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**CN21-68**



**CERTIFICATE OF NEED APPLICATION**  
**SPECIAL CIRCUMSTANCE - TWO STATION ADDITION**  
**IN THE KING 11**  
**DIALYSIS PLANNING AREA**  
**NKC Federal Way East Kidney Center**

**MAY 2021**

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**Certificate of Need Application  
Kidney Disease Treatment Facilities  
Special Circumstance Projects**

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.

<p><b>Signature and Title of Responsible Officer</b></p> <p>DocuSigned by:    <small>1CFD9C015A844BA...</small>  <b>Rebecca Fox</b>          President &amp; CEO          Email Address: <a href="mailto:rebecca.fox@nwkidney.org">rebecca.fox@nwkidney.org</a></p>	<p><b>Date</b> May 1, 2021</p> <p><b>Telephone Number</b> 206-720-8505</p>
<p><b>Legal Name of Applicant</b></p> <p>Northwest Kidney Centers / NKC Federal Way East Kidney Center</p> <p>Address of Applicant: 700 Broadway Seattle, WA 98122-4302</p>	<p><b>Provide a brief project description</b> (example: # of stations/location)</p> <p>Add two stations to our existing 14 station facility for an expanded 16 stations center.</p> <p>Located at: NKC Federal Way East Kidney Center 33820 Weyerhaeuser Way So. Federal Way, WA 98001</p> <p>Estimated capital expenditure: \$35,485</p>
<p>This application is submitted under (check <b>one</b> box only):</p> <p><input checked="" type="checkbox"/> Concurrent Review <b>Cycle 1</b> – Special Circumstances:</p> <p><input type="checkbox"/> Concurrent Review <b>Cycle 2</b> – Special Circumstance</p>	
<p><b>Identify the Planning Area for this project as defined in <a href="#">WAC 246-310-800(15)</a>.</b></p> <p><u>This center is located in the King 11 Planning Area</u></p> <p><b>If this facility has previously been approved to add special circumstance stations, provide the Certificate of Need number(s) for the approval.</b></p> <p>This center has <u>not</u> previously been approved to add Special Circumstance stations, so this question does not apply.</p>	

## **Applicant Description**

**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.**

The legal name of the applicant is Northwest Kidney Centers (NKC) dba NKC Federal Way East Kidney Center (NKC Federal Way East). NKC proposes to expand our NKC Federal Way East clinic by two stations through this Special Circumstance application in the King 11 Dialysis Planning Area (King County).

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

NKC is a Washington not-for-profit 501(c)(3) corporation. NKC’s UBI number is 600 006 964.

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

Questions regarding this application should be addressed to:

Austin Ross  
Vice President of Planning  
Northwest Kidney Centers  
700 Broadway, Seattle, WA 98122  
Tel: 206-720-8505  
[Austin.Ross@nwkidney.org](mailto:Austin.Ross@nwkidney.org)

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

For this project we are not using a consultant – no other party is representing NKC.



**5. Provide an organizational chart that clearly identifies the business structure of the applicant(s).**

NKC is governed by a volunteer Board of Trustees comprised of medical, civic, patient and business leaders from the communities we serve. The Board has appointed an Executive Committee that meets monthly to review, approve, and monitor operating policies, performance benchmarks, and major capital expenditures for all its programs and facilities.

An organizational chart depicting the Board structure is shown in Exhibit 1. An organizational chart showing the Operations (staff) structure is shown in Exhibit 2.

**6. Identify all 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. The following identifying information should be included:**

- **Facility Name(s)**
- **Facility Location**
- **Facility License Number**
- **Facility CMS Certification Number**
- **Facility Accreditation Status**

A listing of each of the facilities owned and operated by NKC is included in Exhibit 3. NKC neither owns nor operates facilities outside of Washington State.

## **Project Description**

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

The name and address of the current leased facility is:

NKC Federal Way East Kidney Center  
33820 Weyerhaeuser Way S.  
Federal Way, WA 98001

### **2. If this facility has previously been approved to add special circumstance stations, explain why this project is consistent with [WAC 246-310-818\(3\)](#).**

This facility has not been approved to add special circumstance stations in the past.

### **3. Provide a detailed description of the proposed project.**

This project proposes to add two stations to our fourteen station NKC Federal Way East Kidney Center within the King 11 planning area consistent with the requirements of WAC 246-310-818. NKC Federal Way East has operated over 5.35 patients per station for the most recent six month period preceding the letter of intent submittal.

