022

	Monthly Activity			Year to Date				
	October 2022	November 2022	December 2022	2022 YTD Actual	2022 YTD Budget	Variance	2021 YTD Actual	Variance
FIXED EXPENSES								
BUILDING RENT	14,705	14,705	14,704	176,981	176,458	523	177,790	(809)
DEPRECIATION EXPENSE	15,586	15,586	4,466	175,913	192,000	(16,087)	185,602	(9,689)
TOTAL FIXED EXPENSES	30,291	30,291	19,170	352,893	368,458	(15,565)	363,391	(10,498)
TOTAL WAGES & OPERATING EXPENSES	282,113	330,378	346,140	3,536,820	3,563,597	(26,777)	3,480,198	56,622
TOTAL OPERATING INCOME (LOSS)	155,731	100,091	95,065	1,430,261	1,041,441	388,820	1,010,027	420,234
NON-OPERATING (INCOME) EXPENSE								
HHS CARES ACT RELIEF FUND	-	-	-	-	-	-	(811,579)	811,579
MISCELLANEOUS INCOME	968	-	-	1,726	-	1,726	92	1,634
PPP LOAN FORGIVENESS	-	-	-	-	-	-	(213,302)	213,302
INTEREST EXPENSE	652	630	608	8,958	9,627	(669)	16,935	(7,977)
GAIN OR LOSS ON SALE OF ASSETS	-	-	-	-	-	-	12,568	(12,568)
TOTAL NON-OPERATING (INCOME) EXPENSE	1,620	630	608	10,684	9,627	1,057	(995,287)	1,005,971
NET INCOME (LOSS)	154,110	99,461	94,458	1,419,576	1,031,814	387,763	2,005,314	(585,737)

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
For the Period Ending December 31, 2022

	Monthly Activity			Year to Date				
	October 2022	November 2022	December 2022	2022 YTD Actual	2022 YTD Budget	Variance	2021 YTD Actual	Variance
SUMMARY								
PROCEDURES	1,242	1,168	1,167	13,877	12,177	1,700	11,926	1,951
CASES	1,109	1,062	1,067	12,388	10,657	1,731	10,515	1,873
SESSIONS	162	152	161	1,853			1,761	92
CPT's	1,412	1,347	1,377	16,147	14,386	1,761	14,135	2,012
WORKING DAYS	21	20	21	254	254	-	254	-
PROCEDURES PER DAY	59	58	56	55	48	7	47	8
PROCEDURES PER SESSION	8	8	7	7			7	1
CASES PER DAY	53	53	51	49	42	7	41	7
CPT's PER PROCEDURE	1.14	1.15	1.18	1.16	1.18	(0.02)	1.19	(0.02)
CPT's PER CASE	1.27	1.27	1.29	1.30	1.35	(0.05)	1.34	(0.04)
REVENUE PER PROCEDURE	919	956	957	928	905	23	907	21
EXPENSES PER PROCEDURE	558	665	681	603	658	(55)	648	(45)
NET INCOME PER PROCEDURE	361	291	276	325	247	78	258	67
CASH COLLECTIONS								
CHARGES	1,735,558	1,650,397	1,697,637	19,718,140			16,259,686	3,458,454
CASH COLLECTED	806,402	843,070	874,310	9,219,359			7,747,648	1,471,711
GROSS COLLECTIONS %	46.5%	51.1%	51.5%	46.8%			47.6%	-0.9%
INCOME								
FACILITY FEES	1,735,558	1,650,397	1,697,637	19,718,140	16,578,949	3,139,191	16,259,686	3,458,454
ANESTHESIA SERVICE FEES	563,132	537,096	538,108	6,467,206	5,560,268	906,938	5,435,691	1,031,515
CONTRACTUAL ALLOWANCE	(889,465)	(830,293)	(865,023)	(10,370,322)	(8,564,849)	(1,805,473)	(8,411,870)	(1,958,452)
CONTRACTUAL ALLOWANCE - ANESTHESIA	(267,972)	(240,065)	(254,092)	(2,937,673)	(2,554,101)	(383,572)	(2,472,108)	(465,565)
NET REVENUE	1,141,253	1,117,135	1,116,630	12,877,351	11,020,268	1,857,083	10,811,399	2,065,953
OPERATING EXPENSES								
EMPLOYEE WAGES								
STAFF WAGES & TAXES	365,676	389,169	412,589	4,390,341	4,275,974	114,367	3,944,787	445,554
TOTAL EMPLOYEE WAGES	365,676	389,169	412,589	4,390,341	4,275,974	114,367	3,944,787	445,554
VARIABLE EXPENSES								
PAYROLL FEES	-	-	-	828	4,141	(3,313)	3,925	(3,097)
FSCRA TAX CREDIT	-	-	-	-	-	-	(3,757)	3,757
PROFIT SHARING CONTRIBUTION	10,554	10,554	54,022	170,116	131,292	38,824	158,494	11,623
LIFE INSURANCE	247	247	260	3,132	2,462	670	2,658	474
MEDICAL INSURANCE	(18,067)	44,816	14,528	164,366	240,442	(76,076)	287,055	(122,689)
DENTAL INSURANCE	1,333	1,151	1,474	17,672	18,108	(435)	17,664	9
MEETINGS & TRAVEL	150	1,767	1,467	4,945	384	4,561	3,389	1,556

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
For the Period Ending December 31, 2022

	Monthly Activity			Year to Date				
	October 2022	November 2022	December 2022	2022 YTD Actual	2022 YTD Budget	Variance	2021 YTD Actual	Variance
UNIFORMS	597	-	400	9,275	5,391	3,885	6,250	3,026
MEDICAL DIRECTOR FEES	3,282	3,282	3,282	39,384	39,384	-	37,196	2,188
MEDICAL SUPPLIES	49,097	76,951	44,126	602,630	650,916	(48,286)	607,889	(5,259)
DRUG SUPPLIES	10,150	7,730	10,489	97,819	99,206	(1,387)	94,213	3,606
ADMINISTRATIVE SUPPLIES	3,640	3,452	2,408	38,373	20,782	17,591	20,779	17,594
PRINTING & PUBLICATIONS	4,074	423	1,658	17,452	14,695	2,757	14,578	2,873
OFFICE EXPENSE	1,998	1,921	3,666	26,095	28,369	(2,274)	26,710	(615)
BANK FEES	2,385	1,873	1,891	29,603	31,200	(1,597)	27,730	1,872
INTERPRETER SERVICES	3,305	2,814	4,842	39,743	32,464	7,279	35,242	4,502
DUES & SUBSCRIPTIONS	820	555	3,932	8,879	7,544	1,335	8,682	197
EDUCATION & SEMINARS	949	759	2,470	14,669	5,822	8,848	8,145	6,525
ADVERTISING	3,995	3,995	3,995	47,935	37,200	10,735	31,945	15,990
LINEN & LAUNDRY	10,848	10,845	10,722	124,426	92,748	31,679	92,391	32,036
EQUIPMENT LEASE	2,004	2,781	3,970	29,715	28,600	1,115	28,517	1,198
MAINT & REPAIRS EQUIPMENT	9,012	5,363	5,715	53,969	45,862	8,107	46,332	7,638
MAINTENANCE CONTRACT	9,194	9,404	9,828	112,171	97,800	14,371	101,901	10,270
ACCOUNTING FEES	6,100	-	-	8,000	5,500	2,500	5,700	2,300
MANAGEMENT FEES	33,000	33,000	33,000	396,000	876,846	(480,846)	872,315	(476,315)
LEGAL FEES	-	1,189	1,970	3,158	-	3,158	11,069	(7,911)
CONSULTING FEES	1,031	1,061	2,647	14,500	12,420	2,080	13,144	1,356
BILLING FEES	68,475	67,028	66,998	772,588	174,206	598,382	175,883	596,705
CREDENTIALING	-	-	3	50	-	50	91	(41)
ACCREDITATION	-	-	-	-	-	-	45	(45)
RECRUITING	262	103	224	1,439	-	1,439	1,657	(218)
COMPUTER SERVICES	19,892	5,815	7,092	76,416	29,493	46,923	31,038	45,378
SOFTWARE SUBSCRIPTION	219	219	119	2,031	2,660	(629)	2,630	(599)
COMPUTER HARDWARE	120	-	-	2,333	-	2,333	3,360	(1,027)
TELEPHONE	1,315	1,315	1,403	15,527	17,700	(2,173)	16,134	(607)
PROMOTION	54	212	112	2,587	12,500	(9,913)	1,278	1,309
POSTAGE	26	45	-	950	1,317	(366)	1,109	(159)
BUSINESS TAXES	22,589	22,245	21,765	254,702	192,855	61,847	213,690	41,012
BUSINESS LICENSES	990	990	1,112	12,126	12,122	5	12,385	(259)
PROPERTY & OTHER TAXES	982	982	982	12,412	14,400	(1,988)	13,041	(629)
UTILITIES EXPENSE	171	171	171	2,165	1,920	245	1,870	295
MEALS AND ENT 50%	62	47	-	629	-	629	38	590
REIMBURSABLE EXPENSES	(1)	(44)	45	-	-	-	-	-
DISABILITY INSURANCE	1,169	1,163	1,232	14,921	13,500	1,421	12,755	2,166
PROFESSIONAL LIABILITY INSURANCE	674	674	674	8,088	8,520	(432)	8,216	(128)
COMMERCIAL LIABILITY INSURANCE	1,074	1,074	(1,133)	10,781	6,300	4,481	6,508	4,273
TOTAL VARIABLE EXPENSES	267,771	327,971	323,561	3,264,602	3,017,068	247,533	3,061,882	202,720

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
For the Period Ending December 31, 2022

	Monthly Activity			Year to Date				
	October 2022	November 2022	December 2022	2022 YTD Actual	2022 YTD Budget	Variance	2021 YTD Actual	Variance
FIXED EXPENSES								
BUILDING RENT	39,797	39,797	39,797	477,538	477,016	523	478,348	(810)
DEPRECIATION EXPENSE	20,034	20,034	18,557	238,926	246,000	(7,074)	247,700	(8,774)
TOTAL FIXED EXPENSES	59,831	59,831	58,353	716,464	723,016	(6,552)	726,048	(9,584)
TOTAL WAGES & OPERATING EXPENSES	693,278	776,971	794,503	8,371,407	8,016,059	355,348	7,732,717	638,690
TOTAL OPERATING INCOME (LOSS)	447,976	340,164	322,127	4,505,944	3,004,209	1,501,735	3,078,682	1,427,262
NON-OPERATING (INCOME) EXPENSE								
HHS CARES ACT RELIEF FUND	-	-	-	-	-	-	(1,309,843)	1,309,843
MISCELLANEOUS INCOME	1,121	-	-	(16,274)	-	(16,274)	167	(16,442)
PPP LOAN FORGIVENESS	-	-	-	-	-	-	(387,822)	387,822
INTEREST EXPENSE	1,305	1,260	1,215	17,916	17,504	412	30,791	(12,874)
GAIN OR LOSS ON SALE OF ASSETS	-	-	-	-	-	-	12,568	(12,568)
TOTAL NON-OPERATING (INCOME) EXPENSE	2,426	1,260	1,215	1,642	17,504	(15,862)	(1,654,139)	1,655,781
NET INCOME (LOSS)	445,550	338,904	320,911	4,504,302	2,986,705	1,517,597	4,732,821	(228,519)

EASTSIDE ENDOSCOPY CENTERS**BALANCE SHEET**

For the Period Ending December 31, 2023

	<u>December</u> <u>2023</u>	<u>December</u> <u>2022</u>	<u>Variance</u>
ASSETS			
CURRENT ASSETS			
PETTY CASH	-	200	(200)
KEYBANK CHECKING	401,767	1,129,958	(728,191)
INVENTORY - MEDICAL SUPPLIES	48,199	74,163	(25,963)
ACCOUNTS RECEIVABLE	1,305,994	1,055,215	250,779
CONTRACTUAL ALLOWANCE	(738,369)	(610,471)	(127,897)
ACCOUNTS RECEIVABLE - ANESTHESIA	312,124	326,185	(14,062)
WAGI ANESTHESIA RECEIVABLE	288,627	289,467	(839)
PREPAID INSURANCE	28,434	3,513	24,921
PREPAID ASSETS	82,856	40,472	42,385
WWEC RECEIVABLE	125	-	125
TOTAL CURRENT ASSETS	<u>1,729,758</u>	<u>2,308,702</u>	<u>(578,944)</u>
FIXED ASSETS			
MED EQUIP, FURN, & EQUIP	1,579,587	1,469,512	110,075
LEASEHOLD IMPROVEMENTS	1,474,004	1,442,423	31,581
FURNITURE & EQUIPMENT	41,322	2,111	39,211
COMPUTER EQUIPMENT	4,185	4,185	-
PHONE SYSTEM	4,695	4,695	-
COMPUTER SOFTWARE	2,068	2,068	-
LESS ACCUMULATED DEPRECIATION	(2,272,778)	(2,032,375)	(240,403)
TOTAL FIXED ASSETS	<u>833,084</u>	<u>892,620</u>	<u>(59,535)</u>
OTHER ASSETS			
DEPOSITS	20,826	28,482	(7,656)
TOTAL OTHER ASSETS	<u>20,826</u>	<u>28,482</u>	<u>(7,656)</u>
TOTAL ASSETS	<u>2,583,668</u>	<u>3,229,804</u>	<u>(646,135)</u>

EASTSIDE ENDOSCOPY CENTERS**BALANCE SHEET**

For the Period Ending December 31, 2023

	<u>December</u> <u>2023</u>	<u>December</u> <u>2022</u>	<u>Variance</u>
LIABILITIES			
<i>CURRENT LIABILITIES</i>			
ACCOUNTS PAYABLE	58,965	104,190	(45,226)
PROFIT SHARING CONTRIBUTION PAYABLE	7,784	112,318	(104,534)
WAGI MEDICAL INSURANCE PAYABLE	18,680	14,528	4,152
WAGI DENTAL INSURANCE PAYABLE	926	1,474	(548)
WVEC PAYABLE	-	199	(199)
WAGI PAYABLE	134,430	110,037	24,393
WAGI PAYROLL PAYABLE	116,280	(860)	117,140
ACCRUED SALARIES	41,278	-	41,278
ACCRUED VACATION	-	97,362	(97,362)
ACCRUED EXPENSES	170,003	158,381	11,623
ACCRUED B&O TAXES	26,293	25,124	1,169
<i>TOTAL CURRENT LIABILITIES</i>	<u>574,639</u>	<u>622,753</u>	<u>(48,114)</u>
<i>LONG TERM LIABILITIES</i>			
ACCRUED RENT	458,291	471,916	(13,625)
LANDLORD INCENTIVE	100,626	114,804	(14,178)
NOTES PAYABLE - LONG TERM	114,306	228,613	(114,307)
KEYBANK NOTE	189,973	358,325	(168,352)
<i>TOTAL LONG TERM LIABILITIES</i>	<u>863,195</u>	<u>1,173,657</u>	<u>(310,462)</u>
TOTAL LIABILITIES	<u>1,437,834</u>	<u>1,796,410</u>	<u>(358,576)</u>

EASTSIDE ENDOSCOPY CENTERS**BALANCE SHEET**

For the Period Ending December 31, 2023

	<u>December</u> <u>2023</u>	<u>December</u> <u>2022</u>	<u>Variance</u>
EQUITY			
CAPITAL - LAI	79,105	97,026	(17,921)
CAPITAL - MOHAN	146,087	164,008	(17,921)
CAPITAL - WOHLMAN	146,088	164,009	(17,921)
CAPITAL - SELINGER	102,507	120,428	(17,921)
CAPITAL - BUTANI	104,782	122,703	(17,921)
CAPITAL - KANG	132,028	149,949	(17,921)
CAPITAL - KIM	103,241	121,162	(17,921)
CAPITAL - REES-LUI	146,086	164,007	(17,921)
CAPITAL - YAP	80,831	98,752	(17,921)
CAPITAL - PHYSICIANS ENDOSCOPY	392,638	447,059	(54,421)
DRAW - LAI	(415,388)	(392,131)	(23,257)
DRAW - MOHAN	(415,388)	(392,131)	(23,257)
DRAW - WOHLMAN	(415,388)	(392,131)	(23,257)
DRAW - SELINGER	(415,388)	(392,131)	(23,257)
DRAW - BUTANI	(415,388)	(392,131)	(23,257)
DRAW - KANG	(415,388)	(392,131)	(23,257)
DRAW - KIM	(415,388)	(392,131)	(23,257)
DRAW - REES-LUI	(415,388)	(392,131)	(23,257)
DRAW - YAP	(415,388)	(392,131)	(23,257)
DRAW - PHYSICIANS ENDOSCOPY	(1,261,477)	(1,190,834)	(70,643)
RETAINED EARNINGS-CURRENT	4,712,410	4,504,302	208,108
TOTAL EQUITY	<u>1,145,835</u>	<u>1,433,394</u>	<u>(287,559)</u>
TOTAL LIABILITIES AND EQUITY	<u>2,583,668</u>	<u>3,229,804</u>	<u>(646,135)</u>

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER
For the Period Ending December 31, 2023

	Monthly Activity			Year to Date				
	October 2023	November 2023	December 2023	2023 YTD Actual	2023 YTD Budget	Variance	2022 YTD Actual	Variance
SUMMARY								
PROCEDURES	663	608	578	7,312	7,896	(584)	7,367	(55)
CASES	604	558	535	6,695	6,961	(266)	6,655	40
SESSIONS	86	78	70	942			977	(35)
CPT's	781	710	680	8,523	9,399	(876)	8,607	(84)
WORKING DAYS	22	20	20	253	253	-	254	(1)
PROCEDURES PER DAY	30	30	29	29	31	(2)	29	(0)
PROCEDURES PER SESSION	8	8	8	8			8	0
CASES PER DAY	27	28	27	26	28	(1)	26	0
CPT's PER PROCEDURE	1.18	1.17	1.18	1.17	1.19	(0.02)	1.17	(0.00)
CPT's PER CASE	1.29	1.27	1.27	1.27	1.35	(0.08)	1.29	(0.02)
REVENUE PER PROCEDURE	740	736	729	718	668	51	674	44
EXPENSES PER PROCEDURE	521	607	553	519	478	41	480	38
NET INCOME PER PROCEDURE	219	129	177	200	190	10	194	5
CASH COLLECTIONS								
CHARGES	1,215,910	1,103,414	1,054,890	13,203,030			10,566,849	2,636,181
CASH COLLECTED	461,302	548,444	409,247	5,179,941			4,889,253	290,688
GROSS COLLECTIONS %	37.9%	49.7%	38.8%	39.2%			46.3%	-7.0%
INCOME								
FACILITY FEES	1,215,910	1,103,414	1,054,890	13,203,030	11,421,440	1,781,590	10,566,849	2,636,181
CONTRACTUAL ALLOWANCE	(725,323)	(656,150)	(633,425)	(7,951,794)	(6,150,810)	(1,800,984)	(5,599,768)	(2,352,025)
NET REVENUE	490,587	447,264	421,465	5,251,236	5,270,630	(19,393)	4,967,081	284,156
OPERATING EXPENSES								
EMPLOYEE WAGES								
STAFF WAGES & TAXES	145,047	170,741	141,073	1,612,757	1,798,266	(185,510)	1,553,657	59,099
TOTAL EMPLOYEE WAGES	145,047	170,741	141,073	1,612,757	1,798,266	(185,510)	1,553,657	59,099
VARIABLE EXPENSES								
PAYROLL FEES	-	-	-	-	1,014	(1,014)	507	(507)
PROFIT SHARING CONTRIBUTION	5,789	5,789	(15,429)	48,250	69,600	(21,350)	93,912	(45,662)
LIFE INSURANCE	74	84	93	1,087	1,841	(754)	1,868	(781)
MEDICAL INSURANCE	11,698	10,005	11,901	139,452	92,200	47,251	109,577	29,874
DENTAL INSURANCE	551	551	551	7,988	12,899	(4,911)	11,555	(3,567)
MEETINGS & TRAVEL	-	1,511	660	3,818	1,468	2,350	2,951	866
UNIFORMS	-	295	-	3,810	5,697	(1,886)	6,855	(3,045)
MEDICAL DIRECTOR FEES	1,641	1,641	1,641	20,239	39,384	(19,145)	19,692	547

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER
For the Period Ending December 31, 2023

	Monthly Activity			Year to Date				
	October 2023	November 2023	December 2023	2023 YTD Actual	2023 YTD Budget	Variance	2022 YTD Actual	Variance
MEDICAL SUPPLIES	45,940	31,507	39,326	365,399	321,011	44,389	325,847	39,553
DRUG SUPPLIES	7,549	4,548	7,232	73,499	53,697	19,802	53,367	20,132
ADMINISTRATIVE SUPPLIES	1,137	1,208	1,620	13,744	24,633	(10,889)	24,611	(10,867)
PRINTING & PUBLICATIONS	1,105	284	1,797	11,931	9,205	2,726	8,969	2,962
OFFICE EXPENSE	2,452	2,304	2,853	62,838	23,052	39,787	23,634	39,204
BANK FEES	424	449	318	11,071	16,200	(5,129)	15,200	(4,129)
INTERPRETER SERVICES	2,952	2,276	3,576	36,674	35,690	983	33,072	3,602
ELECTRONIC CLAIMS & RECALLS	-	215	708	923	-	923	-	923
DUES & SUBSCRIPTIONS	240	344	815	3,696	3,963	(267)	4,771	(1,075)
EDUCATION & SEMINARS	37	681	1,692	4,246	1,966	2,280	6,486	(2,240)
ADVERTISING	-	-	-	15,980	24,000	(8,020)	24,117	(8,137)
LINEN & LAUNDRY	5,724	5,901	5,243	66,715	73,335	(6,620)	65,314	1,401
EQUIPMENT LEASE	1,544	1,541	3,536	25,920	18,000	7,920	20,331	5,589
MAINT & REPAIRS EQUIPMENT	3,479	2,522	2,797	49,009	25,684	23,325	26,286	22,722
MAINTENANCE CONTRACT	6,087	6,087	1,563	68,162	60,000	8,162	61,764	6,398
ACCOUNTING FEES	-	-	-	3,700	2,750	950	4,095	(395)
MANAGEMENT FEES	16,500	16,500	16,500	198,000	198,000	-	197,100	900
LEGAL FEES	7,962	7,770	7,370	23,102	-	23,102	1,579	21,523
CONSULTING FEES	493	628	1,326	7,258	6,900	358	7,269	(11)
BILLING FEES	29,435	26,836	40,970	330,756	316,238	14,519	298,025	32,732
CREDENTIALING	3	-	1	26	-	26	25	1
ACCREDITATION	-	-	-	6,713	-	6,713	-	6,713
RECRUITING	924	-	401	2,026	-	2,026	994	1,032
COMPUTER SERVICES	300	614	300	4,238	29,520	(25,282)	36,519	(32,281)
SOFTWARE SUBSCRIPTION	176	176	596	2,002	1,680	322	1,151	851
COMPUTER HARDWARE	-	1,221	-	3,137	2,000	1,137	2,089	1,048
GMED	2,152	1,237	2,331	29,116	-	29,116	-	29,116
TELEPHONE	495	313	320	3,821	4,200	(379)	3,755	67
PROMOTION	-	-	263	8,344	-	8,344	1,539	6,805
POSTAGE	-	-	-	193	950	(757)	520	(328)
BUSINESS TAXES	9,699	8,807	8,415	106,409	92,236	14,173	100,740	5,669
BUSINESS LICENSES	546	20,973	35	26,726	6,630	20,096	6,610	20,116
PROPERTY & OTHER TAXES	219	219	219	3,934	7,860	(3,926)	8,345	(4,412)
UTILITIES EXPENSE	81	81	81	1,179	900	279	900	280
MEALS AND ENT 50%	-	296	84	557	-	557	411	145
DISABILITY INSURANCE	368	417	447	5,273	10,200	(4,927)	8,848	(3,575)
PROFESSIONAL LIABILITY INSURANCE	586	586	(6,523)	(82)	4,200	(4,282)	4,044	(4,126)
COMMERCIAL LIABILITY INSURANCE	420	420	421	6,728	6,300	428	5,025	1,704
PHYSICIAN EXPENSE	880	974	-	3,600	-	3,600	-	3,600