Once these stations are approved and certified, NKC Federal Way East will have 16 in-center hemodialysis stations, home dialysis, isolation capability and a dedicated bed station. The estimated capital expenditure is \$35,485 and expects to be operating at well above 4.68 patients per station on the first day of operation.

### **4. Identify any affiliates for this project, as defined in [WAC 246-310-800\(1\)](#).**

There are no affiliates associated with NKC Federal Way East.

5. With the understanding that the review of a Certificate of Need kidney dialysis Special Circumstance application typically takes three and a half months, provide an estimated timeline for project implementation using the table on the following page.

**Table 1**

<b>Event</b>	<b>Anticipated Month/Year</b>
Assumed Completion of CN Review	August 1, 2021
Design Complete	No design needed
Construction Commenced	No construction needed
Construction Completed	No construction needed
Facility Prepared for Survey	October 1, 2021

*Source: NKC*

Note that WAC 246-310-818(10) requires station(s) approved under special circumstance one- or two-station expansion must be operational within six months of approval.

6. Identify the Month/Year that the additional station(s) are expected to be operational as defined in [WAC 246-310-800\(12\)](#).

NKC Federal Way East's two additional stations will be Operational on October 1, 2021.

7. Provide a detailed discussion of existing services and how these would or would not change as a result of the project. Services can include but are not limited to: in-center hemodialysis, home hemodialysis training, peritoneal dialysis training, a late shift (after 5:00 pm), etc.

NKC Federal Way East Kidney Center will provide the following services (no change from the current services provided):

- Outpatient maintenance hemodialysis.
- Isolation in a private room.
- A bed for patients who are unable to dialyze in an upright position.
- Home peritoneal and hemodialysis training.
- Back up support treatments for home hemodialysis and peritoneal dialysis patients.
- Hemodialysis services for visitors.
- Shifts beginning after 5:00 PM.

8. Fill out the table below identifying the current and proposed configuration of dialysis stations. Note – an exempt isolation station defined under WAC 246-310- 800(9) is not counted in the methodology, but is included in the total count of certified in-center stations.

**Table 2**

	<b>Before</b>		<b>After</b>	
	<b>CMS Certified Stations</b>	<b>Stations Counted in the Methodology</b>	<b>CMS Certified Stations</b>	<b>Stations Counted in the Methodology</b>
<b>General Use In-center Stations</b>	12	12	14	14
<b>Permanent Bed Stations</b>	1	1	1	1
<b>Exempt Isolation Stations</b>	0	0	0	0
<b>Isolation Stations (not exempt)</b>	1	1	1	1
<b>Total Stations</b>	14	14	16	16

Source: NKC

9. Provide a general description of the types of patients to be served by the facility at project completion.

NKC Federal Way East Kidney Center will serve the following patient population:

- Stable outpatient maintenance hemodialysis patients.
- Patients whose medical conditions requires isolation in a private room.
- Patients whose medical condition requires treatment in a bed.
- Training for home peritoneal and hemodialysis patients.
- Home hemodialysis patients who require occasional facility backup treatments.
- Home peritoneal dialysis patients who require clinic support.
- Visiting hemodialysis patients on a case by case basis as capacity allows.
- Stable institutionalized hemodialysis patients transported for outpatient treatments.
- Patients who work or go to school during the day and require treatments that begin after 5:00 PM in the evening.

10. Provide a copy of the letter of intent that was already submitted according to [WAC 246-310-080](#).

A copy of the letter of intent is included in Exhibit 4.

11. Provide single-line drawings (approximately to scale) of the facility, both before and after project completion. Reference [WAC 246-310-800\(11\)](#) for the definition of maximum treatment area square footage. Ensure that current and new stations are clearly labeled with their square footage identified, and specifically identify future expansion stations (if applicable).

A single line drawing, with requested information is included in Exhibit 5.

**Table 3**

**NKC Federal Way East Kidney Center**

<b>Category</b>	<b>Count</b>	<b>Area/ Unit</b>	<b>Square Footage</b>
<b>Actual Square Footage</b>			
<b>Treatment Floor Space- Stations Actual</b>			
In-center Dialysis Station	12	90 sf	1,080 sf
Isolation/Private Station	1	160 sf	160 sf
Permanent Bed Station	1	110 sf	110 sf
Future Stations	0	80 sf	0 sf
<b>Sub-Total Treatment Floor Space</b>	<b>14</b>		<b>1,350 sf</b>
<b>Other treatment Floor Space</b>			<b>1,645 sf</b>
<b>Non Incenter Floor Space (home training, lobby, waiting, toilets, reception, support, water rooms etc)</b>			<b>10,416 sf</b>
<b>Total Square Footage</b>			<b>13,411 sf</b>

<b>Maximum Allowable Treatment Area Square Footage Calculation</b>				
Maximum Treatment Area Square Footage				Actual Areas from Clinic (See above)
In-Center stations	12	150 sf	1,800 sf	1,080 sf
Isolation/Private station	1	200 sf	200 sf	160 sf
Permanent bed station	1	200 sf	200 sf	110 sf
Future Stations	0	150 sf	0 sf	0 sf
Total Station Space per MTASF			2,200 sf	1,350 sf
Other Treatment Floor Space @75% of Station Space per MTASF			<b>1,650 sf</b>	1,645 sf
<b>Total</b>			<b>3,850 sf</b>	2,995 sf

**12. Provide the gross and net square feet of this facility. Treatment area and non-treatment area should be identified separately (see explanation above re: maximum treatment area square footage).**

The gross square feet is 13,272 and the net is 12,434.

**13. Provide the existing facility's Medicare and Medicaid numbers.**

Medicare #: 502593

Medicaid #: 2107282

## **Certificate of Need Review Criteria**

### **A. Need (WAC 246-310-210)**

- 1. List all other dialysis facilities currently operating in the planning area, as defined in [WAC 246-310-800\(15\)](#).**

Table 4 provides the names and station counts of the dialysis facilities operating in the King 11 Planning Area. DaVita has been awarded additional stations but these have not been operationalized as of this application.:

**Table 4  
King 11 Existing Stations**

<b>Facility</b>	<b>No. of Stations</b>
NKC Auburn Kidney Center	12
NKC Federal Way East	14
<b>Total Supply</b>	<b>26</b>

*Source: Certificate of Need Program*

- 2. Consistent with [WAC 246-310-818\(1\)](#), provide the facility's historical utilization data for the most recent six months preceding the letter of intent period. This data should show each month separately and acquired from the Northwest Renal Network / Comagine ESRD Network 16.**

Per our communication with representatives of the ESRD Network 16 staff, their census numbers may be unreliable due to CMS reporting issues. The below is what they report, and the census per NKC records. Note that in either case the patients per station exceed the threshold.

See Exhibit 15 for ESRD communication.

**Table set 5**

<b>Reported by Network-Federal Way East Kidney Center</b>	October 2020	November 2020	December 2020	January 2021	February 2021	March 2021
Total in-center stations	14	14	14	14	14	14
Total in-center patients	75	76	76	80	81	82
Patients per Station	5.35	5.43	5.43	5.71	5.79	5.86

<b>NKC Internal Records – Federal Way East Kidney Center</b>	October 2020	November 2020	December 2020	January 2021	February 2021	March 2021
Total in-center stations	14	14	14	14	14	14
Total in-center patients	76	75	75	80	79	81
Patients per Station	5.43	5.35	5.35	5.71	5.64	5.79

- 3. Consistent with WAC 246-310-818(3) and (4) confirm that the facility proposing to add stations with this application:
 
  - a. Has not been approved to add two stations under special circumstance review or that since approval to add two special circumstance stations a facility in the planning area has been approved to add nonspecial circumstances stations.**
  - b. Has not operationalized relocated stations within the last three years.****

NKC Federal Way East Kidney Center has not been approved to add two stations under the special circumstance criteria as outlined in WAC 246-310-813(3) nor has it been less than three years since stations have been relocated as outlined in WAC 246-310-813(4).

In May 2016, NKC filed an application to relocate 12 stations from NKC Auburn Kidney Center and add two new stations to fulfill need in the planning area and create a new 14 station clinic called NKC Federal Way East. NKC Federal Way East Kidney Center became operational on March 12, 2018. So effective with the April 1<sup>st</sup> LOI, it has been more than 3 years since the relocated stations became operational making both NKC Auburn and NKC Federal Way East eligible to file for a special circumstance application.

NKC Federal Way has been operating at 5.35 patients per station (or higher) over the last 6 months.