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
BELLEVUE ENDOSCOPY CENTER
For the Period Ending December 31, 2023

	Monthly Activity			Year to Date				
	October 2023	November 2023	December 2023	2023 YTD Actual	2023 YTD Budget	Variance	2022 YTD Actual	Variance
TOTAL VARIABLE EXPENSES	169,663	167,808	146,050	1,811,207	1,605,102	206,104	1,630,269	180,937
FIXED EXPENSES								
BUILDING RENT	14,991	14,991	16,715	180,878	176,449	4,429	176,981	3,897
DEPRECIATION EXPENSE	15,586	15,586	15,586	187,033	192,000	(4,967)	175,913	11,120
TOTAL FIXED EXPENSES	30,577	30,577	32,302	367,911	368,449	(538)	352,893	15,018
TOTAL WAGES & OPERATING EXPENSES	345,288	369,127	319,425	3,791,875	3,771,818	20,057	3,536,820	255,054
TOTAL OPERATING INCOME (LOSS)	145,299	78,138	102,040	1,459,362	1,498,812	(39,450)	1,430,261	29,101
NON-OPERATING (INCOME) EXPENSE								
MISCELLANEOUS INCOME	-	690	-	690	-	690	1,726	(1,036)
INTEREST EXPENSE	380	357	334	5,659	5,522	137	8,958	(3,300)
TOTAL NON-OPERATING (INCOME) EXPENSE	380	1,047	334	6,349	5,522	827	10,684	(4,335)
NET INCOME (LOSS)	144,919	77,091	101,707	1,453,013	1,493,291	(40,277)	1,419,576	33,437

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
For the Period Ending December 31, 2023

	Monthly Activity			Year to Date				
	October 2023	November 2023	December 2023	2023 YTD Actual	2023 YTD Budget	Variance	2022 YTD Actual	Variance
SUMMARY								
PROCEDURES	1,301	1,258	1,149	14,505	15,182	(677)	13,877	628
CASES	1,176	1,146	1,063	13,122	13,277	(155)	12,388	734
SESSIONS	168	156	139	1,880			1,853	27
CPT's	1,537	1,466	1,341	16,877	17,923	(1,046)	16,147	730
WORKING DAYS	22	20	20	253	253	-	254	(1)
PROCEDURES PER DAY	59	63	57	57	60	(3)	55	3
PROCEDURES PER SESSION	8	8	8	8			7	0
CASES PER DAY	53	57	53	52	52	(1)	49	3
CPT's PER PROCEDURE	1.18	1.17	1.17	1.16	1.18	(0.02)	1.16	(0.00)
CPT's PER CASE	1.31	1.28	1.26	1.29	1.35	(0.06)	1.30	(0.02)
REVENUE PER PROCEDURE	991	982	1,001	961	938	23	928	33
EXPENSES PER PROCEDURE	627	685	673	637	582	54	603	33
NET INCOME PER PROCEDURE	364	297	328	324	355	(31)	325	(0)
CASH COLLECTIONS								
CHARGES	2,389,922	2,269,656	2,076,010	26,057,414			19,718,140	6,339,274
CASH COLLECTED	878,946	1,037,035	874,503	10,196,055			9,219,359	976,696
GROSS COLLECTIONS %	36.8%	45.7%	42.1%	39.1%			46.8%	-7.6%
INCOME								
FACILITY FEES	2,389,922	2,269,656	2,076,010	26,057,414	21,708,988	4,348,426	19,718,140	6,339,274
ANESTHESIA SERVICE FEES	515,396	498,727	458,990	5,766,630	7,276,269	(1,509,639)	6,467,206	(700,576)
CONTRACTUAL ALLOWANCE	(1,433,697)	(1,382,536)	(1,233,405)	(15,738,174)	(11,503,238)	(4,234,936)	(10,370,322)	(5,367,852)
CONTRACTUAL ALLOWANCE - ANESTHESIA	(182,790)	(151,030)	(151,832)	(2,150,604)	(3,247,749)	1,097,145	(2,937,673)	787,069
NET REVENUE	1,288,831	1,234,818	1,149,764	13,935,266	14,234,269	(299,003)	12,877,351	1,057,915
OPERATING EXPENSES								
EMPLOYEE WAGES								
STAFF WAGES & TAXES	426,509	474,220	406,472	4,854,144	4,883,801	(29,658)	4,390,341	463,803
TOTAL EMPLOYEE WAGES	426,509	474,220	406,472	4,854,144	4,883,801	(29,658)	4,390,341	463,803
VARIABLE EXPENSES								
PAYROLL FEES	-	-	-	-	1,656	(1,656)	828	(828)
PROFIT SHARING CONTRIBUTION	10,554	10,554	(25,385)	90,709	127,200	(36,491)	170,116	(79,407)
LIFE INSURANCE	147	158	168	1,930	3,026	(1,097)	3,132	(1,202)
MEDICAL INSURANCE	18,150	15,765	18,680	212,138	138,300	73,838	164,366	47,772
DENTAL INSURANCE	926	926	926	12,910	19,728	(6,819)	17,672	(4,763)
MEETINGS & TRAVEL	-	3,022	1,320	7,638	2,649	4,990	4,945	2,694
UNIFORMS	-	295	-	6,503	6,011	492	9,275	(2,772)

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
For the Period Ending December 31, 2023

	Monthly Activity			Year to Date				
	October 2023	November 2023	December 2023	2023 YTD Actual	2023 YTD Budget	Variance	2022 YTD Actual	Variance
MEDICAL DIRECTOR FEES	3,282	3,282	3,282	39,384	39,384	-	39,384	-
MEDICAL SUPPLIES	82,684	65,747	81,030	744,219	591,005	153,213	602,630	141,589
DRUG SUPPLIES	13,357	8,855	14,442	133,533	104,528	29,005	97,819	35,714
ADMINISTRATIVE SUPPLIES	1,961	3,823	2,439	24,252	38,679	(14,427)	38,373	(14,121)
PRINTING & PUBLICATIONS	1,105	456	2,695	21,523	19,417	2,106	17,452	4,071
OFFICE EXPENSE	3,406	2,778	3,438	70,008	25,487	44,521	26,095	43,913
BANK FEES	804	1,124	814	22,896	32,400	(9,504)	29,603	(6,707)
INTERPRETER SERVICES	3,746	2,851	4,982	47,666	42,113	5,553	39,743	7,923
ELECTRONIC CLAIMS & RECALLS	-	430	708	1,137	-	1,137	-	1,137
DUES & SUBSCRIPTIONS	480	813	1,755	7,577	6,631	946	8,879	(1,302)
EDUCATION & SEMINARS	37	1,325	2,449	9,031	2,667	6,364	14,669	(5,638)
ADVERTISING	-	-	-	31,960	48,000	(16,040)	47,935	(15,975)
LINEN & LAUNDRY	11,385	12,112	11,263	135,231	142,634	(7,403)	124,426	10,804
EQUIPMENT LEASE	2,114	3,264	4,050	37,345	28,000	9,345	29,715	7,630
MAINT & REPAIRS EQUIPMENT	4,235	3,278	4,794	82,174	46,132	36,041	53,969	28,204
MAINTENANCE CONTRACT	9,730	9,951	3,410	109,304	97,200	12,104	112,171	(2,867)
ACCOUNTING FEES	-	-	-	7,400	5,500	1,900	8,000	(600)
MANAGEMENT FEES	33,000	33,000	33,000	396,000	396,000	-	396,000	-
LEGAL FEES	7,962	7,770	7,370	23,102	-	23,102	3,158	19,944
CONSULTING FEES	986	1,255	2,652	14,516	13,800	716	14,500	16
BILLING FEES	77,330	74,089	100,350	867,480	854,056	13,424	772,588	94,893
CREDENTIALING	5	-	3	53	-	53	50	3
ACCREDITATION	-	-	-	13,425	-	13,425	-	13,425
RECRUITING	924	-	783	3,297	-	3,297	1,439	1,858
COMPUTER SERVICES	915	915	915	11,604	58,428	(46,824)	76,416	(64,811)
SOFTWARE SUBSCRIPTION	352	352	772	3,266	2,880	386	2,031	1,235
COMPUTER HARDWARE	-	1,221	219	4,168	4,000	168	2,333	1,835
GMED	4,304	2,475	4,661	58,932	-	58,932	-	58,932
TELEPHONE	2,703	2,527	2,563	22,773	16,800	5,973	15,527	7,246
PROMOTION	135	-	845	17,020	2,500	14,520	2,587	14,433
POSTAGE	119	43	56	1,445	1,620	(175)	950	494
BUSINESS TAXES	24,978	23,865	22,388	274,780	249,100	25,680	254,702	20,078
BUSINESS LICENSES	990	21,417	571	32,411	12,130	20,281	12,126	20,285
PROPERTY & OTHER TAXES	560	560	560	7,983	12,060	(4,077)	12,412	(4,429)
UTILITIES EXPENSE	185	185	185	2,435	2,100	335	2,165	270
MEALS AND ENT 50%	-	592	137	962	-	962	629	334
DISABILITY INSURANCE	727	775	806	9,340	16,200	(6,860)	14,921	(5,580)
PROFESSIONAL LIABILITY INSURANCE	1,171	1,171	(13,046)	(139)	8,400	(8,539)	8,088	(8,227)
COMMERCIAL LIABILITY INSURANCE	875	875	877	14,781	13,500	1,281	10,781	3,999
PHYSICIAN EXPENSE	1,760	1,948	-	7,200	-	7,200	-	7,200

EASTSIDE ENDOSCOPY CENTERS
STATEMENT OF OPERATIONS
For the Period Ending December 31, 2023

	Monthly Activity			Year to Date				
	October 2023	November 2023	December 2023	2023 YTD Actual	2023 YTD Budget	Variance	2022 YTD Actual	Variance
TOTAL VARIABLE EXPENSES	328,083	325,840	303,927	3,643,300	3,231,922	411,379	3,264,602	378,699
FIXED EXPENSES								
BUILDING RENT	41,182	41,182	42,906	494,600	477,570	17,030	477,538	17,062
DEPRECIATION EXPENSE	20,034	20,034	20,034	240,403	246,000	(5,597)	238,926	1,477
TOTAL FIXED EXPENSES	61,216	61,216	62,940	735,003	723,570	11,433	716,464	18,539
TOTAL WAGES & OPERATING EXPENSES	815,807	861,276	773,339	9,232,447	8,839,293	393,154	8,371,407	861,040
TOTAL OPERATING INCOME (LOSS)	473,024	373,542	376,425	4,702,819	5,394,976	(692,157)	4,505,944	196,875
NON-OPERATING (INCOME) EXPENSE								
MISCELLANEOUS INCOME	-	693	-	(20,908)	-	(20,908)	(16,274)	(4,634)
INTEREST EXPENSE	760	714	667	11,317	11,043	274	17,916	(6,599)
TOTAL NON-OPERATING (INCOME) EXPENSE	760	1,407	667	(9,591)	11,043	(20,634)	1,642	(11,233)
NET INCOME (LOSS)	472,264	372,135	375,757	4,712,410	5,383,933	(671,523)	4,504,302	208,108

EXHIBIT 4

BAD DEBT/COLLECTION POLICY

WASHINGTON GASTROENTEROLOGY

POLICY: Bad Debt/Collection Policy			
CATEGORY: Billing			
ORIGINATION DATE	01/01/2018	REVISION DATE	03/29/2021

I. POLICY

Business Office personnel assure that account information is kept current and statements are sent to private paying patients to facilitate the collection of outstanding balances. After reasonable efforts are exhausted, all accounts deemed uncollectible with outstanding patient balances beyond one hundred twenty (120) days are adjusted to bad debt or collections.

II. PURPOSE

To ensure bad debt accounts are appropriately identified and consistently processed.

III. PROCESS

- A. Self-pay balances are billed to the patient monthly with dunning messages appropriate for the aging of the account. The final message will be on the statement sent at 90 days.
- B. Collection process flow:
 - 1. When a balance is 60-days old it will be reviewed to determine if a collection letter is warranted. This is considered if the patient has not made a phone call to us regarding their account balance or has not made a payment.
 - 2. Thirty days later the account is reviewed to determine if a phone call is appropriate. This will be done as time allows for balances starting in descending order but will be attempted on any balances over \$250.00 whenever possible. Balances under \$250.00 will receive a pre-collection letter.
 - 3. Thirty days later the account will be reviewed for placement with an outside agency.
- C. If patients are making payments on accounts exceeding 90 days, accounts will be sent to a contracted payment plan service per the payment plan policy.
- D. If the self-pay balance is under \$5.00, a small adjustment will be performed per the Adjustment Policy.
- E. Once an account is 90-days old it is evaluated for either bad debt or collection adjustment.
- F. Accounts with a self-pay balance under \$50.00 will be adjusted as bad debt.
 - 1. A note is placed in billing notes in the practice management system
 - 2. The balance is adjusted to bad debt
 - 3. An alert is placed on the account stating, "bad debt, must pay balance prior to scheduling". A member of the management team can arrange for the patient to pay the bad debt amount at the time of service in addition to any copays due.
 - 4. If the patient has an upcoming appointment already scheduled, a phone call will be placed to the patient notifying them they must pay the bad debt prior to being seen. If the patient cannot be reached a message will be left that a return call is needed to avoid cancelling their upcoming appointment.

WASHINGTON GASTROENTEROLOGY

5. Additional Appointments will not be scheduled once an account has reached bad debt status unless the balance is paid in full. The patient should be referred to the billing department if they need assistance with understanding their bad debt balance or payment options.
- G. Accounts with a self-pay balance of \$50.00 and greater will be sent to an outside collection agency.
1. A note is placed in billing notes in the practice management system.
 2. The balance is adjusted to collections.
 3. An alert is placed on the account stating, "Sent to collections, must pay balance prior to scheduling".
 4. If the patient has an upcoming appointment already scheduled a phone call will be placed to the patient notifying them that they will be unable to schedule additional appointments until their collection balance is paid in full. If the patient cannot be reached a message will be left that a return call is needed to avoid cancelling their upcoming appointment.
 5. Appointments will not be scheduled once an account has reached collection status until the balance is paid in full. If the patient cannot be reached a message will be left that a return call is needed to avoid cancelling their upcoming appointment.
 6. Appointments will not be scheduled once an account has reached collection status until the balance is paid in full.
 7. Accounts are placed on the collection spreadsheet and uploaded to the collection agency weekly.
 8. A member of the revenue cycle management team will approve all accounts going to an outside agency.
- H. Accounts that have sporadic payments will be individually evaluated to determine if they should be sent to contracted payment plan and/or collection service. Accounts with greater than 60-days from the last payment will be sent to collections.
- I. Accounts forwarded to contracted payment plan and/or collection service will be included on a weekly acknowledgment listing and should be reviewed to ensure all accounts have been received as expected.
- J. Payments:
1. If a patient calls to make a payment on an account in collections, they should be referred to the collection agency. If this is not possible or an electronic or mail in payment is received, it will be processed per policy.
 - i. The cash team will notify the self-pay collector of the payment.
 - ii. A collection recovery adjustment will be posted to the account to take care of the credit on the account.
 - iii. A note will be made in the practice management system.
 - iv. The collection agency will be notified of the payment.
 2. If a patient calls to schedule and is in collections, the scheduler will refer to the client portal or contact the business office, to determine if the patient has paid their balance. If the balance is unpaid the patient can be referred to the collection agency.

WASHINGTON GASTROENTEROLOGY

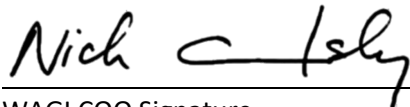
3. If the patient communicates that they have paid their balance with the collection agency, but it cannot be verified online, the billing office can call and confirm. If the patient has paid in full, billing will reverse the collection adjustment and post a collection recovery adjustment. This will allow the scheduler to schedule an appointment. The alert will then be removed from the patient's account and a billing note entered into the practice management system.
4. Monthly payments received from the collection agency will be posted back to the patient's account with an appropriate collection recovery adjustment done on the account.
5. Monthly reports from the collection agency will be reviewed for accounts paid in full so flags can be removed from the account. This will facilitate a smoother process for the patient when they call to schedule future appointments.

NOTE:

- a) If a patient has a balance in any business unit, the alert will be put on the WAGI account and will affect the patient's ability to schedule future appointments. Bad debt/collection status in any legacy division results in the patient being unable to schedule in any WAGI division until the bad debt/collection amount is paid in full.
- b) There is a separate infusion collection letter sent to any infusion patient prior to turning the account to collections. This outlines the importance of consistent care due to their diagnosis and their inability to schedule future infusions if the account is not kept current.

EXCEPTIONS:

- a) For continuity of care, once a patient is treated by a WAGI provider at a hospital we will see the patient for one follow-up visit. Care can be provided by the patient's primary care provider at the discretion of the hospital provider.
- b) If a WAGI provider places a stent, then a WAGI provider will be scheduled to remove it.
- c) If a patient is an inpatient at the hospital and a WAGI provider requests a procedure, it will be scheduled.
- d) If a patient already has an appointment schedule and the account is sent to collections, the appointment will not be cancelled but every effort will be made to collect at the time of service. Additional appointments will not be schedule.



WAGI COO Signature

4/9/2021

Date

WASHINGTON GASTROENTEROLOGY

Letter Example:

Date

Guarantor Name
Address
City, State , Zip

RE: Patient Balance Due:

Dear _____ :

You may have overlooked payment on your account which is now overdue. We understand our patients may receive many bills and reviewing them can be confusing. We are available to discuss your account and can be reached by calling our billing office weekdays between 8:00am – 5:00pm at 800-734-6855. In addition, you can pay online at www.washgi.com. If you are already signed up for our patient portal, you may also use that to send us a message or make a payment on your account.

If we do not hear from you or receive payment within 14 days, your account may be placed with an outside collection agency. Once this occurs you will be charged interest and future appointments cannot be scheduled until your balance is paid in full.

We hope to receive payment or hear from you soon. If you have already made your payment, please disregard this notice.

Billing Office
Washington Gastroenterology

EXHIBIT 5

LEASE FOR OVERLAKE MEDICAL TOWER
BETWEEN OVERLAKE MEDICAL TOWER, LLC
AND THE EASTSIDE ENDOSCOPY CENTER, LLC
FOR SUITE 400

LEASE FOR

OVERLAKE MEDICAL TOWER

**OVERLAKE MEDICAL TOWER, LLC,
a Washington limited liability company,**

Landlord,

and

**THE EASTSIDE ENDOSCOPY CENTER, LLC,
a Washington limited liability company,**

Tenant

SUITE 400

LEASE FOR
OVERLAKE MEDICAL TOWER

THIS LEASE, dated the 23rd day of April, 2024, is made by and between **OVERLAKE MEDICAL TOWER, LLC**, a Washington limited liability company, and its successors or assigns ("**Landlord**"), and **THE EASTSIDE ENDOSCOPY CENTER, LLC**, a Washington limited liability company ("**Tenant**").

BASIC LEASE PROVISIONS

- A. Lease Date:** April 23, 2024
- B. Landlord:** Overlake Medical Tower, LLC
- C. Tenant:** The Eastside Endoscopy Center, LLC
- D. Tenant's Trade Name:** _____
- E. Property:** The real property and improvements legally described in Exhibit A attached hereto and incorporated herein.
- F. Building:** The building commonly known as Overlake Medical Tower, located at 1135 -116th Avenue N.E., Bellevue, Washington 98004, on the Property, consisting of six stories, and containing approximately 201,934 RSF.
- G. Premises:** The area shown on Exhibit B, containing 14,708 RSF, commonly known as Suite 400.
- H. Tenant's Pro Rata Share:** 7.28%
- I. Permitted Use:** The Premises shall be used only for the operation of a state licensed and Medicare certified ambulatory surgery center for endoscopy and related medical and administrative use and all uses ancillary thereto, as set forth in Section 9.1 hereof.
- J. Term:** Ten (10) years (the "**Term**"), commencing on the Commencement Date.
- K. Extension Option:** Two (2) options of five (5) years each (the "**Extended Term(s)**"). The Initial Term, together with the Extended Term(s), if any, duly exercised by Tenant, are referred to collectively as the "**Term**."

- L. Certificate of Need Contingency:** This Lease is subject to Tenant receiving a Certificate of Need (“**CON**”) from the Washington State Department of Health’s (the “**Department**”) Certificate of Need Program no later than the last day of the full calendar month that is twelve (12) months following mutual execution of the Lease (the “**CON Deadline**”), as further described in and subject to the conditions of Section 4 of the Lease (the “**CON Contingency**”).
- M. Commencement Date:** Subject to the CON Contingency, the “**Commencement Date**” of this Lease shall be the first (1st) day of the month following Tenant’s receipt of a certificate of occupancy for the Premises, but in no event later than December 1, 2025.
- N. Termination Date:** The “**Termination Date**” shall be the last day of the tenth (10th) year following the Commencement Date.
- O. Rent Commencement Date:** Monthly Base Rent shall commence as of the Commencement Date, subject to the first three (3) months of Monthly Base Rent abatement as described in Section P of Basic Lease Provisions and Section 8.7 of the Lease. Additional Rent in the form of Operating Expenses shall commence as of the Start Date, as such term is defined in the Work Letter.
- P. Base Rent:**

Lease Months	Base Rent/RSF	Annual Base Rent	Monthly Base Rent
1-3*	\$0.00	\$0.00	\$0.00
4-12	\$44.00	\$485,364.00	\$53,929.33
13-24	\$45.32	\$666,566.56	\$55,547.21
25-36	\$46.68	\$686,563.56	\$57,213.63
37-48	\$48.08	\$707,160.46	\$58,930.04
49-60	\$49.52	\$728,375.28	\$60,697.94
61-72	\$51.01	\$750,226.54	\$62,518.88
73-84	\$52.54	\$772,733.33	\$64,394.44
85-96	\$54.11	\$795,915.33	\$66,326.28
97-108	\$55.74	\$819,792.79	\$68,316.07
109-120	\$57.41	\$844,386.58	\$70,365.55

*Rental abatement in months 1-3

- Q. Security Deposit:** \$70,365.55
- R. Prepaid Rent:** \$53,929.33, to be applied to the first full month in which Monthly Base Rent is due.

- S. Landlord's Property Manager:** Unico Properties, LLC
1135 – 116th Avenue N.E., Suite LL100
Bellevue, WA 98004
- T. Landlord's Address for Notices:** Overlake Medical Tower, LLC
c/o Unico Properties, LLC
1135 – 116th Avenue N.E., Suite LL100
Bellevue, WA 98004
With a copy to Landlord's Property Manager
- U. Landlord's Address for Rent:** Overlake Medical Tower, LLC
c/o Unico Properties, LLC
Attn: Accounts Receivable
1326 Fifth Avenue, Suite 800
Seattle, WA 98101
- V. Tenant's Address for Notices:** The Eastside Endoscopy Center, LLC
Attn: _____
1135 – 116th Avenue N.E., Suite 400
Bellevue, WA 98004
- W. Landlord's Broker:** Gary Guenther of Kidder Mathews
- X. Tenant's Broker:** Will Frame and Drew Frame of Kidder Mathews and Larry Serota and Jason Reifeis of Transwestern
- Y. Guarantor(s):** N/A
- Z. Building Hours:** Building Hours are 6:00 a.m. to 8:00 p.m., Monday through Friday, and 6:00 a.m. to 6:00 p.m. Saturday, subject to Section 21 of Exhibit E. Tenant shall have the right to modify its operating hours and corresponding access to the Premises outside of the Building Hours at its discretion, without consultation or consent of Landlord; provided, however, that if Tenant desires HVAC outside of Building Hours, Tenant must schedule After Hours HVAC and incur the applicable After Hours HVAC Charge as described in Section 13.1. In addition, secured access to the Building may be activated during hours outside of Building Hours.