- 4. Consistent with WAC 246-310-818(5) or (6) provide the most recent six months utilization data for all facilities approved to operate in the planning area and owned, operated, or affiliated with the applicant.**

Per our communication with representatives of the ESRD Network 16 staff, their census numbers may be unreliable due to CMS reporting issues. The below is what they report, and the census per NKC records. Note that in either case the patients per station exceed the threshold.



**Table set 6**

<b>Reported by Network – Auburn Kidney Center</b>	October 2020	November 2020	December 2020	January 2021	February 2021	March 2021
Total in-center stations	12	12	12	12	12	12
Total in-center patients	75	74	73	75	75	78
Patients per Station	6.25	6.17	6.08	6.25	6.25	6.50

<b>NKC Internal Records – Auburn Kidney Center</b>	October 2020	November 2020	December 2020	January 2021	February 2021	March 2021
Total in-center stations	12	12	12	12	12	12
Total in-center patients	72	74	74	77	77	77
Patients per Station	6.0	6.17	6.17	6.42	6.42	6.42

<b>Reported by Network- Federal Way East Kidney Center</b>	October 2020	November 2020	December 2020	January 2021	February 2021	March 2021
Total in-center stations	14	14	14	14	14	14
Total in-center patients	75	76	76	80	81	82
Patients per Station	5.35	5.43	5.43	5.71	5.79	5.86

<b>NKC Internal Records – Federal Way East Kidney Center</b>	October 2020	November 2020	December 2020	January 2021	February 2021	March 2021
Total in-center stations	14	14	14	14	14	14
Total in-center patients	76	75	75	80	79	81
Patients per Station	5.43	5.35	5.35	5.71	5.64	5.79

5. Provide both historical and projected utilization of the facility for the first three full years of operation with additional stations. Be sure to include the intervening years between historical and projected. Include all assumptions used to make these projections.

**Table 7**

<b>Year Ended</b>	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024	6/30/2025
Total in-center stations	14	14	14	14	16	16	16	16
Total in-center patients	78	83	79	81	83	85	87	89
Total in-center treatments	2,902	12,420	12,282	11,756	12,004	12,449	12,745	13,042
Total home patients	18	23	38	42	46	48	50	52
Total home treatments	598	3,373	4,157	6,399	6,373	7,114	7,410	7,706

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

As noted in response to Question #2, NKC Federal Way East is operating at more than 5.35 patients per station. Without additional capacity, patients will be required to travel farther for dialysis or dialyze at times that are not convenient or accessible for them. NKC Federal Way East's added stations will enhance patient access in the Planning Area.

In addition, as noted in response to Questions #7 and #8 below, NKC is committed to providing services to all dialysis patients regardless of race, color, ethnic origin, religious belief, sex, age or lack of ability to pay.

**7. Identify how this project will be available and accessible to low-income persons, racial and ethnic minorities, women, mentally handicapped persons, and other under-served groups. [WAC 246-310-210\(2\)](#)**

NKC has a long-established history of developing and providing services that meet the dialysis needs of the communities it serves. NKC Federal Way East, as with all other NKC facilities, is committed to providing services to all patients regardless of race, color, ethnic origin, religious belief, sex, age or lack of ability to pay.

Copies of the admission policies and procedures and the charity care policy for the existing NKC Federal Way East Kidney Center are included in Exhibit 6.

**8. 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 associated with patient access (example, involuntary discharge)**

Copies of the requested policies are included in Exhibit 6.

## **B. Financial Feasibility ([WAC 246-310-220](#))**

Financial feasibility of a dialysis project is based on the criteria in [WAC 246-310-220](#) and [WAC 246-310-815](#).

- 1. Provide documentation that demonstrates 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 the Need section. Include all assumptions.**
  - **Pro Forma financial projections for at least the first three full calendar years of operation. Include all assumptions.**
  - **For existing facilities proposing a station addition, provide 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.**

NKC proposes to use reserves to fund the capital cost of this project.

Included in Exhibit 7 is a letter from NKC's CFO confirming the intent to use investment reserves for this project.

The requested pro forma financial information and assumptions are included in Exhibit 8.

### **2. Provide the following agreements/contracts:**

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

**Note, all agreements above must be valid through at least the first three full years following completion 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.**

NKC Federal Way East does not have a management agreement, operating agreement, development agreement or a joint venture agreement. A copy of the signed medical director agreement with the required terms is included in Exhibit 9.

- 3. 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.**

Exhibit 16 shows a signed lease agreement for the existing site of the NKC Federal Way East facility.

4. Provide county assessor information and zoning information for the site. If zoning information for the site is unclear, provide documentation or letter from the municipal authorities showing the proposed project is allowable at the identified site.

Information regarding the King County Assessor’s office is included in Exhibit 10. Information indicating zoning is included in Exhibit 11. Please note, we have been operating within this building since 2018, zoning is approved by King County.

5. Complete the table below with the estimated capital expenditure associated with this project. Capital expenditure for the purposes of dialysis applications is defined under [WAC 246-310-800\(3\)](#). If you have other line items not listed below, include the definition of the line item. Include all assumptions used to create the capital expenditure estimate.

Table 8

Item	Cost
a. Land Purchase	\$
b. Utilities to Lot Line	\$
c. Land Improvements	\$
d. Building Purchase	\$
e. Residual Value of Replaced Facility	\$
f. Building Construction (TI construction)	\$
g. Fixed Equipment (not already included in the construction contract)	\$
h. Movable Equipment	\$32,230
i. Architect and Engineering Fees	\$
j. Consulting Fees	\$
k. Site Preparation	\$
l. Supervision and Inspection of Site	\$
m. Any Costs Associated with Securing the Sources of Financing (include interim interest during construction)	
1. Land	\$
2. Building	\$
3. Equipment	\$
4. Other	\$
n. Washington Sales Tax	\$3,255
<b>Total Estimated Capital Expenditure</b>	<b>\$35,485</b>

- 6. Identify the entity responsible for the estimated capital costs identified above. If more than one entity is responsible, provide breakdown of percentages and amounts for all.**

The equipment (moveable) costs were based on NKC's experience purchasing dialysis equipment over the past decades. This expansion requires no construction.

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

Adding these two stations does not require construction so this question does not apply (there is no contractor involved in this project).

- 8. Provide a detailed narrative regarding how the project would or would not impact costs and charges for services. [WAC 246-310-220](#).**

This project will have no impact on the costs and charges for services as NKC's charges for services are not determined by capital expenditures. The pro forma operating assumptions and statement, which include the impact of the depreciation expense on operations, is included in Exhibit 8.

- 9. Provide documentation that the costs of the project, including any construction costs, will not result in an unreasonable impact on the costs and charges for health services in the planning area. [WAC 246-310-220](#).**

This project will have no impact on the costs and charges for services. The capital costs for this project will not negatively impact payers or patients. NKC's charges for services are not determined by capital expenditures. The pro forma operating assumptions and statement, which include the impact of the depreciation expense on operations, is included in Exhibit 8.

In addition, WAC 246-310-815 (Financial Feasibility) provides a 'test' on the impact of costs and charges for health care services by limiting the cost of the project to less than the maximum floor treatment space. As noted in Table 3, NKC's project expansion is less than the maximum floor treatment space and therefore, the project does not have an unreasonable impact on the costs and charges of health care services.

**10. Provide the historical payer mix by revenue and by patients using the example table below. If “other” is a category, define what is included in “other.”**

NKC Federal Way East Kidney Center’s historical payer mix is detailed in Table 9:

**Table 9**  
NKC Federal Way East Kidney Center  
Payer Mix

Payer Mix	Percentage by Revenue	Percentage by Patient
Medicare	44.7%	67.2%
Medicaid	10.2%	19.2%
Other Payers (Commercial)	45.1%	13.6%
Total	100.0%	100.0%

**11. If the payer mix is expected to change as a result of this project, provide the projected payer mix by revenue and patients for the existing facility using the same table format shown above.**

No change is expected in the payor mix as a result of adding these two stations.

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

**Table 10**  
Equipment List

<u>Qty</u>	<u>Description</u>	<u>Costs</u>
2	Kidney machines	
2	Treatment recliners	
2	Patient televisions	
2	TV pillow speakers	
2	TV brackets and hardware	
	Total pre tax:	\$32,230

**13. Identify the source(s) of financing (loan, grant, gifts, etc.) and provide supporting documentation from the source. Examples of supporting documentation include: a letter from the applicant's CFO committing to pay for the project or draft terms from a financial institution.**

As discussed earlier in this section, NKC will use reserves to fund this project. Included in Exhibit 7 is a letter from Carrie McCabe, CFO documenting the intent of NKC to use reserves for the project.