LEASE AGREEMENT

1. **INCORPORATION OF BASIC LEASE PROVISIONS.** The Basic Lease Provisions are incorporated into and made a part of the Lease. In the event of any conflict between the Basic Lease Provisions and the Lease, the Lease shall control.

2. **LEASE OF THE PREMISES.** Subject to the terms and conditions set forth in this Lease, including, without limitation, the CON Contingency, and in consideration of the rents, mutual covenants and agreements set forth herein, Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises located in the Building and on the Property as set forth in the Basic Lease Provisions, together with the right to use during the Term, in common with other tenants of the Building, all of the Common Areas and other amenities generally available to other tenants in the Building. For purposes of this Lease, "Common Areas" shall include any area about the Building designated by Landlord as being for general use of tenants, patients, employees and invitees of the Building and its tenants and shall include parking areas (excluding the parking garage), driveways, landscaped areas, service walks, public stairs, corridors, hallways, lobbies, public restrooms or other shared areas, as the same may be expanded, removed, relocated or otherwise modified by Landlord.

3. **CONDITION OF THE PREMISES; TENANT IMPROVEMENTS.**

3.1 **Condition of the Premises.** Subject to any provision of this Lease concerning Landlord's Work (if any), and subject to Landlord's representations below, by taking possession of the Premises hereunder, Tenant accepts the Premises as being in good order, condition and repair, and otherwise AS-IS, where is, with all faults, except latent defects and structural components which will remain Landlord's obligation to maintain. Landlord represents and warrants to Tenant, that to Landlord's knowledge, but without duty of investigation, (i) the Building's systems (electrical, mechanical and HVAC) are in reasonably good working order and condition, subject to ordinary wear and tear; and (ii) the Common Areas are in compliance with applicable laws. Except as may be expressly set forth in this Lease, Tenant acknowledges that neither Landlord, nor any employee, agent or contractor of Landlord has made any representation or warranty concerning the Building, Common Areas or Premises, or the suitability of any of the foregoing for the conduct of Tenant's business.

3.2 **Tenant Improvements.** At no cost to Tenant, Landlord shall perform the work (if any) described as "Landlord's Work" in the Work Letter attached hereto and incorporated herein as Exhibit C at Landlord's sole cost and expense, as further described in the Work Letter. The Leasehold Improvements to be made by Tenant (described as "Tenant's Work" in the Work Letter) shall be made according to the provisions of the Work Letter attached hereto and incorporated herein as Exhibit C.

4. **CON CONTINGENCY**

4.1 **CON Contingency.** This Lease is subject to the CON Contingency described in Section L of the Basic Lease Provisions. If Tenant does not receive a CON from the Department on or before the CON Deadline, and Tenant does not provide Landlord with written notice of receipt of the CON by the CON Deadline, then the Lease shall be null and void and of no further force or effect, and the parties shall be released from all liability under this Lease, except that Tenant shall pay to Landlord the costs set forth in Section 4.2 below. Tenant agrees to apply for the CON with the Department no later than fifteen (15) business days after the date of the parties' mutual execution of the Lease and thereafter to diligently pursue receipt of the CON. Upon receipt of the CON, Tenant shall provide written notice of

receipt thereof to Landlord. Tenant represents, warrants and agrees that it has not applied for, and shall not apply for, another CON within the Service Area (as such term is commonly used by the Department) within which the Premises is located prior to the CON Deadline.

4.2 Consideration to Landlord for Failure to Obtain CON. In order to encourage Tenant to promptly pursue receipt of the CON by the CON Deadline and in consideration of the period of time the Premises will be off of the market during Tenant's pursuit of the same, as well as the costs incurred by Landlord in connection therewith, Tenant agrees that if the CON is not obtained by the CON Deadline, Tenant will pay to Landlord the amount of One Hundred Thirty-two Thousand Eight Hundred Sixty-one and No/100 Dollars (\$132,861.00) within five (5) days of the CON Deadline. This Section 4.2 shall survive a voiding of this Lease pursuant to Section 4.1 above.

5. TERM. This Lease shall be effective upon mutual execution hereof; provided, however, the Term, subject to the CON Contingency being satisfied, shall commence on the Commencement Date as defined in the Basic Lease Provisions, and shall terminate on the Termination Date as defined in the Basic Lease Provisions, unless sooner terminated by the provisions of this Lease. Tenant shall, at Landlord's request, execute and deliver a memorandum agreement provided by Landlord in the form of Exhibit F attached hereto, setting forth the actual Commencement Date, Termination Date, and, if necessary, a revised rent schedule. Should Tenant fail to do so within thirty (30) days after Landlord's request, the information set forth in such memorandum provided by Landlord shall be conclusively presumed to be agreed and correct.

6. OPTIONS TO EXTEND. Provided that: (a) Tenant is not in default at the time of Tenant's exercise notice described below, or at the time of commencement of the Extended Term(s) defined below, Tenant shall have the right to extend the term of this Lease for two (2) successive periods of five (5) years each (the "Extended Term(s)"). Tenant may exercise an extension option by delivering to Landlord written notice of Tenant's intention to exercise such option (the "Option Notice") not less than nine (9) months, nor more than twelve (12) months, prior to the start of the applicable Extended Term. The Extended Terms shall be on the terms and conditions contained in this Lease, except (i) Base Rent shall be adjusted as set forth below; and (ii) there shall be no further extension options. Once delivered, an Option Notice cannot be cancelled or revoked.

6.1 Extended Term Base Monthly Rent. Base Rent during the Extended Term shall be Fair Market Rental Value. The term "Fair Market Rental Value" shall be the rental rate that comparable medical office space in the local community for the same term of the Extended Term would command on the open market at the time of commencement of the Extended Term, determined in the manner set forth below; provided, however, that in no case shall the Extended Term Fair Market Rental Value be less than the Base Rent in effect at the end of the initial Term of the Lease. For purposes hereof, the term "comparable premises" shall mean Class A medical office space similar in size and location to the Premises in the Bellevue, Washington market area, in comparable buildings, with comparable views, and with similar improvements and amenities.

6.1.1 If Landlord and Tenant cannot agree upon the Fair Market Rental Value of the Premises within thirty (30) days after Landlord's receipt of the Option Notice, then Landlord and Tenant shall agree within ten (10) days thereafter on one (1) real estate appraiser (who shall be a member of the American Institute of Real Estate Appraisers or equivalent) who will determine the Fair Market Rental Value of the Premises. If Landlord and Tenant cannot mutually agree upon an appraiser within said ten (10) day period, then one (1) M.A.I. qualified appraiser shall be appointed by Tenant and one (1)

M.A.I. qualified appraiser shall be appointed by Landlord within ten (10) days of notice by one party to the other of such disagreement. The two appraisers shall determine the Fair Market Rental Value of the Premises within twenty (20) days of their appointment; provided, however, if either party fails to appoint an appraiser within such ten (10) day period, then the determination of the appraiser first appointed shall be used. The appraisers appointed shall proceed to determine Fair Market Rental Value within twenty (20) days following such appointment. If said appraisers should fail to agree, but the difference in their conclusions as to Fair Market Rental Value is ten percent (10%) or less of the lower of the two appraisals, the Fair Market Rental Value shall be deemed the average of the two.

6.1.2 If the two appraisers should fail to agree on the Fair Market Rental Value, and the difference between the two appraisals exceeds ten percent (10%) of the lower of the two appraisals, then the two appraisers thus appointed shall appoint a third M.A.I. qualified appraiser, and in case of their failure to agree on a third appraiser within ten (10) days after their individual determination of the Fair Market Rental Value, either party may apply to the Presiding Judge of the Superior Court for King County, requesting said Judge to appoint the third M.A.I. qualified appraiser. The third appraiser so appointed shall promptly determine the Fair Market Rental Value of the Premises, and the average of the appraisals of the two closest appraisers shall be used. The fees and expenses of said third appraiser or the one (1) appraiser Landlord and Tenant agree upon, shall be borne equally by Landlord and Tenant. Landlord and Tenant shall pay the fees and expenses of their respective appraiser if the parties fail to agree on a single appraiser. All M.A.I. appraisers appointed or selected pursuant to this subsection shall have at least ten (10) years of experience appraising commercial properties in the cities of Bellevue and Seattle. The determination of Fair Market Rental Value pursuant to this Section 6.1 shall be final, conclusive and binding upon both parties.

7. EARLY ACCESS. Tenant shall be provided with early access to the Premises eight (8) weeks prior to the Commencement Date for the purpose of installing furniture, fixtures and equipment, telecommunications equipment and computer cabling, as well as for readying the Premises for Tenant's business (but not for opening its business to the public), provided that (i) Tenant shall be solely responsible for any such furniture, fixtures and equipment and other items of personal property and for any loss or damage thereto for any cause whatsoever, and Tenant assumes the risk of loss thereof; (ii) Tenant shall be subject to all of the terms and conditions of the Lease, except for Tenant's obligation to pay Base Rent during said early occupancy period; and (iii) Tenant shall provide certificates of insurance evidencing the existence and amounts of liability insurance as required by this Lease.

8. RENT.

8.1 Payment. Tenant shall pay to Landlord without prior demand, abatement, deduction, set-off, counterclaim or offset, for all periods during the Term, all sums provided in this Section 8.1, payable in lawful money of the United States of America on or before the first (1st) day of each month. All sums of money required to be paid pursuant to terms of this Lease are defined as "rent" or "Rent." All Rent other than Base Rent is sometimes referred to herein as "Additional Rent." Rent shall be paid without deduction or offset, and without notice or demand, to the address stated for Landlord's Address for Rent in the Basic Lease Provisions or to such other place as Landlord may designate in writing to Tenant.

8.2 Base Rent. Commencing on the Rent Commencement Date, Tenant shall pay to Landlord Base Rent at the initial monthly rate provided in the Basic Lease Provisions, subject to increases in the amounts and at the times provided in the Basic Lease Provisions. Base Rent for any

period during the Term that is for less than one (1) month shall be prorated based upon the actual number of days of the calendar month involved.

8.3 Additional Rent. In addition to Base Rent, Tenant agrees to pay Landlord as additional rent ("Additional Rent"), Tenant's Pro Rata Share of Operating Expenses, subject to calculations for separately metered utilities, exclusive use areas or services and any other special circumstances that may affect Tenant's pro rata allocation of Operating Expenses. Landlord acknowledges that Tenant is relying upon Landlord's estimate of Operating Expenses in entering into this Lease. Such amounts shall be paid by Tenant on a monthly basis at the same time as the Base Rent.

8.3.1 Operating Expenses. "Operating Expenses" shall include all of the costs, fees and expenses that are incurred by Landlord or its agents in operating, insuring, repairing, replacing, managing and maintaining the Building. Operating Expenses shall include, but shall not be limited by the following, subject to exclusions as set forth in Section 8.3.6: water and sewer charges; insurance charges of or relating to all insurance policies and endorsements deemed by Landlord to be reasonably necessary or desirable and relating in any manner to the protection, preservation or operation of the Building or any part thereof; utility costs, including, but not limited to, the cost of heat, light, power, steam and gas; waste disposal; the cost of janitorial services for the Common Areas of the Building; the cost of security and alarm services (including any central station signaling system); all costs and expenses of operating, maintaining and repairing the Common Areas of the Building, including, without limitation: lighting, heating, air conditioning, elevator maintenance, cleaning, drainage, painting, repaving (but not rebuilding), resurfacing and restriping parking lots, sidewalks, driveways, landscaping, fire sprinkler and/or alarm system, security, signs, glass, restrooms, roof surface and membrane (but not structure), awnings, canopies, and all other Common Areas of the Building, excepting the structural integrity of the side walls, roof and foundation; all costs and fees for repairing and maintaining the fixtures, improvements, mechanical, electrical and plumbing equipment and systems, including service contracts, for all such items presently existing or subsequently installed in the Common Areas of the Building; reasonable reserves for (i) roof repairs, (ii) HVAC replacement and building painting based on a five (5) year usable life and for emergencies and any other depreciable components for which it is reasonable to establish reserves; window cleaning costs; labor costs; costs and expenses of managing the Building, including management fees; equipment costs, including the cost of maintenance, repair and service agreements and rental and leasing costs; purchase costs of equipment; current rental and leasing costs of items which would be capital items if purchased; tool costs; licenses, permits and inspection fees; wages and salaries; employee benefits and payroll taxes; accounting and legal fees; any sales, use or service taxes in connection therewith; all costs and fees for repairing, replacing and maintaining the fixtures.

8.3.2 Other Expenses. In addition, Landlord shall be entitled to recover, as Additional Rent (which, along with any other capital expenditures constituting Operating Expenses, Landlord may either include in Operating Expenses or cause to be billed to Tenant along with Operating Expenses (defined below) but as a separate item), Tenant's Pro Rata Share of: (a) an allocable portion of the cost of capital improvement items which are reasonably calculated to reduce operating expenses, provided that Landlord reasonably believes that such improvements will reduce operating expense costs or improve the operating efficiency of the Building; (b) the cost of fire sprinklers and suppression systems and other life safety systems; (c) Taxes; and (d) other capital expenses that are required under any laws, rules or Regulations that were not applicable to the Building at the time it was constructed; but the costs described in this sentence shall be amortized over such time period as Landlord shall reasonably determine, with interest on the unamortized amount at one percent (1%) in excess of the Wall Street

Journal prime lending rate announced from time to time. For purposes of this Lease, "Regulations" means federal, state and city laws, codes, ordinances, rules and regulations.

8.3.3 [Intentionally Omitted]

8.3.4 Definition of "Taxes". For purposes of this Section 8, the term "Taxes" shall be defined as real estate taxes and any other taxes, charges and assessments that are levied with respect to the Building or the land appurtenant to the Building, or with respect to any improvements, fixtures and equipment or other property of Landlord, real or personal, located in the Building and used in connection with the operation of the Building and said land, and all fees, expenses and costs incurred by Landlord in investigating, protesting, contesting or in any way seeking to reduce or avoid increase in any assessments, levies or the tax rate pertaining to any Taxes to be paid by Landlord in any lease year. Notwithstanding anything to the contrary contained herein, Taxes shall not include (i) any transfer, deed, inheritance, estate, succession, transfer, gift, franchise or capital stock tax or any current state or federal income taxes or any income taxes other than those described above, or (ii) any corporate franchise, or estate, inheritance or net income tax, or documentary transfer tax imposed upon any transfer by Landlord of its interest in this Lease or any portion of the Building or any taxes to be paid by Tenant pursuant to Section 16 or to be paid by other tenants of the Building. With respect to any Taxes which include assessments against income or property not related to the Building, Taxes shall include only that portion of such Taxes which would be payable if the Building and all rights related thereto were the only assets of Landlord. Taxes shall not include interest or penalties arising as a result of a late payment.

8.3.5 Additional Items. The preceding items in this Section 8.3 are by way of example and do not exclude other costs, charges or expenses that may be incurred during the Term, all of which shall be paid by the Tenant on the prorated basis described above. Tenant shall pay all costs associated with Tenant's own occupancy of the Premises, including Tenant's separately metered utilities, if any.

8.3.6 Exclusions from Operating Expenses. Operating Expenses shall not include depreciation or amortization of the Building or equipment in the Building, except as provided herein, loan principal payments, costs of alterations of Tenants' premises, leasing commissions, and interest expenses on long-term borrowings or advertising costs, in addition to the following:

(a) Costs in connection with leasing space in the Building, including brokerage commissions, brochures and marketing supplies, and legal fees in negotiating and preparing lease documents;

(b) Any expenses for which Landlord has received actual reimbursement (other than through Operating Expenses);

(c) Any cost or expense related to removal, cleaning, abatement or remediation of Hazardous Materials existing as of the date of this Lease in or about the Building or Common Areas, except to the extent such removal, cleaning, abatement or remediation is related to the general repair and maintenance of the Building;

(d) The cost of complying with any Regulations in effect (and as interpreted and enforced) on the date of this Lease, provided that if any portion of the Building that was in compliance with all applicable Regulations on the date of this Lease becomes out of compliance due to

normal wear and tear, the cost of bringing such portion of the Building into compliance shall be included in Operating Expenses unless otherwise excluded pursuant to the terms hereof;

(e) Depreciation, interest, principal, points and fees on debts or amortization on any mortgage or mortgages or any other debt instrument encumbering the Building (except as permitted herein); and

(f) Repair or replacement of structural portions of the roof, load bearing walls, sidewalls and foundation of the Building;.

8.3.7 Calculation of Operating Expenses. Landlord shall submit to Tenant a statement of Tenant's Pro Rata Share of the anticipated monthly Operating Expenses for the period between the Rent Commencement Date for Operating Expenses as described in Section O of the Basic Lease Provisions and the following January. Tenant shall pay Tenant's Pro Rata Share of the monthly Operating Expenses concurrently with the payment of Base Rent. Tenant shall continue to make the monthly Operating Expenses payments until notified by Landlord of a change in the amount. By April 1 of each year, Landlord shall give Tenant a statement showing the actual total Operating Expenses for the prior calendar year and Tenant's Pro Rata Share thereof. In the event the total of the monthly payments Tenant has made for Operating Expenses for the prior calendar year are less than the Tenant's actual Pro Rata Share of such Operating Expenses, then Tenant shall pay the difference in a lump sum within ten (10) days after receipt of a statement from Landlord. Any overpayment by Tenant shall be credited toward the monthly rent next coming due. In any year in which substantial maintenance or repair is contemplated, Landlord shall be permitted to include that anticipated cost as part of the estimated monthly Operating Expenses. Even though the Lease Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's share of the Operating Expenses for the year in which this Lease terminates, Tenant shall immediately pay the amount due for any increase over the estimated Operating Expenses previously paid, and, conversely, any overpayment made shall be rebated to Tenant.

8.4 Tenant's Right to Audit Operating Expenses. Tenant shall have the right (no more frequently than once per calendar year) to review Landlord's books and records pertaining to Operating Expenses for the prior calendar year. If in Tenant's opinion, such review discloses an error in Landlord's books and records with regard to the calculation of Operating Expenses, Tenant may cause an audit of Landlord's books and records, which audit will be conducted by a certified public accountant designated by Tenant and reasonably acceptable to Landlord, who does not represent, has not represented, and is not employed by either Landlord or Tenant on any other matters. If any such audit discloses Tenant overpaid its share of Operating Expenses due to Operating Expenses being incorrectly calculated for any calendar year, the amount of the overpayment shall be credited against the Additional Rent next coming due under this Lease, or if the results of the audit are not disclosed until the Lease Term has expired or otherwise terminated, Landlord shall pay Tenant the amount of the overpayment within thirty (30) days after the results of the audit have been disclosed to both parties. If any such audit discloses Tenant underpaid its share of Operating Expenses during any calendar year, Tenant shall pay Landlord the amount of the underpayment within thirty (30) days after the results of the audit have been disclosed to both parties. Tenant shall pay all costs and expenses of the audit; however, if the audit shows Landlord overstated Tenant's Share of Operating Expenses for the calendar year by more than five percent (5%) of the actual amount payable by Tenant, Landlord shall reimburse Tenant for the reasonable costs and expenses of the audit. This Section 8.4 shall survive termination of the Lease.

8.5 Late Charges and Interest. Tenant acknowledges that late payment by Tenant of Base Rent, Additional Rent or other sums due under this Lease shall cause Landlord to incur costs not contemplated by this Lease, the exact amount of which would be difficult and impractical to ascertain. Therefore, in the event Tenant shall fail to pay any installment of Base Rent, Additional Rent or other sum due within five (5) days after written notice that such sum is due, Tenant shall pay to Landlord a late charge equal to the greater of (i) Two Hundred Fifty and No/100 Dollars (\$250.00), or (ii) five percent (5%) of the overdue amount to reimburse Landlord for the costs relating to collecting and accounting for said late payment(s). In addition, any Base Rent, Additional Rent or other sums due from Tenant or advanced by Landlord shall bear interest at the greater of: (a) ten percent (10%) or (b) the prime rate of interest, as published in the Wall Street Journal (on the date of non-payment), plus three percent (3%), calculated at the time of such non-payment by Tenant or advance by Landlord, provided that the applicable grace period has expired. Such interest shall be treated as Additional Rent due and owing immediately and continuing to accrue until paid or collected. A charge in the amount of Fifty and No/100 Dollars (\$50.00) will be paid by Tenant to Landlord for each check returned "NSF" or otherwise rejected.

8.6 Fair Market Value. Each party to this Lease agrees that the Rent reflects the fair market value of the leased space provided hereunder, and does not take into account the volume or value of any referrals or business otherwise generated between the parties reimbursed under Medicare, Medicaid or any other state or federally funded program. The parties further acknowledge that the services under this Agreement do not involve the counseling or promotion of a business arrangement or other activity that violates 42 U.S.C. §1320a-7b.

8.7 Abated Rent. If this Lease provides for a postponement of any monthly rental payments, a period of free or gratis Rent or other Rent concession, such postponed Rent or free or gratis Rent is called the "Abated Rent." Tenant shall be credited with having paid all of the Abated Rent on the expiration of the term of this Lease only if Tenant has fully, faithfully and punctually performed all of Tenant's obligations hereunder, including the payment of all Rent (other than the Abated Rent) and all other monetary obligations and the surrender of the Premises in the condition required by this Lease. Tenant acknowledges that its right to receive credit for the Abated Rent is absolutely conditioned upon Tenant's full, faithful and punctual performance of its obligations under this Lease. If Tenant defaults and does not cure within any applicable grace period, the Abated Rent shall immediately become due and payable in full and this Lease shall be enforced as if there were no such Rent abatement or other Rent concession. In such case, Abated Rent shall be calculated based on the full initial Rent payable under this Lease, plus interest thereon at the rate of twelve percent (12%) per annum from the date each monthly rental payment was postponed.

9. USE OF PREMISES.

9.1 Permitted Use; Restricted Uses; Medical Staff Requirement. Tenant shall use the Premises only for the operation of a state licensed and Medicare certified ambulatory surgery center for endoscopy and related medical and administrative use and all uses ancillary thereto, and for no other purpose without the prior written consent of Landlord, which may be withheld at Landlord's sole discretion (the "Permitted Use"). Except as set forth in this Section 9.1 and as expressly permitted in Exhibit D, Tenant may not use the Premises for any of the uses identified on attached Exhibit D. No use of the Premises may contravene the provisions of any lease with another tenant in the Building that was in existence prior to the Commencement Date of this Lease. Unless approved in writing by Landlord, Tenant (or if Tenant is an entity, Tenant's physician owners, physician members, physician employees

and physician contractors) who provide services or see or treat patients in the Premises or who practice within the Premises must be members in good standing of the Medical Staff of Overlake Hospital Medical Center with Active Staff privileges. At no time during the Term of this Lease may the Premises be used by a Competitor of Overlake Hospital Medical Center. For purposes of this Agreement, "Competitor" means (i) a hospital or health system, (ii) a medical practice owned or controlled by another hospital or health system, (iii) any person or entity providing outpatient urgent care or emergency services, or any other person or entity providing inpatient services; and (iv) a Medicare certified outpatient surgery facility or ambulatory surgery center, other than the original named Tenant to this Lease, provided it does not otherwise fit within the definition of Competitor herein. A "Competitor" includes any entity that is Principally Owned by a Competitor or is an Affiliate of a Competitor. The term "Principally Owned" means holding fifty percent (50%) or more of the ownership interests in an entity or possession of the power to direct or cause the direction of the management or policies of such entity. The term "Affiliate" means a person or entity that controls another person or entity, is controlled by another person or entity or is under common control with another person or entity. The term "control," as used in the immediately preceding sentence means, with respect to an entity, the right to exercise, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the controlled entity.

9.2 Prohibitions. Tenant shall not cause any physical damage to the Premises, beyond ordinary wear and tear. Tenant shall not do anything that may be a nuisance. Tenant shall keep the Premises clean and free from rubbish and shall store all trash and garbage within the Premises or within areas designated by Landlord for such purposes. Tenant shall not do or permit anything to be done in or about the Premises nor bring or keep anything therein that will in any way increase the existing rate of or affect any fire or other insurance upon the Building or any of its contents, or cause cancellation of any insurance policy covering said Building or any part thereof or any of its contents. Tenant shall not do or permit anything to be done in or about the Premises that will in any way obstruct or interfere with the rights of other tenants or occupants of the Building or injure or annoy them or use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises.

9.3 Compliance with Laws. Tenant shall not use the Premises or permit anything to be done in or about the Premises that will in any way conflict with any applicable law, statute, ordinance or governmental rules, Regulations or requirements now in force or that may hereafter be in force, and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted relating to or affecting the condition, use or occupancy of the Premises, excluding structural changes not related to or affected by Tenant's improvements or acts. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord is a party thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, Regulation or requirement, shall be conclusive of that fact as between Landlord and Tenant. If any governmental license or permit shall be required for the proper and lawful conduct of Tenant's business activity carried on in the Premises, then Tenant, at its expense, shall duly procure and thereafter maintain such license or permit.

9.4 Building Rules and Regulations. Tenant shall comply with all reasonable rules and regulations now or hereinafter adopted by Landlord during the existence of this Lease. The rules and regulations governing Tenant's conduct in the Building, which are in effect as of the date of this Lease and are subject to periodic change, are attached hereto as Exhibit E. Landlord agrees that the rules and

regulations for the Building shall be applied without discrimination or in favor of any tenant, including Tenant.

9.5 Exclusion and Debarment; No Sanctions. Landlord and Tenant each represents and warrants to the other party that neither said party nor any of its owners, officers, directors, trustees, employees or agents (for this Section together known as “Landlord” and “Tenant”: (a) has ever been or is currently excluded, suspended, or debarred from participation in any federal health care program or from participating in any federal health care program or from participating in any government procurement or non-procurement contract, or has ever been convicted of a criminal offense that falls within the ambit of 42 U.S.C. 1320a-7(a), 42 U.S.C. 1320a-7(b)(1)-(3); or (b) has been proposed for exclusion by such federal health care program or a government agency. Furthermore, each party represents and warrants that neither party nor any of its officers, directors, trustees, employees, or agents has ever been convicted of a felony related to the practices of medicine, but not yet been excluded, debarred, suspended or otherwise declared ineligible. Each party will promptly provide written notice to the other of any such exclusion, debarment, sanction or conviction. Such notice will provide grounds for the immediate termination of this Lease, notwithstanding the termination provisions set forth elsewhere in this Lease.

10. SECURITY DEPOSITTenant has deposited with Landlord the Security Deposit, if applicable, set forth in the Basic Lease Provisions above, to be held by Landlord during the Term as set forth below. The Security Deposit shall be held by Landlord as security for the performance by Tenant of Tenant’s covenants and obligations hereunder, it being expressly understood that the Security Deposit shall not be considered as a measure of Tenant’s damages in case of default by Tenant. If Tenant defaults beyond applicable notice and cure periods in this Lease with respect to any provision of this Lease, Landlord may use any part of the Security Deposit for the payment of any rent or other sum in default, or for the payment of any amount that Landlord may spend or become obligated to spend by reason of Tenant’s default, or to compensate Landlord for any other loss or damage Landlord may suffer by reason of Tenant’s default, to the extent such amount is otherwise due from Tenant pursuant to the terms of this Lease. If any portion is so used, Tenant shall within ten (10) days after written demand therefor, deposit with Landlord an amount sufficient to restore the Security Deposit to its original amount, and Tenant’s failure to do so shall be a material breach of this Lease. Except to such extent, if any, as shall be required by law, Landlord shall not be required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on such deposit. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, within sixty (60) days following the later of (i) the expiration or termination of this Lease, or (ii) Tenant’s surrender of the Premises in accordance with the terms of this Lease, the Security Deposit or any balance thereof shall be returned to Tenant.

11. ENVIRONMENTAL COMPLIANCE

11.1 Hazardous Materials Warranty. Tenant warrants that it shall not cause or permit any Hazardous Materials (as hereinafter defined) to be brought, kept or used in or about the Premises by Tenant, its subtenants, agents, employees, contractors or invitees (collectively referred to herein as “Tenant’s agents”), except in commercial quantities similar to those quantities usually kept on similar premises by others in the same business or profession. Tenant shall cause all such materials to be stored, used and disposed of in compliance with all applicable federal, state and local laws, including, without limitation, laws governing Hazardous Materials. If the presence of Hazardous Materials on, in or under the Premises caused or permitted by Tenant or Tenant’s agents results in any contamination of the Premises, Tenant shall promptly take all actions, at its sole expense, necessary to return the affected

area to the condition existing prior to the introduction of any such Hazardous Materials, including, without limitation, any investigation or monitoring of site conditions or any clean up, remediation, response, removal, encapsulation, containment or restoration work required because of the presence of any such Hazardous Materials on, in or under the Premises or any release or suspected release or threat of release of any such Hazardous Materials in the air, soil, surface water or ground water.

11.2 Definition of Hazardous Materials. “Hazardous Materials” as such term is used in this Lease means any hazardous or toxic substances, material or waste, regulated or listed pursuant to any federal, state or local environmental law, including without limitation, the Clean Air Act, the Clean Water Act, the Toxic Substances Control Act, the Comprehensive Environmental Response Compensation and Liability Act, the Resource Conservation and Recovery Act, the Federal Insecticide, Fungicide, Rodenticide Act, the Safe Drinking Water Act and the Occupational Safety and Health Act as such Acts have been or are hereafter amended from time to time.

11.3 Hazardous Materials Indemnity. Tenant shall indemnify Landlord against any and all claims, demands, liabilities, losses and expenses, including consultant fees, court costs and reasonable attorneys’ fees, arising out of any breach of the warranty in Section 11.1. Further, Tenant agrees to indemnify Landlord against any and all claims, demands, liabilities, losses and expenses, including consultant fees, court costs and reasonable attorneys’ fees, arising from or caused in whole or in part, directly or indirectly, by (i) any release of Hazardous Materials by Tenant or Tenant’s agents on the Premises or the Building during the Lease Term; or (ii) Tenant’s failure to comply with any Hazardous Materials laws with respect to the Premises. For purposes of the indemnity provisions in this Section 11.3, any acts or omissions of Tenant, or by Tenant’s representatives, contractors, assigns, invitees or any other occupant of the Premises (whether or not they are negligent, intentional, willful or unlawful) shall be strictly attributable to Tenant. Tenant’s obligations pursuant to the foregoing warranty and indemnity shall survive the expiration or earlier termination of this Lease. Notwithstanding anything to the contrary herein, Tenant shall have no obligation to indemnify Landlord for any claims, liabilities, losses and expenses arising out of any Hazardous Materials placed, store or used in the Building by any party other than Tenant, Tenant’s representatives, contractors, assigns and invitees, or any other occupant of the Premises, including, without limitation, by Landlord or its agents, employees or contractors.

11.4 Infectious Waste. Tenant shall comply with all laws and Regulations regarding “Infectious Waste” as defined by the Board of Health of King County. All aspects of the use, handling and disposal of Infectious Waste shall be in compliance with Title 10 of the King County Code and other applicable governmental Regulations now existing or subsequently enacted.

12. REPAIR AND MAINTENANCE.

12.1 Landlord’s Obligations.

12.1.1 Landlord shall have no obligation to alter, remodel, improve, repair, decorate or paint the Premises, except that Landlord shall repair and maintain in good condition and repair (i) the structural portions of the Building, including the basic plumbing, air conditioning, heating, mechanical and electrical systems installed or furnished by Landlord, and (ii) Building-standard light bulbs in the Premises. By taking possession of the Premises, Tenant accepts them to be in good order, condition and repair. It is hereby understood and agreed that no representations respecting the condition of the Premises or the Building have been made by Landlord to Tenant, except as specifically set forth in this

Lease. To the best of Landlord's knowledge, the Common Areas in and around the Building are compliant with the Americans with Disabilities Act of 1990, as amended (the "ADA") upon the Commencement Date. Tenant shall be solely responsible for compliance with the ADA within the Premises.

12.1.2 Throughout the Term of this Lease, Landlord shall repair and maintain the Building in a condition consistent with first class medical office buildings, of similar age and condition in the Bellevue metropolitan area. Landlord shall not be liable for any failure to make any repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after written notice of the need of such repairs or maintenance is given to Landlord by Tenant.

12.1.3 Except to the extent, if any, prohibited by law, Tenant waives the right to make repairs at Landlord's expense under any laws, statute or ordinance now or hereafter in effect.

12.2 Tenant's Obligations. Except for portions of the Premises to be repaired and maintained by Landlord as set forth in this Lease, Tenant shall, at all times during the Term, keep the Premises in good condition and repair, excepting damage by fire, or other casualty, and in compliance with all applicable laws, ordinances and Regulations, and will promptly comply with all governmental orders and directives for the correction, prevention and abatement of any violations or nuisances in or upon, or connected with, the Premises, all at Tenant's sole expense. Without limiting the foregoing, tenant acknowledges and agrees that Tenant, at Tenant's sole cost and expense, shall be responsible for replacing all non-Building standard light bulbs in the Premises and for repairing and maintaining any non-Building standard light fixtures in the Premises. If Tenant installs a special HVAC system in the Premises for the purpose of maintaining a temperature-controlled environment for computer systems and/or medical equipment (or for other reasons), Tenant shall be responsible to maintain and/or replace such special HVAC system at Tenant's sole cost. Tenant shall be responsible to maintain and keep clear of debris all x-ray drains in the Premises, if any. Notwithstanding any of the provisions of this Section 12, Tenant shall be responsible for the lawful removal and cost of removing medical, special or Infectious Wastes from the Premises. If Tenant desires to utilize Landlord's engineering services to assist with certain repairs or maintenance, Landlord will bill Tenant for such engineering services at Landlord's then current market rate for such services. In addition, and at Landlord's discretion, Landlord may charge a fifteen percent (15%) administrative fee for all materials and subcontractors utilized by Landlord in connection with such engineering services. Tenant must have all repair work in the Premises approved by Landlord and shall provide Landlord with a certificate of insurance for any and all persons or contractors working within the Premises.

13. SERVICES AND UTILITIES.

13.1 Services and Utilities Furnished by Landlord. Subject to the other provisions of this Lease, Landlord agrees to furnish to the Premises during normal business hours from 6:00 a.m. to 8:00 p.m. Monday through Friday, and 6:00 a.m. to 6:00 p.m. on Saturday (collectively, the "Building Hours"), except for the date of observation of New Year's Day, Independence Day, Labor Day, Memorial Day, Thanksgiving Day, Christmas Day, and, at Landlord's discretion, other locally or nationally recognized holidays which are observed by other buildings comparable to and in the vicinity of the Building (collectively, the "Holidays"), the following services and utilities, subject to the rules and regulations of the Building prescribed from time to time: (a) water suitable for normal medical office use of the Premises; (b) heat and air conditioning required in Landlord's judgment for the normal comfort of normal medical office use and occupation of the Premises during Building Hours; (c) cleaning

and janitorial service for the Common Areas in and around the Building; (d) elevator service; and (e) electricity for lighting, convenience outlets and other normal medical office use. Electricity costs shall be included in Operating Expenses; provided, however, that Tenant's lighting and connected load does not exceed that of a typical medical office user. In the absence of Landlord's gross negligence or willful misconduct, Landlord shall not be liable for, and Tenant shall not be entitled to, any abatement or of rent by reason of Landlord's failure to furnish any of the foregoing, for any reason whatsoever. Landlord shall not be liable when such failure is caused by accident, breakage, repairs, labor disputes of any character, energy usage restrictions or by any other cause, similar or dissimilar (including any act described in Section 37.2) beyond the reasonable control of Landlord. Landlord shall use reasonable efforts to promptly remedy any interruption in the furnishing of services and utilities.

13.2 Additional Services. Tenant shall not, without Landlord's prior written consent, use heat-generating machines or equipment or lighting that may adversely affect the temperature otherwise maintained by the air conditioning system or increase the water furnished for the Premises by Landlord pursuant to the terms of Section 13.1 of this Lease. If Tenant uses water, heat or air conditioning in excess of that supplied by Landlord pursuant to Section 13.1 of this Lease, or electricity in excess of standard office use, Tenant shall pay to Landlord, upon billing, the actual cost of such excess consumption, the cost of the installation, operation and maintenance of equipment that is installed in order to supply such excess consumption. Landlord may install devices to separately meter any increased use, and in such event, Tenant shall pay the increased cost of such increased use directly to Landlord, on demand, at the rates charged by the public utility company furnishing the same, in addition to the cost of installing, testing and maintaining any additional metering devices necessary to separately meter such Excess Electrical Usage. In no event shall Tenant's use of electricity exceed the Premises' electrical capacity. If Tenant desires to use HVAC during hours other than those for which Landlord is obligated to supply such utilities pursuant to the terms of Section 13.1 (the "After Hours HVAC"), Tenant shall give Landlord such prior notice, if any, as Landlord shall from time to time establish as appropriate, of Tenant's desired use in order to supply such After Hours HVAC, and Landlord shall supply such After Hours HVAC to Tenant at such hourly cost to Tenant (which shall be treated as Additional Rent) as Landlord shall from time to time establish (the "After Hours HVAC Charge"). The After Hours HVAC Charge may be increased or decreased during the Term in the event the actual cost of providing the same (e.g., the cost of electricity and the other actual costs of providing the After Hours HVAC) increases or decreases after the date hereof. Notwithstanding any provision to the contrary contained in this Lease, Tenant shall pay to Landlord Landlord's standard charge for any services provided to Tenant that Landlord is not obligated to provide to Tenant pursuant to the terms of this Lease.

13.3 Utility Service Providers. Tenant will not, without the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed, contract with a utility provider to service the Premises with any utility, including, but not limited to, telecommunications, electricity, water, sewer or gas that is not previously providing such service to other tenants in the Building.

13.4 Tenant's Access to Building. Tenant shall have access to the Building and the Premises for Tenant and its employees twenty-four (24) hours per day/seven (7) days per week, subject to the terms of this Lease and such security or monitoring systems as Landlord may reasonably impose, including, without limitation, sign-in procedures and/or presentation of identification cards.

14. ALTERATION OF PREMISES.

14.1 Tenant Alterations; Request for Approval. Tenant shall not make or suffer to be made any alterations, additions, or improvements, including, but not limited to, the attachment of any fixtures or equipment in, on, or to the Premises or any part thereof, or the making of any improvements as required by Section 12 without the prior written consent of Landlord (all of such additions, improvements or attachments being referred to herein as the "Work"); provided, however, that alterations, additions or improvements not affecting the structural portions, or weight load of the Building, and that individually cost less than Ten Thousand and No/100 Dollars (\$10,000.00) per alteration are excluded from the requirement of needing Landlord's consent; provided, however, that in the event the Work includes any plumbing or electrical work, Tenant shall notify Landlord of the nature and timing of such Work in advance of such Work occurring. When applying for Landlord's consent to such Work, Tenant shall furnish complete plans and specifications for such Work. Landlord's consent shall not be unreasonably withheld or delayed. Landlord shall respond to Tenant's request within fifteen (15) days of Tenant's submission of the request, together with complete plans and specifications for such Work.

14.2 Landlord's Requirements. In the event Landlord consents to any Work by Tenant, the same shall be made by using either Landlord's contractor or a contractor reasonably approved by Landlord, in either event at Tenant's sole cost and expense. If Tenant shall employ any contractor other than Landlord's contractor and such other contractor or any subcontractor of such other contractor shall employ any non-union labor or supplier, Tenant shall be responsible for and hold Landlord harmless from any and all delays, damages and extra costs suffered by Landlord as a result of any dispute with any labor unions concerning the wage, hours, terms or conditions of the employment of any such labor. In any event, Landlord shall charge Tenant a construction administration fee equal to four percent (4%) of the construction costs of such Tenant Work on a single project for construction costs up to Three Hundred Thousand and No/100 Dollars (\$300,000.00), and if construction costs exceed Three Hundred Thousand and No/100 Dollars (\$300,000.00), Landlord shall charge an additional three percent (3%) construction administration fee on the amount of construction costs that are in excess of Three Hundred Thousand and No/100 Dollars (\$300,000.00). In addition, Tenant shall pay such reasonable third-party costs actually incurred by Landlord in connection with the proposed work and the design thereof, with all such amounts being due ten (10) days after Landlord's demand. Notwithstanding the foregoing, Landlord shall not charge a construction administration fee for any Work performed by Tenant if the cost of such Work is less than Ten Thousand and No/100 Dollars (\$10,000.00) per alteration. For the purpose of clarification, this Section 14.2 does not and shall not apply to Tenant's Work performed in accordance with Exhibit C attached hereto; Exhibit C includes separate, specific requirements for Tenant's Work.

14.3 Construction Requirements. All Work proposed by Tenant shall be constructed in accordance with all Regulations and Landlord's then-current General Contractor Construction Rules, using Building standard materials where applicable. Tenant shall, prior to construction, provide the additional insurance required under Section 15.3 in such case, and also all such assurances to Landlord as Landlord shall reasonably require to assure payment of the costs thereof, including but not limited to, notices of non-responsibility, waivers of lien, surety company performance bonds and funded construction escrows and to protect Landlord and the Building and appurtenant land against any loss from any mechanic's, materialmen's or other liens. Tenant shall require Tenant's general contractor (and all of the general contractor's subcontractors) to maintain in effect such insurance as Landlord shall specify for any Work on the Premises.

14.4 Removal of Alterations. Notwithstanding anything to the contrary contained herein, so long as Tenant's written request for consent for a proposed alteration or improvements contains the following statement in large, bold and capped font, then at the time Landlord gives its consent for any alterations or improvements, if it so does, Tenant shall also be notified whether or not Landlord will require that such alterations or improvements be removed upon the expiration or earlier termination of this Lease: "PURSUANT TO SECTION 14 OF THE LEASE, IF LANDLORD CONSENTS TO THE SUBJECT ALTERATION, LANDLORD SHALL NOTIFY TENANT IN WRITING WHETHER OR NOT LANDLORD WILL REQUIRE SUCH ALTERATION TO BE REMOVED AT THE EXPIRATION OR EARLIER TERMINATION OF THE LEASE." Notwithstanding anything to the contrary contained in this Lease, at the expiration or earlier termination of this Lease and otherwise in accordance with Section 32 hereof, Tenant shall be required to remove all alterations or improvements Tenant has made to the Premises, except for any such alterations or improvements that Landlord expressly indicates or is deemed to have indicated shall not be required to be removed from the Premises by Tenant. In no event shall Tenant be required to remove any improvements to the Premises made by the Landlord or any previous tenant of the Premises. If Tenant's written notice strictly complies with the foregoing and if Landlord fails to notify Tenant within twenty (20) days of Landlord's receipt of such notice whether Tenant shall be required to remove the subject alterations or improvements at the expiration or earlier termination of this Lease, it shall be assumed that Landlord shall require the removal of the subject alterations or improvements. Landlord confirms and agrees that Tenant shall not have any obligation to restore the Premises to its state prior to the completion of the Tenant Work described in the Work Letter.

15. INSURANCE.

15.1 Landlord's Insurance. Landlord agrees, as an Operating Expense, to maintain in full force and effect with respect to the Building throughout the entire Lease Term general fire and extended coverage insurance including vandalism in an amount equal to one hundred percent (100%) of the replacement cost of the Building and commercial general liability insurance. To the extent Landlord also maintains any insurance in any way connected with the Premises, Landlord's insurance shall be excess coverage and Tenant's insurance shall be primary coverage.

15.2 Tenant's Insurance. Tenant shall keep in force throughout the Term: (a) a Commercial General Liability insurance policy or policies to protect the Landlord against any liability to the public or to any invitee of Tenant or Landlord incidental to the use of or resulting from any accident occurring in or upon the Premises with a limit of not less than \$1,000,000 per occurrence and not less than \$2,000,000 in the annual aggregate, or such larger amount as Landlord may prudently and reasonably require from time to time, covering bodily injury and property damage liability; (b) Business Auto Liability covering owned, non-owned and hired vehicles with a limit of not less than \$1,000,000 per accident; (c) Worker's Compensation Insurance with limits as required by statute with Employers Liability and limits of \$1,000,000 each accident, \$1,000,000 disease policy limit, \$1,000,000 disease--each employee for employers with employees in states other than Washington. For employers with employees solely in the State of Washington, evidence of coverage in the state worker's compensation program. Stop gap coverage with a limit of not less than \$1,000,000 per occurrence and not less than \$2,000,000 in the annual aggregate, or such larger amount as Landlord may prudently and reasonably require from time to time, is required via an endorsement to the employer's general liability policy; (d) \$1,000,000 Umbrella Liability coverage that applies Excess of General Liability, Auto Liability and Employer's Liability/Stop Gap (e) All Risk or Special Form coverage protecting Tenant against loss of or damage to Tenant's alterations, additions, improvements, carpeting, floor coverings, panelings, decorations; (d) \$1,000,000 Umbrella Liability coverage that applies Excess of General Liability, Auto

Liability and Employer's Liability/Stop Gap (e) All Risk or Special Form coverage protecting Tenant against loss of or damage to Tenant's alterations, additions, improvements, carpeting, floor coverings, panelings, decorations, fixtures, inventory and other business personal property situated in or about the Premises to the full replacement value of the property so insured; and (f) Business Interruption Insurance with limit of liability representing loss of at least approximately six (6) months of income. All such comprehensive liability insurance shall specifically insure the performance by Tenant of the indemnity agreement as to liability for injury to or death of persons and injury or damage to property as provided in this Lease. Further, all comprehensive liability insurance shall include personal injury, blanket contractual, cross liability and severability of interest clauses, products/completed operations, broad form property damage, independent contractors, owned, non-owned and hired vehicles.

The aforesaid policies shall (a) be provided at Tenant's expense; (b) name the Landlord and the Landlord's lender, if any, as an additional insureds (General Liability) and loss payees (Property—Special Form); (c) be issued by an insurance company with a minimum Best's rating of "A:VII" during the Term; and (d) provide that said insurance shall not be canceled unless forty-five (45) days prior written notice (ten (10) days for non-payment of premium) shall have been given to Landlord; a certificate of Liability insurance on ACORD Form 25 and a certificate of Property insurance on ACORD Form 28 with a copy of the policy shall be delivered to Landlord by Tenant upon the Commencement Date and prior to each renewal of said insurance, and as required from time to time by Landlord.

15.3 Insurance Covering Tenant's Work. Whenever Tenant shall undertake any Work in, to or about the Premises, the aforesaid insurance protection must extend to and include injuries to persons and damage to property arising in connection with such Work, without limitation including liability under any applicable structural work act, and such other insurance as Landlord shall require; and the policies of or certificates evidencing such insurance must be delivered to Landlord prior to the commencement of any such Work. In addition to the foregoing, Tenant shall require its general contractor and any subcontractors to maintain such insurance as Landlord shall reasonably require.

15.4 Blanket Insurance. All insurance required pursuant to this Section 14 may be carried under a blanket policy covering the Premises and other locations.

15.5 Waiver of Subrogation. So long as their respective insurers so permit, Tenant and Landlord hereby mutually waive any and all rights of recovery from the other for any loss insured by fire, extended coverage, all risks and other insurance now or hereafter existing for the benefit of the respective party but only to the extent of the net insurance proceeds payable under such policies. Each party shall obtain any special endorsements required by their insurer to evidence compliance with the aforementioned waiver.