**14. 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](#)**

This project will be paid for by reserves, therefore this question does not apply.

**15. Provide the applicant's audited financial statements covering at least the most recent three years. [WAC 246-310-220](#)**

The requested financial statements are included in Appendix 1.

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

- 1. Provide a table that shows FTEs [full time equivalents] by category for 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 categories should be defined.**

**Table 11**

	Average Salary Per Hour	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024	6/30/2025
<b>Directly Assigned Staffing</b>									
Clinical Nurse Manager	65.48	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Hemo Dialysis Tech	23.93	12.20	12.20	12.20	12.20	12.20	12.20	12.20	12.20
RN	51.29	4.07	4.07	4.07	4.07	4.75	4.75	4.75	4.75
Receptionist	18.66	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Shared Staffing</b>									
Clinica Director	70.26	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
RN - Home Training (PD & HH)	45.27	0.82	1.05	1.73	1.91	2.09	2.09	2.18	2.27
Facility/Technical System Specialist	29.05	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
MSW	36.44	0.77	0.85	0.94	0.98	1.03	1.06	1.10	1.13
Dietician	36.57	0.77	0.85	0.94	0.98	1.03	1.06	1.10	1.13
<b>Total</b>		<b>21.83</b>	<b>22.21</b>	<b>23.07</b>	<b>23.35</b>	<b>24.30</b>	<b>24.37</b>	<b>24.52</b>	<b>24.68</b>

- 2. Provide the assumptions used to project the number and types of FTEs identified for this project.**

The staffing in Table 11 is based on standard optimal staffing ratios for the projected census on the last day of the period and is not intended to mathematically calculate to the staffing dollars reflected in the proforma. Certain positions are directly costed to a unit and certain positions are shared resources across units as indicated above.

Dialysis technicians are staffed 1 technician up to 4 patients being treated. Registered Nurses are staffed 1 RN up to 12 patients being treated in-center. NKC units generally operate 3 shifts, 18 productive staff hours per day, 6 days per week and incur on average 13% non-productive time. By way of example: One RN can cover up to 12 operating stations at a time. Each station operates 18 hours per day. 18 hours x 6 days a week x 52 weeks a year \ 2080 hours per FTE x 1.13 non-productive = 3.05 RN FTEs to cover 12 operating stations. 12 operating stations can accommodate up to 72 patients. Federal Way East operating a full 16 stations would have 4 pods thus 4 dialysis techs. A 16 station unit would necessitate the addition of a mid-shift RN.

Home RNs are assigned up to 22 patients to case manage, thus their FTE is dependent on the growth of home patients attributed to the clinic.

WAC 246-310-815(c)(iii) states that known expenses must be used in the pro forma income statement. Given that NKC has known actual cost per treatment the proforma is based on the actual cost per treatment of the facility. Using the actual cost per treatment approximates the



expected variance to optimal staffing that occurs due among other things to missed patient treatments, patient census not accommodating perfect 4 patient pod staffing, variation in staff pay, and RNs occasionally covering for dialysis technicians.

**3. Identify the salaries, wages, and employee benefits for each FTE category.**

The average salary by FTE category is detailed in Table 11. Employee benefits are assumed to be 25.4% inclusive of applicable payroll taxes.

**4. Provide the name and professional license number of the current or proposed medical director. If not already disclosed under 210(1) identify if the medical director is an employee or under contract.**

The medical director for NKC Federal Way East is Hien Pham, MD. Dr. Pham's license number is: MD60023078. Dr. Pham is a contracted medical director. A copy of the medical director agreement is included in Exhibit 9. No changes to this agreement are expected due to adding these two stations to NKC Federal Way East Kidney Center.

**5. Identify key staff, if known. (nurse manager, clinical director, etc.)**

A listing of key staff is detailed in Exhibit 12. Shelley Bromstrup, Clinical Director and Linda Lay is the Nurse Manager for this facility.

**6. Provide names and professional license numbers for current credentialed staff.**

The requested information is provided in Exhibit 12.