16. TAXES PAYABLE BY TENANT. In addition to Rent and other charges to be paid by Tenant under this Lease, but excluding Taxes paid pursuant to Section 8.3 above, Tenant shall reimburse to Landlord, upon demand, any and all taxes payable by Landlord (other than net income taxes) whether or not now customary or within the contemplation of the parties to this Lease: (a) upon, allocable to, or measured by or upon the gross or net Rent payable under this Lease, including, without limitation, any gross income tax or excise tax levied by the state, any political subdivision thereof, or the Federal government with respect to the receipt of such rent; (b) upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy of the Premises or any portion thereof, including any sales, use or service tax imposed as a result thereof; (c) upon or measured by the Tenant's gross receipts or payroll or the value of Tenants' equipment, furniture, fixtures and other personal

property of Tenant or leasehold improvements, alterations, or additions located in the Premises; or (d) upon this transaction or any document to which Tenant is a party creating or transferring any interest of Tenant in this Lease or the Premises. In addition, Tenant agrees to pay, before delinquency, any and all taxes levied or assessed against Tenant and which become payable during the term hereof upon Tenant's equipment, furniture, fixtures and other personal property of Tenant located in the Premises.

17. INDEMNIFICATION OF LANDLORD. Landlord shall not be liable, and Tenant hereby waives all claims against Landlord, for any damage to any property or any injury to any person in or about the Premises or the Building by or from any cause whatsoever (including without limiting the foregoing, rain or water leakage of any character from the roof, windows, walls, basement, pipes, plumbing works or appliances, the Building not being in good condition or repair, gas, fire, oil, electricity or theft), except to the extent caused by or arising from the gross negligence or willful misconduct of Landlord or its agents, employees or contractors. Tenant shall protect, indemnify and hold Landlord harmless from and against any and all loss, claims, liability or costs (including court costs and attorneys' fees) incurred by reason of any third-party claim related to: (a) any damage to any property (including but not limited to property of Landlord) or any injury (including but not limited to death) to any person occurring in, on or about the Premises or the Building to the extent that such injury or damage shall be caused by or arise from any actual or alleged act, neglect, fault, or omission by or of Tenant to meet any standards imposed by any duty with respect to the injury or damage; (b) the conduct or management of any work or thing whatsoever done by the Tenant in or about the Premises or from transactions of the Tenant concerning the Premises; (c) Tenant's actual or asserted failure to comply with any and all Regulations applicable to the condition or use of the Premises or its occupancy and for which Tenant is specifically responsible under the terms of this Lease; or (d) any breach or default on the part of Tenant in the performance of any covenant or agreement on the part of the Tenant to be performed pursuant to this Lease. The provisions of this Article shall survive the termination of this Lease with respect to any claims or liability accruing prior to such termination.

18. MECHANIC'S LIENS. Tenant shall not suffer or permit any mechanic's liens or materialman's liens to be filed against the real property of which the Premises form a part nor against the Tenant's leasehold interest in the Premises. Tenant shall indemnify, defend and hold the Landlord harmless from any lien claim, litigation, damages or judgments in connection with a mechanic, materialman or third-party claimant relating to work requested by Tenant. In addition, Tenant shall reimburse Landlord for any costs or reasonable attorneys' fees incurred by Landlord in establishing its right to indemnity under this Section 18 or its defense of such lien claims and actions. Should any claim of lien be filed against the Premises or any action affecting the title to the Building be commenced, upon receiving notice of such lien or action, Tenant shall immediately give Landlord written notice thereof.

19. LANDLORD'S RIGHT OF ENTRY. Landlord reserves and shall at all times have the right to enter the Premises to inspect the same, to supply janitorial service and any other service to be provided by Landlord to Tenant under this Lease, to show said Premises to prospective purchasers, mortgagees or tenants, and to alter, improve or repair the Premises and any portion of the Building, without abatement of rent. Landlord may for that purpose, erect, use and maintain scaffolding, pipes, conduits and other necessary structures and open any wall, ceiling or floor in and through the Building and Premises where reasonably required by the character of the work to be performed, provided that entrance to the Premises shall not be blocked thereby, and further provided that the business of Tenant shall not be interfered with unreasonably. In addition, Tenant agrees to provide Landlord's lender and its lender's agents, representatives and contractors with access to the Premises from time to time for

the purposes of inspecting the Premises and conducting engineering and environmental assessments and other investigations of the Premises. Notwithstanding the foregoing, except (i) to the extent requested by Tenant, (ii) in connection with scheduled maintenance programs, and/or (iii) in the event of an emergency, Landlord shall provide to Tenant reasonable prior notice (either written or oral) before Landlord enters the Premises to perform any repairs therein. Landlord shall have the right at any time to change the arrangement and/or locations of public entrances, or public passageways, public doors and doorways, and public corridors, windows, elevators, stairs, toilets or other public parts of the Building and to change the name, number or designation by which the Building is commonly known. In the event that Landlord damages any portion of any wall or wall covering, ceiling, or floor or floor covering within the Premises, Landlord shall repair or replace the damaged portion to match the original as nearly as commercially reasonable but shall not be required to repair or replace more than the portion actually damaged. Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned by any action of Landlord or Landlord's lender authorized by this Section 19. Notwithstanding the foregoing, except as provided in Section 15.5 to the contrary, Tenant shall not be required to waive any claims against Landlord (other than for loss or damage to Tenant's business) where such loss or damage is due to the gross negligence or willful misconduct of Landlord; provided, however, that any such claim of Tenant shall be limited to the foreseeable, direct and actual damages incurred by Tenant. Notwithstanding the foregoing, except in emergency situations, as determined by Landlord, Landlord shall exercise reasonable efforts to perform any entry into the Premises in a manner that is reasonably designed to minimize interference with the operation of Tenant's business in the Premises.

For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in the Premises, excluding Tenant's vaults and safes or special security areas (designated in advance), and Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in an emergency to obtain entry to any portion of the Premises. To ensure Landlord's ability to access the Premises, Tenant shall provide Landlord with the security code for any special security system that Tenant shall install with Landlord's prior approval in the Premises. As to any portion to which access cannot be had by means of a key or keys in Landlord's possession, Landlord is authorized to gain access by such reasonable means as Landlord shall elect and the reasonable cost of repairing any damage occurring in doing so shall be borne by Tenant and paid to Landlord within fifteen (15) days of Landlord's demand.

20. DESTRUCTION OF PREMISES. In the event the Premises or the Building are damaged by fire or other cause, and in Landlord's reasonable estimation such damage can be materially restored within one hundred eighty (180) days following the commencement of restoration, Landlord shall forthwith repair the same and this Lease shall remain in full force and effect, except that Tenant shall be entitled to a proportionate abatement in rent from the date of such damage. Such abatement of rent shall be made pro rata in accordance with the extent to which the damage and the making of such repairs shall interfere with the use and occupancy by Tenant of the Premises from time to time. Within forty-five (45) days from the date of such damage, Landlord shall notify Tenant, in writing, of Landlord's reasonable estimation of the length of time within which material restoration can be made, and Landlord's determination shall be binding on Tenant. For purposes of this Lease, the Building or Premises shall be deemed "materially restored" if they are in such condition as would not prevent or materially interfere with Tenant's use of the Premises for the purpose for which it was being used immediately before such damage.

If such repairs cannot, in Landlord's reasonable estimation, be made within one hundred eighty (180) days following the commencement of restoration, Landlord and Tenant shall each have the option of giving the other, at any time within thirty (30) days after Landlord's notice of estimated restoration time, notice terminating this Lease as of the date of such damage. In the event of the giving of such notice, this Lease shall expire and all interest of the Tenant in the Premises shall terminate as of the date of such damage as if such date had been originally fixed in this Lease for the expiration of the Term. In the event that neither Landlord nor Tenant exercises its option to terminate this Lease, then Landlord shall repair or restore such damage, this Lease continuing in full force and effect, and the rent hereunder shall be proportionately abated as provided in this Section 20.

Landlord shall not be required to repair or replace any damage or loss by or from fire or other cause to any panelings, decorations, partitions, additions, railings, ceilings, floor coverings, office fixtures or any other property or improvements installed on the Premises by, or belonging to, Tenant. Any insurance which may be carried by Landlord or Tenant against loss or damage to the Building or Premises shall be for the sole benefit of the party carrying such insurance and under its sole control. In the event that Landlord should fail to complete such repairs and material restoration within sixty (60) days after the date estimated by Landlord therefor as extended by this Section 20, Tenant may at its option and as its sole remedy terminate this Lease by delivering written notice to Landlord, within fifteen (15) days after the expiration of said period of time, whereupon this Lease shall end on the date of such notice or such later date fixed in such notice as if the date of such notice was the date originally fixed in this Lease for the expiration of the Term; provided, however, that if construction is delayed because of changes, deletions or additions in construction requested by Tenant, strikes, lockouts, casualties, Acts of God, war, material or labor shortages, government regulation or control or other causes beyond the reasonable control of Landlord, the period for restoration, repair or rebuilding shall be extended for the amount of time Landlord is so delayed.

Notwithstanding anything to the contrary contained in this Section 20: (a) Landlord shall not have any obligation whatsoever to repair, reconstruct, or restore the Premises when the damages resulting from any casualty covered by the provisions of this Section 20 occur during the last twelve (12) months of the Term or any extension thereof, but if Landlord determines not to repair such damages Landlord shall notify Tenant and if such damages shall render any material portion of the Premises untenable Tenant shall have the right to terminate this Lease by notice to Landlord within fifteen (15) days after receipt of Landlord's notice; and (b) in the event the holder of any indebtedness secured by a mortgage or deed of trust covering the Premises or Building requires that any insurance proceeds be applied to such indebtedness, then Landlord shall have the right to terminate this Lease by delivering written notice of termination to Tenant within fifteen (15) days after such requirement is made by any such holder, whereupon this Lease shall end on the date of such damage as if the date of such damage were the date originally fixed in this Lease for the expiration of the Term.

In the event of any damage or destruction to the Building or Premises by any peril covered by the provisions of this Section 20, it shall be Tenant's responsibility to properly secure the Premises and upon notice from Landlord to remove forthwith, at its sole cost and expense, such portion of all of the property belonging to Tenant or its licensees from such portion or all of the Building or Premises as Landlord shall request.

21. EMINENT DOMAIN. If all or any substantial part of the Premises shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain, or conveyance in lieu of such appropriation, either party to this Lease shall have the right, at its option, of giving the other, at

any time within thirty (30) days after such taking, notice terminating this Lease, except that Tenant may only terminate this Lease by reason of taking or appropriation, if such taking or appropriation shall be so substantial as to materially interfere with Tenant's use and occupancy of the Premises. If neither party to this Lease shall so elect to terminate this Lease, the rental thereafter to be paid shall be adjusted on a fair and equitable basis under the circumstances. In addition to the rights of Landlord above, if any substantial part of the Building shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain or conveyance in lieu thereof, and regardless of whether the Premises or any part thereof are so taken or appropriated, Landlord shall have the right, at its sole option, to terminate this Lease. Landlord shall be entitled to any and all income, rent, award, or any interest whatsoever in or upon any such sum, which may be paid or made in connection with any such public or quasi-public use or purpose, and Tenant hereby assigns to Landlord any interest it may have in or claim to all or any part of such sums, other than any separate award which may be made with respect to Tenant's trade fixtures and moving expenses; Tenant shall make no claim for the value of any unexpired Term. Notwithstanding anything to the contrary in this Section 21, Tenant shall have the right to claim separately from the condemning authority such compensation as may be recoverable by Tenant in its own right for the amortized value of leasehold improvements paid for solely by Tenant (except for those alterations approved by Landlord and which will become the property of Landlord upon the expiration or termination of this Lease), for Tenant's personal property and trade fixtures, and for relocation and restoration costs incurred by Tenant, so long as it does not prejudice or reduce Landlord's claim against or award from the condemning authority.

22. DEFAULT BY TENANT. The following events shall be deemed to be "Events of Default" under this Lease:

22.1 Tenant shall fail to pay when due any sum of money due to be paid to Landlord under this Lease, whether such sum be any installment of the Rent reserved by this Lease, any other amounts treated as Additional Rent under this Lease, or any other payment or reimbursement to Landlord required by this Lease, whether or not treated as Additional Rent under this Lease, and such failure shall continue for a period of five (5) business days after written notice that such payment was not made when due, but if any such notice shall be given two (2) times during the twelve (12) month period commencing with the date of the first (1st) such notice, the third (3rd) failure to pay within five (5) business days after due any additional sum of money becoming due to be paid to Landlord under this Lease during such twelve (12) month period shall be an Event of Default, without notice.

22.2 Tenant shall fail to comply with any term, provision or covenant of this Lease that is not specifically provided for in this Section 22 and shall not cure such failure within twenty (20) days (forthwith, if the failure involves a hazardous condition) after written notice of such failure to Tenant; provided, however, that such failure shall not be an Event of Default if such failure could not reasonably be cured during such twenty (20) day period, Tenant has commenced the cure within such twenty (20) day period and thereafter is diligently pursuing such cure to completion, but the total aggregate cure period shall not exceed ninety (90) days.

22.3 Tenant shall fail to vacate the Premises immediately upon termination of this Lease, by lapse of time or otherwise, or upon termination of Tenant's right to possession only.

22.4 Tenant shall become insolvent, admit in writing its inability to pay its debts generally as they become due, file a petition in bankruptcy or a petition to take advantage of any insolvency statute, make an assignment for the benefit of creditors, make a transfer in fraud of creditors, apply for or

consent to the appointment of a receiver of itself of the whole or any substantial part of its property, or file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws, as now in effect or hereafter amended, or any other applicable law or statute of the United States or any state thereof.

22.5 Tenant (or if Tenant, is an entity, Tenant's physician owners, members and employees and contractors) breaches its requirement to be a member or members in good standing of the Medical Staff of Overlake Hospital Medical Center with Active Staff privileges.

22.6 A court of competent jurisdiction shall enter an order, judgment or decree adjudicating Tenant bankrupt, or appointing a receiver of Tenant, or of the whole or any substantial part of its property, without the consent of Tenant, or approving a petition filed against Tenant seeking reorganization or arrangement of Tenant under the bankruptcy laws of the United States, as now in effect or hereafter amended, or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within sixty (60) days from the date of entry thereof.

23. REMEDIES. Upon the occurrence of any uncured Events of Default described in or referred to in Section 23, Landlord shall have the option to pursue any one or more of the following remedies without notice or demand whatsoever, currently or consecutively and not alternatively:

23.1 Landlord may, at its election, terminate this Lease or terminate Tenant's right to possession only, without terminating the Lease.

23.2 Upon any termination of this Lease, whether by lapse of time or otherwise, or upon any termination of Tenant's right to possession without termination of the Lease, Tenant shall surrender possession and vacate the Premises immediately, and deliver possession thereof to Landlord, and Tenant hereby grants to Landlord full and free license to enter into and upon the Premises in such event and to repossess Landlord of the Premises as of Landlord's former estate and to expel or remove Tenant and any others who may be occupying or be within the Premises and to remove Tenant's signs and other evidence of tenancy and all other property of Tenant therefrom without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without incurring any liability for any damage resulting therefrom, Tenant waiving any right to claim damages for such re-entry and expulsion, and without relinquishing Landlord's right to rent or any other right given to Landlord under this Lease or by operation of law.

23.3 Upon any termination of this Lease, whether by lapse of time or otherwise, Landlord shall be entitled to recover as damages, all Rent, including any amounts treated as Additional Rent under this Lease, and other sums due and payable by Tenant on the date of termination, plus as liquidated damages and not as a penalty, an amount equal to the sum of: (a) an amount equal to the then present value of the Rent reserved in this Lease for the residue of the stated Term of this Lease including any amounts treated as Additional Rent under this Lease and all other sums provided in this Lease to be paid by Tenant, minus the fair rental value of the Premises for such residue; (b) the value of the time and expense necessary to obtain a replacement tenant or tenants, and the estimated expenses described in Section 23.4 relating to recovery of the Premises, preparation for reletting and for reletting itself; and (c) the cost of performing any other covenants which would have otherwise been performed by Tenant.

23.4 Upon any termination of Tenant's right to possession only without termination of the Lease:

23.4.1 Neither such termination of Tenant's right to possession nor Landlord's taking and holding possession thereof as provided in Section 23.1 shall terminate the Lease or release Tenant, in whole or in part, from any obligation, including Tenant's obligation to pay the Rent, including any amounts treated as Additional Rent, under this Lease for the full Term, and if Landlord so elects, Tenant shall continue to pay to Landlord the entire amount of the Rent as and when it becomes due, including any amounts treated as Additional Rent under this Lease, for the remainder of the Term, plus any other sums provided in this Lease to be paid by Tenant for the remainder of the Term.

23.4.2 Landlord shall use commercially reasonable efforts to relet the Premises or portions thereof to the extent required by applicable law. Landlord and Tenant agree that nevertheless, Landlord shall at most be required to use only the same efforts Landlord then uses to lease premises in the Building generally and that in any case that Landlord shall not be required to give any preference or priority to the showing or leasing of the Premises or portions thereof over any other space that Landlord may be leasing or have available and may place a suitable prospective tenant in any such other space regardless of when such other space becomes available and that Landlord shall have the right to relet the Premises for a greater or lesser term than that remaining under this Lease, the right to relet only a portion of the Premises, or a portion of the Premises or the entire Premises as a part of a larger area, and the right to change the character or use of the Premises. In connection with or in preparation for any reletting, Landlord may, but shall not be required to, make repairs, alterations and additions in or to the Premises and redecorate the same to the extent Landlord reasonably deems necessary or desirable, and Tenant shall pay the cost thereof, together with Landlord's expenses of reletting, including, without limitation, any commission incurred by Landlord, within fifteen (15) days of Landlord's demand and evidence of such costs. Landlord shall not be required to observe any instruction given by Tenant about any reletting or accept any tenant offered by Tenant unless such offered tenant has a credit-worthiness reasonably acceptable to Landlord and leases the entire Premises upon terms and conditions including a rate of rent (after giving effect to all expenditures by Landlord for tenant improvements, broker's commissions and other leasing costs) all no less favorable to Landlord than as called for in this Lease, nor shall Landlord be required to make or permit any assignment or sublease for more than the current term or which Landlord would not be required to permit under the provisions of Section 26.

23.4.3 Until such time as Landlord shall elect to terminate the Lease and shall thereupon be entitled to recover the amounts specified in such case in Section 23.3, Tenant shall pay to Landlord upon demand the full amount of all Rent, including any amounts treated as Additional Rent under this Lease and other sums reserved in this Lease for the remaining Term, together with the costs of repairs, alterations, additions, redecorating and Landlord's expenses of reletting and the collection of the rent accruing therefrom (including reasonable attorney's fees and broker's commissions), as the same shall then be due or become due from time to time, less only such consideration as Landlord may have received from any reletting of the Premises; and Tenant agrees that Landlord may file suits from time to time to recover any sums falling due under this Section 23 as they become due. Any proceeds of reletting by Landlord in excess of the amount then owed by Tenant to Landlord from time to time shall be credited against Tenant's future obligations under this Lease but shall not otherwise be refunded to Tenant or inure to Tenant's benefit.

23.5 Upon the occurrence of an Event of Default, Landlord may (but shall not be obligated to) cure such default at Tenant's sole expense. Without limiting the generality of the foregoing, Landlord may, at Landlord's option, enter into and upon the Premises if Landlord determines in its sole discretion that Tenant is not acting within a commercially reasonable time to maintain, repair or replace anything for which Tenant is responsible under this Lease or to otherwise effect compliance with its obligations

under this Lease and correct the same, without being deemed in any manner guilty of trespass, eviction or forcible entry and detainer and without incurring any liability for any damage or interruption of Tenant's business resulting therefrom, and Tenant agrees to reimburse Landlord within five (5) days of Landlord's demand as Additional Rent, for any expenses Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease, plus interest from the date of expenditure by Landlord at the Wall Street Journal prime rate.

23.6 If, on account of any breach or default by Tenant in Tenant's obligations under the terms and conditions of this Lease, it shall become necessary or appropriate for Landlord to employ or consult with an attorney or collection agency concerning or to enforce or defend any of Landlord's rights or remedies arising under this Lease or to collect any sums due from Tenant, Tenant agrees to pay all costs and fees so incurred by Landlord, including, without limitation, reasonable attorneys' fees and costs.

23.7 Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies provided in this Lease or any other remedies provided by law or in equity (all such remedies being cumulative), nor shall pursuit of any remedy provided in this Lease constitute a forfeiture or waiver of any rent due to Landlord under this Lease or of any damages accruing to Landlord by reason of the violation of any of the terms, provisions and covenants contained in this Lease.

23.8 No act or thing done by Landlord or its agents during the Term shall be deemed a termination of this Lease or an acceptance of the surrender of the Premises, and no agreement to terminate this Lease or accept a surrender of said Premises shall be valid, unless in writing signed by Landlord. No waiver by Landlord of any violation or breach of any of the terms, provisions and covenants contained in this Lease shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions and covenants contained in this Lease. Landlord's acceptance of the payment of rental or other payments after the occurrence of an Event of Default shall not be construed as a waiver of such Default unless Landlord so notifies Tenant in writing. Forbearance by Landlord in enforcing one or more of the remedies provided in this Lease upon an Event of Default shall not be deemed or construed to constitute a waiver of such Event of Default or of Landlord's right to enforce any such remedies with respect to such Event of Default or any subsequent Event of Default.

23.9 Any and all property that may be removed from the Premises by Landlord pursuant to the authority of this Lease or of law, to which Tenant is or may be entitled, may be handled, removed and/or stored, as the case may be, by or at the direction of Landlord but at the risk, cost and expense of Tenant, and Landlord shall in no event be responsible for the value, preservation or safekeeping thereof. Tenant shall pay to Landlord, upon demand, any and all expenses incurred in such removal and all storage charges against such property so long as the same shall be in Landlord's possession or under Landlord's control. Any such property of Tenant not retaken by Tenant from storage within thirty (30) days after removal from the Premises shall, at Landlord's option, be deemed conveyed by Tenant to Landlord under this Lease as by a bill of sale without further payment or credit by Landlord to Tenant.

23.10 If more than one (1) Event of Default occurs during the Term or any renewal thereof, Tenant's renewal options, expansion options, purchase options and rights of first offer and/or refusal, if any are provided for in this Lease, shall be null and void.

23.11 Landlord may terminate this Lease and without further notice repossess the Premises, and be entitled to recover as damage a sum of money equal to the total of (i) the cost of recovering the

Premises; (ii) the unpaid Rent earned at the time of termination, plus interest thereon; (iii) the balance of the Rent for the remainder of the Lease Term; (iv) costs of reletting and refurbishing; (v) any other sum of money and damages owed by Tenant to Landlord, less (vi) the rent and costs realized by Landlord through re-letting the Premises or that amount Landlord would have realized had Landlord mitigated its losses as required pursuant to Washington law; or

23.12 Landlord may immediately terminate Tenant's right of possession of the Premises, but not terminate this Lease, and without notice or demand enter upon the Premises or any part thereof and take absolute possession of the same, and, at Landlord's sole option, may relet the Premises or any part thereof on such terms and for such rents as Landlord may reasonably elect. Reletting of the Premises shall not be construed as an election on the part of Landlord to terminate this Lease and, notwithstanding any such reletting without termination, Landlord may at any time thereafter elect to terminate this Lease for default; or

23.13 In lieu of, or in addition to, bringing an action for any or all of the recoveries described above, Landlord may bring an action to recover and regain possession of the Premises in the manner provided by the laws of unlawful detainer then in effect in the state of Washington.

24. DEFAULT BY LANDLORD. Except as otherwise provided in this Lease, Landlord shall be in default under this Lease if Landlord fails to perform any of its obligations hereunder and said failure continues for a period of thirty (30) days after receipt of written notice thereof from Tenant to Landlord (unless such failure cannot reasonably be cured within thirty (30) days and Landlord shall have commenced to cure said failure within said thirty (30) days and continues diligently to pursue the curing of the same). If Landlord shall be in default under this Lease, and, as a consequence of such default Tenant shall recover a money judgment against Landlord, such judgment shall be satisfied only out of the right, title and interest of Landlord in the Building and the proceeds thereof, including rents, as the same may then be encumbered and Landlord shall not be liable for any deficiency. In no event shall Tenant have the right to levy execution against any property of Landlord other than its interest in the Building. Tenant agrees that no other remedy, including, without limitation, incidental or consequential damages for lost profits, injury to person or property, or any other incidental or consequential loss shall be available to Tenant.

25. INTENTIONALLY OMITTED

26. ASSIGNMENT AND SUBLETTING.

26.1 Landlord's Consent to Tenant Assignment Required.

26.1.1 Tenant shall not have the right to assign or pledge this Lease or to sublet the whole or any part of the Premises whether voluntarily or by operation of law, or permit the use or occupancy of the Premises by anyone other than Tenant, and shall not make, suffer or permit such assignment, subleasing or occupancy without the prior written consent of Landlord, which shall not be unreasonably withheld, and said restrictions shall be binding upon any and all assignees of this Lease and subtenants of the Premises. Notwithstanding the foregoing, Tenant shall not sublease or assign its interest in the Premises to any Competitor (as such term is defined in Section 9.1 of this Lease), unless specifically consented to by Landlord in writing, which consent may be withheld in Landlord's sole and absolute discretion. Tenant shall deliver the following to Landlord in connection with any such request: (a) a true and complete copy of the proposed sublease or assignment; (b) current financial statements, including income and expense statements and balance sheets, or other adequate financial information, for the then current year-to-date and two (2) most recent years for the prospective sublessee or

assignee; and (c) a current credit report from a recognized credit agency identifying the credit history of the prospective sublessee or assignee.

For purposes of this Lease, a Change in Control of Tenant shall be included as an assignment for which Landlord's prior written consent is required under this Section 26.1. A "**Change in Control**" means (a) any issuance, sale, assignment or transfer (including by merger) of fifty percent (50%) or more of the ownership interests or management rights in Tenant, or (b) when added to any prior such issuance, sale or assignment within a three (3) year time period, aggregates fifty percent (50%) or more of the ownership interests or management rights of Tenant; provided, however, any issuance, sale, assignment or transfer (including by merger) that results in at least fifty percent (50%) of the successor entity being owned by any group of individuals that owns fifty percent (50%) of Tenant as of the date hereof shall not be a "Change of Control" or an assignment for which Landlord's prior written consent is required for purposes of this Lease, provided that no portion of the successor entity is owned by a Competitor.

Landlord's decision with regard to acceptance or rejection of a sublease or assignment shall be given in writing within twenty (20) days after delivery of the items specified in this Section 26.1. In Landlord's sole discretion, no sublease or assignment shall be approved which violates the restricted use provision provisions in Section 9.1 and Exhibit D, or any other use that contravenes any other tenant lease, agreement, mortgage, governmental restriction or any business activity of Landlord in the Building or elsewhere on the Overlake Hospital Medical Center Campus.

Notwithstanding anything in this Section 26, Tenant acknowledges and agrees that any such assignment or sublease may also be subject to the prior written consent of a Landlord's lender and holder of any deed of trust on the Building and receipt of all information reasonably requested by such lender in connection with the Tenant's request for an assignment of the Lease or a sublease of the Premises.

26.2 Continued Responsibility. Regardless of any approved assignment or sublease of this Lease, Tenant shall not be released from primary liability to pay Rent and comply with all of the other obligations of this Lease. However, in the event of a default by any such assignee or sublessee, Landlord shall give Tenant notice of the default, shall accept cure of the default by Tenant within the same period of time allowed under Section 22 and shall permit Tenant to reenter and repossess the Premises for the then unelapsed portion of the Lease Term subject to all of the provisions of this Lease.

26.3 Landlord's Costs. Whether or not Landlord consents to a proposed assignment or sublease (or exercises its right to recapture), Tenant shall reimburse Landlord on demand for any and all reasonable documented out-of-pocket costs, up to an aggregate maximum of Five Thousand and No/100 Dollars (\$5,000.00), that may be incurred by Landlord in connection with any proposed transfer including, without limitation, the cost of investigating the acceptability of the proposed transferee, and Landlord's administrative review fees and reasonable attorneys' fees incurred in connection with each proposed transfer.

26.4 Splitting of Excess Rent. In any Transfer of this Lease, Tenant shall seek to obtain from the Transferee consideration reflecting the then current fair market rent for the space subject to such Transfer. Any rent or other consideration realized by Tenant in connection with or as a result of any Transfer in excess of Base Rent payable hereunder, after first deducting all reasonable and customary costs actually incurred by Tenant to affect such Transfer (such as tenant improvements, brokerage fees, advertising costs and the like) shall be split equally with Landlord.

26.5 Sale or Assignment by Landlord. Landlord shall have the right to sell, convey, transfer, mortgage, or assign, in whole or in part, for collateral purposes or otherwise, its rights and obligations under this Lease and in all or part of the Premises and the Building. In event of a sale or conveyance by Landlord of the Building, the same shall operate to release Landlord from any future liability upon any of the covenants or conditions, expressed or implied, contained in this Lease in favor of Tenant, and in such event Tenant agrees to look solely to the responsibility of the successor in interest of Landlord in and to this Lease, provided that, any successor pursuant to a voluntary, third-party transfer (but not as part of an involuntary transfer resulting from a foreclosure or deed in lieu thereof) shall have assumed Landlord's obligations under this Lease either by contractual obligation, assumption agreement or by operation of law, and further provided that Landlord and its successors, as the case may be, shall remain liable after their respective periods of ownership with respect to any sums due in connection with a breach or default by such party that arose during such period of ownership by such party. Except as set forth in this Section 26.5, this Lease shall not be affected by any such sale, and Tenant agrees to attorn to the purchaser or assignee. If any security has been given by Tenant to secure the faithful performance of any of the covenants of this Lease, Landlord may transfer or deliver said security, as such, to Landlord's successor in interest and thereupon Landlord shall be discharged from any further liability with regard to said security.

27. SUBORDINATION. Without the necessity of any additional document being executed by Tenant for the purpose of effecting a subordination, this Lease shall be subject and subordinate at all times to ground or underlying leases and to the lien of any mortgages or deeds of trust now or hereafter placed on, against or affecting the Building, Landlord's interest or estate in the Building, or any ground or underlying lease; provided, however, that if the lessor, mortgagee, trustee or holder of any such mortgage or deed of trust elects to have Tenant's interest in this Lease be superior to any such instrument, then, by notice to Tenant, this Lease shall be deemed superior, whether this Lease was executed before or after said instrument. Notwithstanding the foregoing, Tenant covenants and agrees to execute and deliver within ten (10) business days of Landlord's request such further instruments evidencing such subordination or superiority of this Lease as may be required by Landlord. Notwithstanding the foregoing, upon written request by Tenant, Landlord will use reasonable efforts to obtain a non-disturbance, subordination and attornment agreement from Landlord's then current mortgagee, if any, on such mortgagee's then current standard form of agreement. "Reasonable efforts" of Landlord shall not require Landlord to incur any cost, expense or liability to obtain such agreement, it being agreed that Tenant shall be responsible for any fee or review costs charged by the mortgagee. Upon request of Landlord, Tenant will execute the mortgagee's form of non-disturbance, subordination and attornment agreement and return the same to Landlord for execution by the mortgagee. Landlord's failure to obtain a non-disturbance, subordination and attornment agreement for Tenant shall have no effect on the rights, obligations and liabilities of Landlord and Tenant or be considered to be a default by Landlord hereunder.

28. ESTOPPEL CERTIFICATES. Within ten (10) business days following any written request that Landlord may make from time to time, Tenant shall execute and deliver to Landlord or mortgagee or prospective mortgagee a sworn statement certifying: (a) the date of commencement of this Lease; (b) the fact that this Lease is unmodified and in full force and effect (or, if there have been modifications to this Lease, that this Lease is in full force and effect, as modified, and stating the date and nature of such modifications); (c) the date to which the rent and other sums payable under this Lease have been paid; (d) the fact that there are no current defaults under this Lease by either Landlord or Tenant except as specified in Tenant's statement, or in the event such defaults exist the nature of such defaults; and (e) such other matters as may be reasonably requested by Landlord. Landlord and Tenant intend that any

statement delivered pursuant to this Section 28 may be relied upon by any mortgagee, beneficiary or purchaser. Tenant irrevocably agrees that if Tenant fails to execute and deliver such certificate within such ten (10) business day period Landlord or Landlord's beneficiary or agent may execute and deliver such certificate on Tenant's behalf, and that such certificate shall be fully binding on Tenant.

29. QUIET ENJOYMENT. Landlord warrants that Tenant shall have quiet enjoyment of the Premises free from any eviction or interference by Landlord if Tenant pays the Rent and other charges provided herein and otherwise fully and punctually performs the terms and conditions imposed on Tenant.

30. SIGNS. Tenant agrees, at its own expense, to utilize signs approved by Landlord, which conform to the standard signage plan adopted for the Building, and to install and thereafter maintain in good condition the signs so approved. Landlord will provide Tenant with building standard directory and suite entry signage at Landlord's expense. Tenant may install, at its own expense, any sign it desires within the interior of the Premises without prior approval of Landlord. Such signs shall be removed by Tenant, and any damage caused by such removal shall be repaired by Tenant at its expense upon the expiration or earlier termination of this Lease.

31. HOLDING OVER. In the event Tenant, or any party claiming under Tenant, retains possession of the Premises after the expiration or earlier termination of this Lease, such possession shall be an unlawful detainer, and no tenancy or interest shall result from such possession. Such occupants shall be subject to immediate eviction and removal at any time. In such a case, the Base Rent for the period of holdover shall be increased to one hundred fifty percent (150%) of the Base Rent last payable under this Lease, and Tenant shall continue to make all other payments required hereunder as Additional Rent, provided that Tenant shall nonetheless be a tenant at sufferance.

32. SURRENDER OF THE PREMISES. Tenant and Landlord shall meet for two (2) joint inspections of the Premises at a time reasonably and mutually acceptable to both Landlord and Tenant, the first to occur at least thirty (30) days (but no more than sixty (60) days) before the last day of the Term, and the second to occur not later than five (5) business days after Tenant has vacated the Premises. Landlord hereby covenants to arrange and attend such joint inspections. In the event of Tenant's failure to participate in either such inspection, Landlord's inspection at or after Tenant's vacation of the Premises shall be conclusively deemed correct for purposes of determining Tenant's responsibility for repairs and restoration.

All alterations, additions, and improvements in, on, or to the Premises made or installed by or for Tenant, including, without limitation, carpeting (collectively, "**Alterations**"), shall be and remain the property of Tenant during the Term. Upon the expiration or sooner termination of the Term, all Alterations shall become a part of the realty and shall belong to Landlord, unless otherwise mutually agreed to by Tenant and Landlord, except for trade fixtures and removable fixtures installed by Tenant, without compensation, and title shall pass to Landlord under this Lease as by a bill of sale. At the end of the Term or any renewal of the Term or other sooner termination of this Lease, Tenant will peaceably deliver up to Landlord possession of the Premises, together with all Alterations by whomsoever made (except removable fixtures installed by Tenant), in the same conditions received or first installed, broom clean and free of all debris, excepting only ordinary wear and tear and damage by fire or other casualty. Notwithstanding the foregoing, subject to the terms of Section 14.4 above, if Landlord elects by notice given to Tenant at least ten (10) days prior to expiration of the Term, Tenant shall, at Tenant's sole cost, remove any Alterations, including carpeting, so designated by Landlord's notice, and repair any damage caused by such removal. Tenant must, at Tenant's sole cost, remove upon termination of this Lease, any

and all of Tenant's furniture, furnishings, equipment, movable partitions of less than full height from floor to ceiling and other trade fixtures and personal property, as well as all data/telecommunications cabling and wiring installed by or on behalf of Tenant, whether inside walls, under any raised floor or above any ceiling (collectively, "**Personalty**"). Personalty not so removed shall be deemed abandoned by the Tenant and title to the same shall thereupon pass to Landlord under this Lease as by a bill of sale, but Tenant shall remain responsible for the cost of removal and disposal of such Personalty, as well as any damage caused by such removal.

All obligations of Tenant under this Lease not fully performed as of the expiration or earlier termination of the Term shall survive the expiration or earlier termination of the Term. Upon the expiration or earlier termination of the Term, Tenant shall pay to Landlord the reasonable and customary amount, as estimated by Landlord, necessary to repair and restore the Premises as provided in this Lease and/or to discharge Tenant's obligation for unpaid amounts due or to become due to Landlord. All such amounts shall be used and held by Landlord for payment of such obligations of Tenant, with Tenant being liable for any additional costs upon demand by Landlord, or with any excess to be returned to Tenant after all such obligations have been determined and satisfied. Any otherwise unused Security Deposit shall be credited against the amount payable by Tenant under this Lease.

33. LANDLORD'S EXPENSES. In addition to other provisions herein, Tenant agrees and shall pay and/or reimburse Landlord's reasonable out-of-pocket costs and expenses, including attorneys' fees, incurred or resulting from and relating to: (a) requests by Tenant for approval or consent under this Lease; (b) any circumstances or developments that give rise to Landlord's right of consent or approval; (c) circumstances resulting from any action or inaction by Tenant contrary to the Lease provisions; or (d) a request for changes, including, but not limited to: (i) the permitted use of the Premises, (ii) alterations and improvements to the Premises, (iii) subletting or assignment, or (iv) any other changes in the terms, conditions or provisions of this Lease. Such expenses and fees shall be paid by Tenant within thirty (30) days of the submission of a statement for the same. Landlord shall provide an estimate of expenses payable by Tenant under this Section upon Tenant's request.

34. WAIVER OF TRIAL BY JURY. LANDLORD AND TENANT HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS LEASE OR THE OBLIGATIONS EVIDENCED HEREBY, OR ANY OTHER DOCUMENT OR INSTRUMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HERewith, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT TO EACH OF LANDLORD AND TENANT IN ENTERING INTO THIS LEASE.

35. PARKING. Tenant shall be entitled to four (4) parking stalls per one thousand (1,000) rentable square feet in the Overlake Medical Tower North Parking Garage. Landlord reserves the right to charge Tenant Landlord's standard fee for Tenant's parking allocation, which shall be at fair market value. Any changes to such parking fees shall be communicated to Tenant in advance prior to the commencement of the new fees. Any additional monthly parking in excess of Tenant's parking allocation is available through the North Parking Garage's operator at the garage operator's standard rate. Tenant agrees to abide by the parking policy then in effect for the North Parking Garage. Tenant acknowledges that a copy of the parking policy currently in effect has been provided to Tenant.

36. CONFIDENTIALITY. Tenant agrees that the terms of this Lease are confidential and constitute proprietary information of Landlord, and that disclosure of the terms hereof could adversely affect

Landlord. Tenant shall keep its partners, members, managers, officers, directors, employees, agents, real estate brokers and sales persons and attorneys, as applicable, from disclosing the terms of this Lease to any other person without Landlord's prior written consent, except to (a) any accountants of Tenant in connection with the preparation of Tenant's financial statements or tax returns, (b) to agents or consultants of Tenant in connection with Tenant's performance of its obligations hereunder, (c) to an assignee of this Lease or subtenant of the Premises, or (d) to a person to whom disclosure is required in connection with any action brought to enforce this Lease; provided, however, that Tenant shall inform such persons of the confidentiality of the terms of this Lease and, except in the case of a governmental authority, shall obtain their agreement to abide by the confidentiality provisions of this Section prior to such disclosure. If Tenant breaches this covenant, Landlord shall have the right to seek, in addition to its reasonable attorneys' fees, injunctive and other equitable relief, without the necessity of posting a bond, to prevent or curtail violation of this covenant.

37. MISCELLANEOUS.

37.1 Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be deemed to be effective and have been duly given: (a) on the date of service if hand delivered or delivered by a facsimile transfer device, receipt confirmed; (b) on the business day following the date on which deposited with a nationally recognized overnight courier for next business day delivery, expenses prepaid; or (c) on the third (3rd) business day following the date on which mailed by first class registered or certified mail, return receipt requested, postage paid; and in any case addressed as follows or to such other address as shall be furnished in writing by such party pursuant to this Section 37.1:

- | | |
|---------------------|---|
| If to Landlord, to: | Landlord's Address for Notices as set forth in the Basic Lease Provisions |
| With a copy to: | Landlord's Property Manager, as set forth in the Basic Lease Provisions |
| If to Tenant, to: | Tenant's Address for Notices, as set forth in the Basic Lease Provisions |

37.2 Force Majeure. No party shall be liable or responsible to the other party, nor be deemed to have defaulted under or breached this Lease, nor shall such party be subject to termination of this Lease for any failure or delay in fulfilling or performing any term of this Lease as the result of any cause when and to the extent such party's failure or delay is caused by or results from any of the following force majeure events ("Force Majeure Event(s)": (a) acts of God; (b) flood, fire, earthquake, or explosion; (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot or other civil unrest; (d) government order, law, or action; embargoes or blockades in effect on or after the date of this Lease; (f) national or regional emergency; (g) strikes, labor stoppages or slowdowns or other industrial disturbances; (h) epidemic, pandemic or other regional or national medical emergencies, and (i) other similar events beyond the reasonable control of the party; provided, however, Tenant's monetary obligations under this Lease shall not be excused or delayed in any respect as a result of Force Majeure Events. The party whose performance is impacted by the Force Majeure Event shall give notice within twenty (20) days of the Force Majeure Event to the other party, stating the period of time the occurrence is expected to continue. The impacted party shall use diligent efforts to end the failure or delay and ensure the effects of such Force Majeure Event are minimized. The party so delayed shall

resume the performance of its obligations as soon as reasonably practicable after the removal of the cause.

37.3 Entire Agreement. This Lease, together with the exhibits, which are incorporated herein by this reference, constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions of the parties, whether written or oral, and there are no representations, warranties or other agreements between the parties in connection with the subject matter of this Lease.

37.4 Severability. Whenever possible, each provision of this Lease will be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating any other provision of this Lease.

37.5 Waiver. The waiver by Landlord of any breach of any term, covenant, or condition contained in this Lease shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition contained herein. The acceptance of Rent hereunder shall not be construed to be a waiver of any breach by Tenant of any term, condition or covenant of this Lease.

37.6 Remedies Cumulative. It is understood and agreed that the remedies herein given to Landlord shall be cumulative, and the exercise of any one remedy of Landlord shall not be to the exclusion of any other remedy.

37.7 Recordation. Tenant shall not record or register this Lease or a short form memorandum hereof without the prior written consent of Landlord, and if consented by Landlord, Tenant shall pay all charges and taxes incident such recording or registration.

37.8 Time of the Essence. Time is of the essence in the performance of this Lease.

37.9 Governing Law; Venue/Jurisdiction. This Lease shall be construed in accordance with the laws of the State of Washington without regard to conflict of law provisions. Venue and jurisdiction shall lie exclusively in the state or federal courts of King County, Washington.

37.10 Headings. The headings in this Lease are for convenience only and shall not affect the construction of this Lease.

37.11 Successor and Assigns. This Lease and all of the provisions of this Lease shall be binding upon and inure to the benefit of the parties to this Lease and their respective successors and permitted assigns.

37.12 Amendments. The provisions of this Lease may be amended only by the written agreement of Landlord and Tenant. Any such amendment may also require the approval of Landlord's lender in order to be effective.

37.13 Third Parties. Nothing in this Lease, expressed or implied, is intended or shall be construed to confer upon any person other than the parties to this Lease any legal or equitable rights or remedies under or by reason of this Lease or any provision contained herein.

37.14 Counterparts. This Lease may be executed in any number of counterparts, each of which shall be an original, and all of which together shall constitute one agreement.

37.15 Waiver of Worker's Compensation Immunity. The indemnification obligations contained in this Lease shall not be limited by any worker's compensation, benefit or disability laws, and each indemnitor hereby waives any immunity that said indemnitor may have under the Industrial Insurance Act, Title 51 RCW and any similar or successor worker's compensation, benefit or disability laws. This waiver is for the exclusive benefit of the party to be indemnified hereunder and is not intended, and shall not be construed, to be for the benefit of any employee of any indemnitor hereunder.

37.16 Authorized Signatories. Landlord and Tenant represent and warrant to each other that the officer or person signing this Lease on its behalf is an authorized signatory and is authorized to legally bind such party to this Lease.

37.17 Authorship of Lease. All provisions of this Lease have been negotiated by both parties at arm's length, and neither party shall be deemed the scrivener of this Lease. The Lease shall not be construed for or against either party by reason of the authorship of any provision hereof.

37.18 Broker's Commissions. Each of the parties represents and warrants to the other that it has not dealt with any broker or finder in connection with this Lease, except as described in Sections W and X in the Basic Lease Provisions, and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Subject to the CON Contingency being satisfied, Landlord shall be obligated to pay a leasing commission to Tenant's brokers set forth Section X of the Basic Lease Provisions in the amount of One Dollar and Fifty Cents (\$1.50) per rental square foot per year of the initial Lease Term, with fifty percent (50%) (\$110,310.00) due upon the Department's approval of Tenant's CON, and the other fifty percent (50%) (\$110,310.00) due on the Commencement Date. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of any dealings with any real estate broker or agent, other than the Brokers, occurring by, through, or under the indemnifying party. The terms of this Section 37.18 shall survive the expiration or earlier termination of the Lease Term.

37.19 Patient Privacy. Notwithstanding anything to the contrary contained in this Lease, in no event shall Landlord's right of entry as set forth in this Lease be deemed to include access to any of Tenant's patient files, other patient records or documented patient information, and Landlord shall observe the privacy of patients at all times, consistent with applicable law.

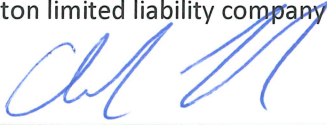
37.20 Exhibits. The following Exhibits are attached to and from an integral part of this Lease:

- Exhibit A - Legal Description of Property
- Exhibit B - Floor Plan of Premises
- Exhibit C - Work Letter
- Exhibit D - Restricted Uses
- Exhibit E - Building Rules and Regulations
- Exhibit F - Commencement Date Memorandum

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the latest date set forth below.

LANDLORD:

OVERLAKE MEDICAL TOWER, LLC,
a Washington limited liability company



By: Overlake Hospital Association,
Its sole member
Name: Andrew Tokar
Title: Chief Financial Officer
Date: April 24, 2024

TENANT:

THE EASTSIDE ENDOSCOPY CENTER, LLC,
a Washington limited liability company

By: _____
Name: _____
Title: _____
Date: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 24th day of April, 2024, before me personally appeared Andrew Tokar, to me known to be the Chief Financial Officer of Overlake Hospital Association, the company that executed the within and foregoing instrument as the sole member of Overlake Medical Tower, LLC, and acknowledged said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

SUBSCRIBED AND SWORN TO before me this 24th day of April, 2024.



NOTARY PUBLIC in and for the State of
Washington, residing at Redmond, WA
My commission expires: 10/22/2025



IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the latest date set forth below.

LANDLORD:

OVERLAKE MEDICAL TOWER, LLC,
a Washington limited liability company

By: Overlake Hospital Association,
Its sole member
Name: _____
Title: _____
Date: _____

TENANT:

THE EASTSIDE ENDOSCOPY CENTER, LLC,
a Washington limited liability company

N. Goralsky

By: Nick Goralsky
Name: Nick Goralsky
Title: VP Operations
Date: 4/25/2024

STATE OF WASHINGTON

)
) ss.
)

COUNTY OF KING

On this 25th day of April, 2024, before me personally appeared Nick Gonsky, to me known to be the vp operations of The Eastside Endoscopy Center, LLC, the limited liability company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute said instrument.

SUBSCRIBED AND SWORN TO before me this 25th day of April, 2024.



Cindy Fruge
NOTARY PUBLIC in and for the State of
Washington, residing at Bernalillo
My commission expires: 1-19-27

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

TRACTS G AND H OF OVERLAKE HOSPITAL MEDICAL CENTER BINDING SITE PLAN II, RECORDED IN VOLUME 228 OF PLATS, PAGES 77 THROUGH 84, AND AS AMENDED UNDER VOLUME 249 OF PLATS PAGES 67 THROUGH 74, INCLUSIVE, IN KING COUNTY, WASHINGTON.

EXHIBIT B

FLOOR PLAN OF PREMISES



EXHIBIT C
WORK LETTER

1. Conflicts; Terms. If there is any conflict or inconsistency between the provisions of the Lease and those of this Exhibit C (“**Work Letter**”), the provisions of this Work Letter will control. Except for those terms expressly defined in the Work Letter, all capitalized terms will have the meanings stated for such terms in the Lease. The following terms have the meanings indicated:

- (a) **Intentionally omitted.**
- (b) **“Commencement Date”** means December 1, 2025.
- (c) **“Start Date”** means the date that Tenant receives the CON from the Department and the CON Contingency is satisfied, with Tenant providing to Landlord written notice of the Department’s CON approval.
- (d) **“Tenant Finish Period”** means the period beginning on the Start Date and ending on the day prior to the Commencement Date.
- (e) **“Submission Date”** means no later than the date of the parties’ mutual execution of the Lease.
- (f) **“Landlord’s Representative”** means Landlord’s Property Manager.
- (g) **“Tenant’s Representative”** means Nick Goralsky, CMPE, 3209 S. 23rd St., Suite 200, Tacoma, WA 98405, 253-888-2253, ngoralsky@washgi.com.
- (h) **“Tenant’s Architect”** means Jana Bee Triplett, Gastinger Walker & Architects, LLC, 817 Wyandotte, Kansas City, MA 64105, 816-421-8200, or such other licensed or registered professional engineers as may be selected by Tenant and reasonably approved by Landlord.
- (i) **“Tenant’s Engineers”** means Kevin Zimmerman, PKMR Engineering, LLC, 13300 West 98th Street, Lenexa, KS 66215, 913-492-2400.
- (j) **“Allowance”** means the sum of One Million Two Hundred Sixty-three Thousand Four Hundred Seventeen and 20/100 Dollars (\$1,263,417.20).
- (k) **“Leasehold Improvements”** means all alterations, improvements, and installations to be constructed or installed by Landlord or Tenant in the Premises according to this Work Letter.
- (l) **“Landlord’s Work”** means those Leasehold Improvements to be constructed or installed by Landlord, if any, according to Section 4 below.
- (m) **“Tenant’s Work”** means all Leasehold Improvements other than Landlord’s Work.

(n) **“Preliminary Plans”** means space plans and general specifications for Tenant’s Work prepared by Tenant’s Architect in such form (and on such scale in the case of plans and drawings) as Landlord may reasonably specify.

(o) **“Construction Documents”** means complete construction plans and specifications for Tenant’s Work prepared by Tenant’s Architect and Tenant’s Engineers in such form (and on such scale in the case of plans and drawings) as Landlord may reasonably specify, and detailing all aspects of Tenant’s Work, including, without limitation, the location of medical equipment of a large or heavy nature, other heavy objects, stairwells, walls, doors, computer equipment, telephone and related equipment, and electrical, plumbing, heating, ventilation and air conditioning equipment (including equipment in excess of that required for normal use). Tenant’s Engineers will perform all mechanical and electrical design work included in the Construction Documents.

(p) **“Tenant’s Costs”** means all costs required to be expended by Tenant under this Work Letter in connection with Tenant’s Work, including, without limitation, the costs of: preparing the Preliminary Plans, Construction Documents and the as-built plans described in Section 8; performing Tenant’s Work; obtaining all required insurance, licenses and permits; satisfying all requirements of applicable laws, codes and Regulations; letting all contracts; Landlord’s services provided under Section 14; and all required electrical and telephone panels and/or meters. Tenant’s Costs will not, however, include any costs incurred by Tenant for furniture or other personal property, for fixtures or equipment (unless such fixtures or equipment will constitute permanent additions to the Premises and are shown on the Construction Documents), or for moving to the Premises.

(q) **“Construction Administration Fee”** means four percent (4%) of the construction costs of Tenant Work on a single project for construction costs up to Three Hundred Thousand and No/100 Dollars (\$300,000.00), and if construction costs on a single project exceed Three Hundred Thousand and No/100 Dollars (\$300,000.00), Landlord shall charge an additional three percent (3%) on the amount of construction costs that are in excess of Three Hundred Thousand and No/100 Dollars (\$300,000.00). Notwithstanding the foregoing, Landlord shall not charge a construction administration fee for any Work performed by Tenant if the cost of such Work is less than Ten Thousand and No/100 Dollars (\$10,000.00) in the aggregate in any twelve (12) month period.

(r) **“Substantial Completion”** of Tenant’s Work shall be deemed to have occurred when (i) Tenant’s Representative and Tenant’s Architect certify to Landlord that all of the Tenant’s Work has been performed in accordance with the Construction Documents and this Work Letter, other than any punch list items and any tenant fixtures, work-stations, built-in furniture or equipment to be installed by Tenant and that do not materially interfere with Tenant’s use or occupancy of the Premises; and (ii) Tenant has obtained and delivered to Landlord a permanent or temporary certificate of occupancy for the Premises.

2. Tenant Finish Period. The Tenant Finish Period will begin on the Start Date specified in Section 1 above.

3. Representatives. Landlord appoints Landlord’s Representative to act for Landlord in all matters covered by this Work Letter. Tenant appoints Tenant’s Representative to act for Tenant in all matters covered by this Work Letter. All inquiries, requests, instructions, authorizations, and other communications with respect to the matters covered by this Work Letter will be made to Landlord’s Representative or Tenant’s Representative, as the case may be. Tenant will not make any inquiries of or

requests to, and will not give any instructions or authorizations to, any other employee or agent of Landlord, including Landlord's architect, engineers, and contractors or any of their agents or employees, with regard to matters covered by this Work Letter. Either party may change its Representative under this Work Letter at any time by three (3) days prior written notice to the other party.

4. Landlord's Work. Landlord, at its expense and as Landlord's Work, will complete in or for the Premises, in a good and workmanlike manner and according to all applicable laws, the following:

None.

5. Intentionally Omitted.

6. Intentionally Omitted.

7. Landlord's Approval. All Preliminary Plans and Construction Documents, and any revisions to the same (whether in the form of a change order or otherwise) are expressly subject to Landlord's prior written approval. Landlord may withhold its approval of any such items that require work which:

(a) exceeds or adversely affects the capacity or integrity of the Building's structure or any of its heating, ventilating, air conditioning, plumbing, mechanical, electrical, communications or other systems;

(b) is not approved by the holder of any encumbrance on the Building or Property;

(c) would not be approved by a prudent owner of property similar to the Building;

(d) violates any agreement which affects the Building or binds Landlord;

(e) Landlord reasonably believes will increase the cost of operating or maintaining any of the Building's systems;

(f) Landlord reasonably believes will reduce the market value of the Premises or the Building at the end of the Term;

(g) does not conform to applicable building code or is not approved by any governmental authority having jurisdiction over the Premises;

(h) does not meet or exceed Building standard; or

(i) Landlord reasonably believes will infringe on the architectural or historical integrity of the Building.

8. Test Fit Allowance; Tenant's Plans. Landlord will provide Tenant with an allowance of up to Three Thousand Six Hundred Seventy-seven and No/100 Dollars (\$3,677.00) (or \$0.25/RSF) for one (1) test fit and one (1) revision of the same (the "**Test Fit Allowance**"). On or before the Submission Date, Tenant, at its expense, will cause the Preliminary Plans to be prepared and submitted to Landlord for its approval. Tenant's submittal of the Preliminary Plans will include one (1) sepia, five (5) sets of blueline prints and three (3) sets of those specifications not shown on the drawings. If the submitted materials

are not acceptable to Landlord, Landlord will so notify Tenant by returning the sepia with required changes noted. If Landlord so notifies Tenant of any required change to the Preliminary Plans, Tenant will cause the same to be revised according to the returned sepia and resubmitted to Landlord within seven (7) days after receipt of such notice. Within fifteen (15) days after Landlord notifies Tenant of Landlord's approval of the Preliminary Plans, Tenant, at its expense, will cause the Construction Documents to be prepared and submitted to Landlord for its approval. Such submittal will include one (1) sepia, five (5) sets of blueline prints, three (3) sets of specifications and a complete color and finish board for Tenant's Work. The Construction Documents must strictly conform to the Preliminary Plans approved by Landlord and must be in all respects sufficient for the purpose of obtaining a building permit for Tenant's Work. If required by Landlord, Tenant will cause the Construction Documents to be resubmitted to Landlord for its approval within seven (7) days after Landlord notifies Tenant of any required changes. Tenant's Work will not commence prior to Landlord's approval of the Construction Documents. Except as provided in Section 2 above, no delays in the design or performance of Tenant's Work will change the Start Date or the Commencement Date. Upon completion of Tenant's Work, Tenant will provide Landlord a complete set of reproducible as-built plans of the Premises. If Tenant fails to provide such plans, Landlord may obtain them, directly or by field verification, and charge Tenant for all costs incurred by Landlord in doing so. No approval by Landlord of the Preliminary Plans, the Construction Documents or any revisions to them will constitute a representation or warranty by Landlord as to the adequacy or sufficiency of such plans, or the improvements to which they relate, for any use, purpose or condition, but such approval will merely be the consent of Landlord to the construction or installation of improvements in the Premises according to such plans.

9. Tenant's Work. During the Tenant Finish Period, Tenant, at its expense, will construct or cause to be constructed in the Premises all of Tenant's Work for the build-out of a Medicaid-certified ambulatory surgery center according to the Construction Documents approved by Landlord. Tenant, at its expense, will obtain: (i) all permits (including, without limitation, building permits) required for construction of Tenant's Work; (ii) all contracts and insurance required under this Work Letter; and (iii) all certificates required for occupancy of the Premises from the appropriate governmental authorities. Tenant will cause all Tenant's Work to be diligently completed in a good and workmanlike manner, according to the approved Construction Documents and all applicable laws, and free and clear of any liens or claims for liens. Subject to Landlord's review and approval, Tenant may install a security/entry system of Tenant's choice for the Premises, provided, however, that Landlord shall be provided access to the code for the same for Landlord's entry consistent with Section 19 of the Lease. In addition, Landlord will allow two-way communication between Tenant's fire alarm system and the Building's master system, subject to Landlord's prior review and approval of the same.

10. Tenant's Contractor. Landlord will have the right to approve Tenant's contractor ("**Contractor**") and all subcontractors, which approvals will not be unreasonably withheld or delayed. Landlord will provide Tenant with a list of contractors and subcontractors that are acceptable to Landlord. Tenant may select its Contractor and subcontractors from such list or may request Landlord's approval of a Contractor and subcontractors not on such list. Tenant will not execute any contract for the performance of Tenant's Work until Landlord's approvals of the Contractor and subcontractors have been obtained, and Tenant will cause its proposed Contractor and subcontractors (if not on such list) to submit such information, including financial information, as may be reasonably required by Landlord to determine whether such Contractor and subcontractors should be approved. Tenant agrees to cause its Contractor and all of Contractor's subcontractors to comply with Landlord's then-current General Contractor Construction Rules.

11. Construction Contract. Tenant's construction contract for Tenant's Work will provide (and Tenant will deliver a copy of it to Landlord so that Landlord may confirm it provides) that: (i) Contractor will obtain a payment and performance bond in the amount of one hundred percent (100%) of the cost of constructing Tenant's Work, from a surety company mutually acceptable to Tenant and Landlord; (ii) construction of Tenant's Work will not interfere with Landlord's or Landlord's tenants' activities in, or use or enjoyment of, the Building; (iii) Contractor will cooperate with other contractors in the Building, if any, to insure harmonious working relationships, including, without limitation, coordinating with other contractors in the Building concerning use of elevators, trash removal and water and utility usage; (iv) Contractor will leave all Common Areas in neat, clean, orderly and safe condition at the end of each day during construction of Tenant's Work; (v) Contractor will procure and maintain and cause its subcontractor to procure and maintain the insurance described in Section 12 below; (vi) upon completion of Tenant's Work, Contractor will provide to Landlord and Tenant as-built drawings together with mechanical balance reports and any maintenance manuals on equipment installed in the Premises as part of Tenant's Work; (vii) any purchased material remaining after completion of the subject portion of Tenant's Work (such as, for example, extra paint, wall coverings or carpet) will be given by Contractor to Landlord for use in subsequent repairs; (viii) all labor and material supplied according to the contract will be fully warranted by Contractor for a period of not less than one (1) year from substantial completion of Tenant's Work and such warranty will provide that it is for the benefit of both Landlord and Tenant and may be enforced by either; and (ix) Contractor will agree to comply with, and will cause all of its subcontractors to comply with, Landlord's General Contractor Construction Rules. The construction contract will also contain the following indemnification and defense provisions:

"Contractor will protect, defend, hold harmless, and indemnify Overlake Medical Tower, LLC and its successors, assigns, directors, officers and employees (collectively, "**Indemnitees**") from and against all claims, actions, liabilities, damages, losses, cost and expense (including attorney's fees) arising out of or resulting from the performance of the work contemplated by this contract by Contractor or any of its subcontractors, provided that any such claims, action, liabilities, damages, losses, cost or expense (i) are attributable to bodily injury, sickness, disease, or death, or to injury to or destruction of tangible property (other than the work contemplated by this contract itself) including the loss of use resulting therefrom, and (ii) are caused in whole or in part by the negligent act or omission of Contractor, any subcontractor, or any of them may, directly or indirectly, be liable. Such obligations will not be construed to negate, abridge or otherwise reduce any other right or obligation of indemnity which would otherwise exist as to any party or person described in this Section.

Contractor agrees to protect, defend, hold harmless and indemnify the Indemnitees from and against any and all claims, actions, liabilities, damages, losses, costs, and expenses (including attorneys' fees) arising out of or resulting from Contractor's failure to purchase all insurance required under Section 12 of the Work Letter attached to and made a part of the Lease dated [DATE OF LEASE TO BE INSERTED], 2024 between Overlake Medical Tower, LLC and The Eastside Endoscopy Center, LLC and Contractor's failure to require and obtain proper insurance coverage from its subcontractors. In any and all claims against the Indemnitees or any employee of Contractor or any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, the indemnification obligation under this provision will not be limited in any way by any limitation of the amount or type of damages, compensation or benefits payable by or for Contractor or any subcontractor

under workers' compensation acts, disability benefit acts, or other employee benefit acts.

The indemnification and defense obligations stated above will not apply to any claims, actions, liabilities, damages, losses, cost or expenses caused directly and solely by the affirmative gross negligence or intentional tortious act of the Indemnitees."

12. Contractor's Insurance. Tenant will maintain and/or cause Contractor (and, except as provided below, all of Contractor's subcontractors) to procure and maintain in effect during the entire period of construction of Tenant's Work the following insurance:

(a) Worker's compensation insurance with statutory benefits and limits that fully comply with all state and federal requirements;

(b) Employer's liability insurance with limits of at least \$1,000,000 per accident and per disease per employee, and \$1,000,000 for disease aggregate in respect of any work or operations on or about the Property;

(c) Automobile liability insurance including owned, non-owned, leased and hired car coverage, naming Landlord as an additional insured, providing primary (and not contributing) coverage, and containing cross-liability and severability of interest clauses; limits of liability will be as follows: coverage will be in an amount of not less than \$1,000,000.00 combined single limit per occurrence;

(d) Commercial general liability insurance against claims for bodily injury or property damage, such insurance (1) to be on the so called "occurrence" form with a general aggregate limit of not less than \$2,000,000 and a per occurrence limit of not less than \$1,000,000 (including medical expense of at least \$5,000 per person); (2) providing for no deductible in excess of \$1,000,000 and no self-retention or self-insurance; (3) to cover at least the following hazards: (a) premises and operations (including Fire Damage Legal Liability); (b) products and completed operations on an "if any" basis; (c) independent contractors; (d) blanket contractual liability for advertising and all written and oral contracts to the extent of tort liability; I blanket contractual and broad form property damage coverage; (4) naming Landlord as an additional insured; (5) providing primary (and not contributing) coverage; (5) containing cross-liability and severability of interest clauses; and (6) be written in a so-called "builder's risk completed value form," on a non-reporting basis, with an agreed amount endorsement waiving co-insurance provisions; and

(e) "All Risk" or "Special Perils" builder's risk property insurance for the full replacement cost of the Premises, including Tenant's Work, with losses adjusted on a replacement cost basis, written in a so-called "builder's risk completed value form", on a non-reporting basis, naming Landlord as a loss payee, as its interest may appear, providing primary (and not contributing) coverage, including a waiver of all co-insurance provisions and a waiver of all rights of subrogation against Landlord, providing for no "All Risk" or "Special Perils" deductible in excess of \$500,000 and no self-retention or self-insurance, with an "Ordinance or Law Coverage" or "Enforcement" endorsement, including contingent operation of building laws, demolition costs and increased cost of construction, with no exclusion for "wind" damage.

All of the above insurance policies must be placed with insurance companies reasonably acceptable to Landlord and must be endorsed to require thirty (30) days written notice to Landlord prior to any cancellation or material change in coverage (and at least ten (10) days prior notice if cancellation of any

policy is caused by non-payment of premium) and must contain an agreed amount endorsement waiving co-insurance provisions. Prior to the commencement of any Tenant's Work, Tenant will cause Contractor to deliver to Landlord original certificates of insurance evidencing the insurance coverage required above. Tenant will also cause Contractor to obtain certificates or evidence of similar insurance from each of Contractor's subcontractors before their work commences and deliver such certificates or evidence to Landlord. Each subcontractor must be covered by insurance of the same character and in the same amount as specified for Contractor above, except that so long as Contractor's builder's risk policy covers all of Tenant's Work, no subcontractor will be required to maintain builder's risk.

13. Additional Requirements Concerning Tenant's Work. The following additional requirements will apply to Tenant's Work:

(a) All of Tenant's Work will be: (i) of a quality at least equal to Building standard; (ii) completed only according to the Construction Documents approved by Landlord; (iii) conducted in a manner so as to maintain harmonious labor relations and not to interfere with or delay any other work or activities being carried on by Landlord or Landlord's contractors or other tenants or invitees of other tenants; (iv) designed, performed and completed in substantial compliance with all applicable standards and regulations established by Landlord and provided to Tenant in advance of the commencement of construction of Tenant's Work as well as all safety, fire, plumbing and electrical and other codes and governmental and insurance requirements; (v) completed only by the Contractor approved by Landlord; (vi) coordinated by the approved Contractor so as to insure timely completion; and (vii) performed and conducted in such a manner so as not to alter the structure or systems of the Building.

(b) Under no circumstances will Tenant, Contractor or any of their authorized representatives ever alter or modify or in any manner disturb any "Central" (as defined below) system or installation of the Building, including, without limitation, the Central plumbing system, Central electrical system, Central heating, ventilating and air conditioning system, Central fire protection and fire alert system, Central Building maintenance systems, Central structural system, elevators and anything located within the Central core of the Building. Only with Landlord's express written permission will Tenant, Contractor or their authorized representatives alter or modify or in any manner disturb any "Branch" (as defined below) of any Central system or installation of the Building that serves or is located within the Premises. "Central" means that portion of any Building system or component that is within the core of the Building system or component that is within the core of the Building or common to or serves or exists for the benefit of other tenants in the Building, and "Branch" means that portion of any Building system or component that serves to connect or extend Central systems to the Premises. Any and all interfacing with, or tie-ins to, any Central Building systems or Branches will be scheduled with Landlord not later than five (5) days prior to the commencement of any such work. Any such interfacing with, or tie-ins to, any such Building systems, and any checks of such interfacing or tie-ins, will be performed only after the same have been scheduled with, and approved by, Landlord.

(c) Contractor may submit to Landlord written request for use of any Building standard materials that have been pre-stocked by Landlord. Any such request will indicate the quantity and description of the pre-stocked materials needed. Contractor will be responsible for the relocation and allocation of any such materials to the Premises under the supervision of, and only with the consent of, Landlord's Representative or contractor. Contractor will be solely and exclusively responsible for signing for and verifying any such pre-stocked materials so used. Landlord will deduct from the amount of the Allowance described in Section 17 below the value of any pre-stocked materials so requested by Contractor from Landlord. The value of any such pre-stocked materials will be determined by the

quantities required in accordance with generally accepted costs in the metropolitan area in which the Building is located.

(d) All construction personnel engaged in the performance of Tenant's Work must use the Building's freight elevator and not the passenger elevators for access to the Premises. All deliveries of materials for use in connection with the construction of Tenant's Work requiring the freight elevator of the Building must be scheduled in advance with Landlord. In addition, any of Tenant's Work that is to be performed during hours other than Business Hours must be scheduled in advance with Landlord.

(e) Tenant agrees that if Contractor fails to leave all Common Areas in a neat, clean, orderly and safe condition at the end of each day during construction of Tenant's Work, Landlord will have the right to immediately take such action as Landlord deems appropriate to render the Common Areas neat, clean, orderly and safe, and Tenant will, upon Landlord's written demand, reimburse Landlord for all Landlord's costs of taking such action.

14. Landlord's Services; Construction Administration. During construction of Tenant's Work, Landlord will provide the following services related to such construction, the actual cost of which will be paid by Tenant as a part of Tenant's Costs: all electricity and other utilities; refuse removal (including dumpsters); and any other services requested by Tenant or Contractor that Landlord agrees to provide (such as engineering, maintenance, or housekeeping services). In addition, Landlord will provide construction administration with respect to Tenant's Work and Tenant shall pay to Landlord the Construction Administration Fee. Tenant shall pay such reasonable third-party costs actually incurred by Landlord in connection with the proposed Work and the design thereof. All Tenant's Costs that are payable to Landlord will be paid by Tenant within ten (10) days after the date of Landlord's invoice.

15. Inspection; Stop Work; Noncomplying Work. Landlord reserves the right to inspect Tenant's Work in the Premises at all reasonable times, provided that such inspection(s) will in no way make Landlord responsible for any of Tenant's Work and will not constitute a representation or warranty by Landlord as to the adequacy or sufficiency of Tenant's Work. Landlord reserves the right to stop any and all work performed (or to be performed) if Landlord considers any such work, or its performance, to be dangerous or creating a nuisance, or otherwise injurious to Tenant, Landlord or any other Building tenants. If any inspection by Landlord reveals any items of Tenant's Work that does not comply with Tenant's obligations under this Work Letter, Landlord may so notify Tenant and require that the item be corrected to so comply. Within ten (10) days after the date of any such notice from Landlord, Tenant will begin correction of any such noncomplying item and will then promptly and diligently pursue such correction to completion. If any such item is not so corrected, Landlord may enter the Premises at any time and correct the item at Tenant's expense (to be paid by Tenant promptly upon demand).

16. Mechanics' Liens. In the conduct of Tenant's Work, Tenant will take all action necessary to ensure that no mechanic's or other liens attach to the Premises or Building. Without limitation, Tenant will post notices, with form and content and in the manner as specified by any applicable law, notifying all persons or entities which may supply labor or materials in connection with Tenant's Work that Landlord's interest in the Premises and Building will not be subject to any lien for the same. If any such lien should be filed, the provisions of Section 16 of the Lease will apply.

17. Allowance and Disbursement of Allowance. Subject to the terms of this Work Letter, Landlord agrees to pay Tenant the "Allowance," to be applied to the cost of designing and performing Tenant's Work. The Allowance shall be available solely for the construction costs of Tenant's Work, and no

portion thereof shall be used for furniture, personal property, the purchase of medical or office equipment, working capital, free rent, moving expenses, the Construction Administration Fee, or other such purposes. Tenant shall not be entitled to receive or retain any portion of the Allowance that exceeds the Tenant's actual costs of the Tenant's Work. Provided Tenant is not in default under the terms and conditions of the Lease, Landlord's payment to Tenant of the Allowance shall be paid in two (2) approximately equal installments and by application for reimbursement submitted to Landlord by Tenant, which must be itemized and supported by a schedule of values, unit costs, supporting invoices, and any other substantiating data as reasonably required by Landlord, including, without limitation, the job number and a certificate signed by Tenant's Architect evidencing the actual completion of the work (the "Payment Application"). The first Payment Application shall be submitted to Landlord when approximately one-half (1/2) of Tenant's Work is complete, and the last Payment Application shall be submitted to Landlord upon Substantial Completion of Tenant's Work. If Landlord approves the Payment Application and confirms receipt of appropriate conditional lien waivers and releases for requested payment, then Landlord shall pay the Payment Application within thirty (30) days of receipt. Notwithstanding the foregoing, Landlord shall be entitled to withhold the last payment of the total Allowance, which will be held by Landlord for thirty (30) days after Landlord's receipt of (1) final conditional lien waivers for the prospective last payment of the Allowance and (2) unconditional lien waivers and releases for Landlord's prior payment. In addition, in order to receive the final payment of the Allowance, Tenant must satisfy the following conditions: (a) delivery to Landlord of "as built" construction drawings; (b) a final certificate of occupancy for the Premises issued by the appropriate governmental authority; and (c) delivery of an assignment of construction warranties to Landlord by Tenant. If Tenant has not used in full or submitted all of the appropriate documentation required by this Section 17 within one hundred twenty (120) days of Substantial Completion of Tenant's Work, Tenant shall forfeit the balance of the Allowance.

If Tenant is in Default under the Lease beyond any applicable grace and cure period and Landlord thereafter terminates the Lease, the unamortized portion of the Allowance shall be deemed sums advanced by Landlord on Tenant's behalf and such unamortized portion (in accordance with the formula set forth below) shall be due from Tenant as Additional Rent payable in a lump sum as an additional remedy of Landlord under the Lease.

Amortization Formula

$U = A \times (RM/LM)$, where

U = Unamortized portion of Allowance

A = Amount of Allowance plus simple interest at 12% per annum from the date of this Lease until the date of termination

LM = Total months during the initial Lease Term, and

RM = Remaining months to the end of the initial Lease Term.

18. General. Failure by Tenant to pay any amounts due under this Work Letter will have the same effect as failure to pay Rent under the Lease, and such failure or Tenant's failure to perform any of its other obligations under this Work Letter will constitute an Event of Default under Section 22 of the Lease, entitling Landlord to all of its remedies under the Lease as well as all remedies otherwise available to Landlord. This Exhibit C shall not be deemed applicable to any additional space added to the Premises at any time or from time to time, whether by any options under the Lease or otherwise, or to any portion of the original Premises or any additions to the Premises in the event of a renewal or extension of the original Term of the Lease, whether by any options under the Lease or otherwise, unless expressly so provided in the Lease or any amendment or supplement to the Lease. To the extent

the terms of this Exhibit C conflict with the terms of Landlord's then-current General Contractor Construction Rules, the terms of this Exhibit C shall prevail.

EXHIBIT D

RESTRICTED USES

In the furtherance of its goals to benefit the community by improving quality, integrating the delivery of health care services and reducing duplicate tests, procedures, equipment and treatments, thereby helping to achieve greater efficiency and reduced costs to the community, the Premises may not be used on a commercial basis for any of the following types of medical services. However, services provided by a tenant for patients for whom the tenant is the attending health care provider shall be permitted so long as the service is not made available to third parties, including other tenants.

- (1) ambulatory surgery;
- (2) laboratory;
- (3) imaging modalities including MRI, CT, nuclear or ultrasound scans and plain film x-rays;
- (4) physical, occupational or speech therapy;
- (5) pharmacy;
- (6) renal dialysis;
- (7) chemotherapy or medical oncology including infusion therapy;
- (8) urgent care facility;
- (9) licensed short stay facility;
- (10) pediatric specialty care.

Exceptions to the above-stated categories shall only be permitted at the discretion of the Landlord or if such use is specifically included in Section 9.1 of the Lease.

EXHIBIT E

BUILDING RULES AND REGULATIONS

1. No sign, placard, picture, advertisement, name or notice shall be displayed or affixed on or to any part of the outside or inside of the Building or attached garage without the prior written consent of Landlord and Landlord shall have the right to remove any such sign, placard, picture, advertisement, name or notice without notice to and at the expense of Tenant.

All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of Tenant by Landlord's designated vendors.

Tenant shall not place anything or allow anything to be placed near the glass of any window, door, partition or wall which may appear unsightly from outside the Premises; provided, however, that Landlord shall furnish and install a Building standard window covering at all exterior windows. Tenant shall not, without prior written consent of Landlord, cause or otherwise sunscreen any window.

2. The sidewalks, halls, passages, exits, entrances, elevators and stairways shall not be obstructed by any of the tenants or used by them for any purpose other than for ingress and egress from their respective Premises. General Contractors conducting tenant improvements within the Overlake Medical Tower shall protect the wood floors, carpeting, elevators and common area furnishings from unnecessary abused with protective floor and wall coverings and shall comply with Landlord's then current General Contractor Construction Rules.

3. Tenant shall not alter any lock or install any new or additional locks or any bolts on any doors or windows of the Premises without the written consent of the Landlord. Each instance will require separate permission. Landlord must be provided with a copy of the key for emergency access.

4. The toilet rooms, urinals, washbowls, and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the Tenant who, or whose employees or invitees shall have caused it. Tenant will not add or remove anything from the restrooms (i.e., trash cans, signage, air fresheners, bowl cleaners, coat hooks, etc.).

5. Tenant shall not overload the floor of the Premises or in any way deface the Premises or any part thereof.

6. No furniture, freight, supplies or equipment of any kind shall be brought into the Building without the prior notice to Landlord and all moving of the same into or out of the Building shall be done at such time and in such manner as Landlord shall designate. Landlord shall have the right to prescribe the weight, size, and position of all safes and other heavy equipment brought into the Building and also the times and manner of moving the same in and out of the Building. Safes, file cabinets or other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property from any cause and all damage done to the Building by moving or maintaining any such safe, file cabinets or other property shall be repaired at the expense of Tenant. Only two-wheeled carts with rubber wheels will be allowed into the Building and elevator during regular hours.

No metal wheels, horizontal carts or pallet jacks are allowed during regular hours. Deliveries requiring these devices must be scheduled for after hours through Landlord. This includes vendor/supplier deliveries as well.

7. Tenant shall not use, keep or permit to be used or kept any foul or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to the Landlord or other occupants of the Building by reason of noise, odors and/or vibrations, or interfere in any way with other tenants or those having business therein, nor shall any animals or birds be brought in or kept in or about the Premises or the Building.

8. No cooking shall be done or permitted by any Tenant on the Premises, nor shall the Premises be used for the storage of merchandise, for washing clothes, for lodging, or for any improper, objectionable or immoral purposes.

9. Tenant shall not use or keep in the Premises or the Building any kerosene, gasoline or inflammable or combustible fluid or material, or use any method of heating or air conditioning other than that supplied by Landlord.

10. Landlord will direct electricians as to where and how telephone and telegraph wires are to be introduced. No boring or cutting for wires will be allowed without the consent of the Landlord. The location of telephones, call boxes and other office equipment affixed to the Premises shall be subject to the approval of Landlord.

11. On legal holidays and during non-Building hours, access to the Building, or to the halls, corridors, elevators or stairways in the Building, or to the Premises may be refused unless the person seeking access is known to the person or employee of the Building in charge and has a pass or is properly identified. The Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob, riot, public excitement, or other commotion, the Landlord reserves the right to prevent access to the Building during the continuance of the same by closing the doors or otherwise, for the safety of the tenants and protection of property in the Building and the Building.

12. Landlord reserves the right to exclude or expel from the Building any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Building.

13. No vending machine or machines of any description shall be installed, maintained or operated upon the Premises without the written consent of the Landlord.

14. Landlord shall have the right, exercise without notice and without liability to Tenant, to change the name and street address of the Building of which the Premises are a part.

15. Tenant shall not disturb, solicit, or canvass any occupant of the Building and shall cooperate to prevent same.

16. Without the written consent of Landlord, Tenant shall not use the name of the Building in connection with or in promoting or advertising the business of Tenant except as Tenant' address.

17. Landlord shall have the right to control and operate the public portions of the Building, and the public facilities, and heating and air conditioning, as well as facilities for the common use of the tenants, in such manner as it deems best for the benefit of the tenants generally.

18. All entrance doors in the Premises shall be left locked when the Premises are not in use, and all doors opening to public corridor shall be kept closed except for normal ingress and egress from the Premises. Doors to the Premises must never be propped open.

19. Parking stalls are available for use by Tenant on a non-exclusive basis.

20. Landlord shall have the right to implement such security devices and procedures in such a manner as it deems best for the benefit of the tenants, generally.

21. Unless otherwise requested by tenants occupying two-thirds (2/3rds) or more of the rental area of the medical office portions of the Building, the hours of operation of the Building shall be 6:00 a.m. to 8:00 p.m., Monday through Friday, and 6:00 a.m. to 6:00 p.m. on Saturday.

22. Unless otherwise notified by Landlord, all trash must be removed through the garage elevators and/or the Building's second floor entrance. If trash is removed after hours, the doors must be locked at all times. The doors are never allowed to be propped open or left unsecured.

23. Carts shall be used to remove all trash from the Premises. Any janitors who place trash bags on the Building's common corridor carpet or who remove trash without a cart may be permanently removed by the Building at Landlord's discretion.

24. Tenants are responsible for the actions of their vendors while working in the Premises. Landlord reserves the right to remove any vendor from the property who is not following Building rules and regulations pertaining to tenants and/or vendors.

25. No animals or pets other than registered service animals will be allowed on the property.

26. Tenants will keep all janitorial supplies used for their suite within the footprint of their space. Storing supplies in common area closets is not allowed unless previously approved by Landlord.

27. Tenants will comply with the building fire life safety program and requests of the local fire jurisdiction. All tenants will assign a floor warden who will actively participate in all training as mandated and provided by the Landlord. The Building is a "Class B" office building which requires all of its tenants to respond to a building emergency as expected in a Class B property.

28. Medical emergency elevator keys will be distributed at the sole discretion of Landlord. If Tenant is issued a key, it will only be used during an actual emergency and not for day-to-day convenience.

29. Canvassing, soliciting, distribution of handbills or any other written material in the Building is prohibited and each tenant shall cooperate to prevent the same.

30. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of any lease of

any premises in the Building. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant or tenants, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Building.

31. Landlord reserves the right to make such other and reasonable, general and non-discriminatory rules and regulations as in its judgment may from time to time be needed for safety and security, for care and cleanliness of the Building, and for the preservation of good order in and about the Building. Tenant agrees to abide by all such rules and regulations herein stated and any additional rules and regulations that are adopted and provided in writing to Tenant. Tenant shall be responsible for the observance of the foregoing rules by Tenant's employees, agents, clients, patients, customers, invitees and guests.

EXHIBIT F

COMMENCEMENT DATE MEMORANDUM

attached to and made a part of the Lease bearing the Lease Reference Date of _____, 2024 between OVERLAKE MEDICAL TOWER, LLC, and THE EASTSIDE ENDOSCOPY CENTER, LLC

THIS MEMORANDUM, is by and between **OVERLAKE MEDICAL TOWER, LLC**, a Washington limited liability company ("**Landlord**"), and **THE EASTSIDE ENDOSCOPY CENTER, LLC** a Washington limited liability company ("**Tenant**").

RECITALS

A. Landlord and Tenant are parties to that certain Lease, dated for reference _____, 2024 (the "**Lease**") for certain premises (the "**Premises**") consisting of approximately 14,708 square feet in Suite 400 of the building commonly known as Overlake Medical Tower.

B. Tenant is in possession of the Premises and the Term of the Lease has commenced.

C. Landlord and Tenant desire to enter into this Memorandum confirming the Commencement Date, the Termination Date and other matters under the Lease.

NOW, THEREFORE, Landlord and Tenant agree as follows:

1. The actual Commencement Date is _____.
2. The actual Termination Date is _____.
3. The schedule of the Base Rent set forth in the Lease's Basic Lease Provisions is deleted in its entirety, and the following is substituted therefor:

[insert rent schedule]

4. Capitalized terms not defined herein shall have the same meaning as set forth in the Lease.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum to be executed as of the latest date and year written beneath their signatures below.

LANDLORD:
OVERLAKE MEDICAL TOWER, LLC,
a Washington limited liability company

TENANT:
THE EASTSIDE ENDOSCOPY CENTER, LLC
a Washington limited liability company

By: Overlake Hospital Association, its sole member
By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT 6
LOAN AGREEMENT

KeyBank  **Term Sheet – Delay Draw Term Loan**

Co-Borrowers: The Eastside Endoscopy Center, LLC ("EEC") and Washington Gastroenterology, PLLC ("WAGI")

Facility: Delay draw term loan: non-revolving credit facility to convert to a permanent amortizing term loan

Commitment: Up to \$5,900,000

Purpose: Construction and equipment costs for tenant improvement buildout project at Overlake Medical Center, Bellevue, WA

Maturity: Draw Period: 12 months
Term Period: 60 months (5 years)

Collateral: Broad-form UCC Filing on Borrowers and 1st lien position on leasehold improvements

Repayment: Draw Period: Monthly interest-only payments
Term Loan: Monthly principal and interest payments made on a five (5) year loan with a five (5) year amortization

Rate:

Draw Period:

A floating rate per annum equal to the Bank's Prime Rate (the "index") plus 0.00% ("Margin").

The Prime Rate is defined as that interest rate established from time to time by the Bank as the Bank's Prime Rate, whether or not such rate is publicly announced. The Prime Rate may not be the lowest interest rate charged by the Bank for commercial or other extensions of credit. A change in the interest rate may change your monthly principal and/or interest payment.

Current Prime Rate – 8.50% as of 4/26/2024.

The Prime option will include an interest rate floor of 3.00%, tied to the underlying Prime index. Where the Prime index is greater than or equal to the floor, there is no change to the calculation of the interest rate indicated above. Where the Prime index is less than the indicated floor, the floor will be used in place of the Prime index and then the Margin will be added to the floor to produce the applicable interest rate on the Facility.

Term Loan:

Fixed at a rate per annum equal to 200 basis points over the Bank's five (5) year Cost of Funds rate. Assuming a current five (5) year Cost of Funds rate of 5.53%, the fixed interest rate would be 7.53% as of 4/26/2024. The actual fixed rate will be set at the date of funding.

Fees: 45 basis points on the full commitment, or \$26,550

Covenants: *Details to be determined in final credit underwriting, but likely to include:*

- Operating Cash Flow to Total Fixed Charges of **not less than 1.20x**
- Senior Funded Debt to EBITDA of **not greater than 2.50x**
- Unencumbered Liquidity held at Lender of **not less than \$1,500,000**
- Quarterly internally-prepared financial statements from both Co-Borrowers
- Annual CPA Reviewed statements from WAGI

Other Terms

& Conditions: Reasonable and customary for transactions of this type including but not limited to:

- Borrowers shall maintain its primary operating accounts and cash management services with lender.
- Compliance of Borrowers in all material respect with all environmental, health, and safety statutes and regulations.
- No material adverse change in Borrowers' business, properties, financial condition or results of operations.
- All necessary regulatory approvals, permits, and licenses have been received.
- Evidence of acceptable insurance.
- Distributions beyond taxes, including any cash payment of interest to preferred equity holders, prohibited without Lender consent.

Confidentiality: *You may not disclose this Term Sheet or its contents to anyone, except to your officers, directors, partners, employees, attorney, accountants and financial advisors, or as required by applicable law.*

This Term Sheet is not, and should not be construed as a commitment by KeyBank to extend credit. You acknowledge and agree that Bank is under no obligation to extend credit or consummate the transaction proposed above and that no extension of credit will occur under any circumstances unless and until all necessary parties have executed and delivered to Bank all definitive documentation in form satisfactory to Bank and necessary in Bank's discretion for the transaction proposed above, and Bank has completed to its satisfaction all analyses and reviews. Final loan approval may be conditioned upon modification or adjustment of the terms in this Term Sheet. If the transaction proposed above closes, the terms and conditions contained herein shall be superseded by the executed loan documents.

By signing this Term Sheet you hereby authorize Bank to begin the process of documenting and closing the transaction proposed above. You agree to bear the cost of any and all expenses incurred by Bank in connection with the preparation and delivery of this Term Sheet or in connection with (including in anticipation of) the closing of the transaction proposed above, regardless of whether or not the transaction proposed above ultimately closes, including but not limited to due diligence and documentation costs.

Should the terms set forth in this Term Sheet accurately reflect your understanding of our proposal and meet your approval, please sign this letter where provided. The terms set forth herein shall expire if this Term Sheet are not closed with fully executed documentation within (90) calendar days of the date

this Term Sheet is executed by you. Please feel free to call me directly with any questions. We look forward to hearing from you.

Sincerely,

Timothy Mansfield

Vice President & Senior Relationship Manager
Washington Commercial Banking Team
KeyBank National Association

ACKNOWLEDGED AND AGREED

April 29, 2024
(Date)

The Eastside Endoscopy Center, LLC

By: *Edwin Lai*
Printed Name: Edwin Lai, MD
Title: Managing partner

4.29.2024
(Date)

Washington Gastroenterology, PLLC

By: *Nick Goralsky*
Printed Name: NICK GORALSKY
Title: VP OPERATIONS

EXHIBIT 7
AMORTIZATION TABLES

KEYBANK AMORTIZATION SCHEDULE

Date	Source	Payment	Interest	Principal	Balance
12/1/2024	Draw - Interest Only	-	-	845,000.00	845,000.00
1/1/2025	Draw - Interest Only	5,985.42	5,985.42	845,000.00	1,690,000.00
2/1/2025	Draw - Interest Only	11,970.83	11,970.83	845,000.00	2,535,000.00
3/1/2025	Draw - Interest Only	17,956.25	17,956.25	845,000.00	3,380,000.00
4/1/2025	Draw - Interest Only	23,941.67	23,941.67	845,000.00	4,225,000.00
5/1/2025	Draw - Interest Only	29,927.08	29,927.08	845,000.00	5,070,000.00
6/1/2025	Draw - Interest Only, Conversion to Term Loan	35,912.50	35,912.50	830,000.00	5,900,000.00
7/1/2025	Scheduled Payment	121,047.53	41,791.67	79,255.86	5,820,744.14
8/1/2025	Scheduled Payment	121,047.53	41,230.27	79,817.26	5,740,926.88
9/1/2025	Scheduled Payment	121,047.53	40,664.90	80,382.63	5,660,544.25
10/1/2025	Scheduled Payment	121,047.53	40,095.52	80,952.01	5,579,592.24
11/1/2025	Scheduled Payment	121,047.53	39,522.11	81,525.42	5,498,066.82
12/1/2025	Scheduled Payment	121,047.53	38,944.64	82,102.89	5,415,963.93
1/1/2026	Scheduled Payment	121,047.53	38,363.08	82,684.45	5,333,279.48
2/1/2026	Scheduled Payment	121,047.53	37,777.40	83,270.13	5,250,009.35
3/1/2026	Scheduled Payment	121,047.53	37,187.57	83,859.96	5,166,149.39
4/1/2026	Scheduled Payment	121,047.53	36,593.56	84,453.97	5,081,695.42
5/1/2026	Scheduled Payment	121,047.53	35,995.34	85,052.19	4,996,643.23
6/1/2026	Scheduled Payment	121,047.53	35,392.89	85,654.64	4,910,988.59
7/1/2026	Scheduled Payment	121,047.53	34,786.17	86,261.36	4,824,727.23
8/1/2026	Scheduled Payment	121,047.53	34,175.15	86,872.38	4,737,854.85
9/1/2026	Scheduled Payment	121,047.53	33,559.81	87,487.72	4,650,367.13
10/1/2026	Scheduled Payment	121,047.53	32,940.10	88,107.43	4,562,259.70
11/1/2026	Scheduled Payment	121,047.53	32,316.01	88,731.52	4,473,528.18
12/1/2026	Scheduled Payment	121,047.53	31,687.49	89,360.04	4,384,168.14
1/1/2027	Scheduled Payment	121,047.53	31,054.52	89,993.01	4,294,175.13
2/1/2027	Scheduled Payment	121,047.53	30,417.07	90,630.46	4,203,544.67
3/1/2027	Scheduled Payment	121,047.53	29,775.11	91,272.42	4,112,272.25
4/1/2027	Scheduled Payment	121,047.53	29,128.60	91,918.93	4,020,353.32
5/1/2027	Scheduled Payment	121,047.53	28,477.50	92,570.03	3,927,783.29
6/1/2027	Scheduled Payment	121,047.53	27,821.80	93,225.73	3,834,557.56
7/1/2027	Scheduled Payment	121,047.53	27,161.45	93,886.08	3,740,671.48
8/1/2027	Scheduled Payment	121,047.53	26,496.42	94,551.11	3,646,120.37
9/1/2027	Scheduled Payment	121,047.53	25,826.69	95,220.84	3,550,899.53
10/1/2027	Scheduled Payment	121,047.53	25,152.21	95,895.32	3,455,004.21
11/1/2027	Scheduled Payment	121,047.53	24,472.95	96,574.58	3,358,429.63
12/1/2027	Scheduled Payment	121,047.53	23,788.88	97,258.65	3,261,170.98
1/1/2028	Scheduled Payment	121,047.53	23,099.96	97,947.57	3,163,223.41
2/1/2028	Scheduled Payment	121,047.53	22,406.17	98,641.36	3,064,582.05
3/1/2028	Scheduled Payment	121,047.53	21,707.46	99,340.07	2,965,241.98
4/1/2028	Scheduled Payment	121,047.53	21,003.80	100,043.73	2,865,198.25
5/1/2028	Scheduled Payment	121,047.53	20,295.15	100,752.38	2,764,445.87
6/1/2028	Scheduled Payment	121,047.53	19,581.49	101,466.04	2,662,979.83
7/1/2028	Scheduled Payment	121,047.53	18,862.77	102,184.76	2,560,795.07
8/1/2028	Scheduled Payment	121,047.53	18,138.97	102,908.56	2,457,886.51
9/1/2028	Scheduled Payment	121,047.53	17,410.03	103,637.50	2,354,249.01
10/1/2028	Scheduled Payment	121,047.53	16,675.93	104,371.60	2,249,877.41
11/1/2028	Scheduled Payment	121,047.53	15,936.63	105,110.90	2,144,766.51
12/1/2028	Scheduled Payment	121,047.53	15,192.10	105,855.43	2,038,911.08

KEYBANK AMORTIZATION SCHEDULE

Date	Source	Payment	Interest	Principal	Balance
1/1/2029	Scheduled Payment	121,047.53	14,442.29	106,605.24	1,932,305.84
2/1/2029	Scheduled Payment	121,047.53	13,687.17	107,360.36	1,824,945.48
3/1/2029	Scheduled Payment	121,047.53	12,926.70	108,120.83	1,716,824.65
4/1/2029	Scheduled Payment	121,047.53	12,160.84	108,886.69	1,607,937.96
5/1/2029	Scheduled Payment	121,047.53	11,389.56	109,657.97	1,498,279.99
6/1/2029	Scheduled Payment	121,047.53	10,612.82	110,434.71	1,387,845.28
7/1/2029	Scheduled Payment	121,047.53	9,830.57	111,216.96	1,276,628.32
8/1/2029	Scheduled Payment	121,047.53	9,042.78	112,004.75	1,164,623.57
9/1/2029	Scheduled Payment	121,047.53	8,249.42	112,798.11	1,051,825.46
10/1/2029	Scheduled Payment	121,047.53	7,450.43	113,597.10	938,228.36
11/1/2029	Scheduled Payment	121,047.53	6,645.78	114,401.75	823,826.61
12/1/2029	Scheduled Payment	121,047.53	5,835.44	115,212.09	708,614.52
1/1/2030	Scheduled Payment	121,047.53	5,019.35	116,028.18	592,586.34
2/1/2030	Scheduled Payment	121,047.53	4,197.49	116,850.04	475,736.30
3/1/2030	Scheduled Payment	121,047.53	3,369.80	117,677.73	358,058.57
4/1/2030	Scheduled Payment	121,047.53	2,536.25	118,511.28	239,547.29
5/1/2030	Scheduled Payment	121,047.53	1,696.79	119,350.74	120,196.55
6/1/2030	Scheduled Payment	121,047.94	851.39	120,196.55	-