**7. 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.**

NKC is proactive in its efforts to assure quality staffing. NKC offers a competitive wage and benefit package as well as numerous other recruitment and retention strategies. Specific strategies include:

- NKC offers competitive wage and benefit packages. To ensure that its wages and benefits remain competitive, NKC conducts an annual market survey to benchmark its compensation package.
- NKC remains active on various job board including but not limited to indeed.com, nursing associations, Health e-careers, and other local resources.
- NKC also has contacts with colleges and universities throughout the state to both recruit staff as well as to serve as a clinical rotation site.

- NKC staff participate (when COVID-19 rules allow), in job fairs in and around the Puget Sound area and we would expand this in Lynnwood as well.
- NKC also offers a substantial tuition reimbursement program for existing staff. Typically, in an average year, 15-20 employees take advantage of this program. Primarily, dialysis technician staff use this program to become registered nurses.
- NKC human resources staff are active in various boards and councils that focus on sharing of recruitment and retention strategies.
- NKC human resources staff also work with agency personnel, as needed, for the use of temporary filling of staff positions.
- NKC has a highly successful employee referral program that incentivizes current employees to refer colleagues from outside the organization for open positions.
- NKC will, as needed, work with outside recruiters if a position has been challenging to fill.
- NKC has been successful in recruiting in new markets and existing markets.

Recent history demonstrates that NKC has been successful in staffing our new facilities. The most recent examples include NKC Federal Way West Campus Kidney Center (located in King 5), NKC Fife Kidney Center (Pierce 4), NKC Rainier Beach Kidney Center (King 2) and most recently in NKC Everett Kidney Center (Snohomish 2). These new units were staffed with a combination of individuals that chose to transfer from other NKC locations and new hires to the organization.

For centers that are expanding like NKC Federal Way East Kidney Center, we will not have any issues with making any necessary new hires.

The record will further demonstrate that in those rare circumstances in which we have faced staffing shortages (due to extended leave of absences or other issues), we have successfully used our roster of per diem staff to supplement.

**8. Provide a listing of ancillary and support service vendors already in place.**

Ancillary and support services for NKC Federal Way East are detailed in Table 12.

**Table 12  
NKC Federal Way East  
Ancillary and Support Services**

<b>Service</b>	<b>Vendor</b>
IT/Network Engineering	GCI Northpoint
Copier leases and support	Copiers NW/local office
Janitorial Services	Citywide (local affiliate)
Lab Services	Ascend

*Source: Applicant*

**9. Identify whether any of the existing ancillary or support agreements are expected to change as a result of this project.**

No changes are expected of ancillary or support agreements by adding two stations at NKC Federal Way East.

**10. Provide a listing of ancillary and support services that would be provided on site and those provided through a parent corporation off site.**

NKC currently operates four Support Centers. The Support Centers provide ancillary and support services to our dialysis facilities. These Support Centers are staffed with our own NKC employees and are not outside contractors. Table 13 details which services are to be provided on site and which ones are administered via the Support Centers (Off-site).

**Table 13  
Ancillary and Support Services for NKC Federal Way East Kidney Center**

<b>Service</b>	<b>Offered Onsite/Offsite</b>
Administration	Off site
Community Relations	Off site
Human Resources	Off site
Informatics Nurses	Off site
Information Systems	Off site
Material Management	Off site
Medical Staff Credentialing	Off site
Nutrition Services	On site
Patient Education	On site
Patient Financial Counseling	On site
Pharmacy	On and Offsite
Plant Operations	On site
Public Relations	Off site
Technical Services	On site
Visitor Dialysis	On site
Water Purification Specialists	On site

*Source: Applicant*

**11. Provide a listing of healthcare facilities with which the dialysis center has working relationships.**

Table 14 details the healthcare entities that NKC has a working relationship with.

**Table 14  
NKC's Working Relationships with Healthcare Facilities**

<b>Category</b>	<b>Examples/Providers</b>	<b>Status of Existing Relationship</b>	<b>How existing relationship will be expanded to support continuity</b>
Hospitals	<ul style="list-style-type: none"> <li>▪ MHS Auburn Regional Medical Center</li> <li>▪ CHI / Highline Medical Center</li> <li>▪ CHI / St. Francis Hospital</li> <li>▪ Evergreen Hospital Medical Center</li> <li>▪ Harborview Medical Center</li> <li>▪ MultiCare Tacoma General</li> <li>▪ Northwest Hospital</li> <li>▪ Overlake Hospital Medical Center</li> <li>▪ Swedish Edmonds</li> <li>▪ Swedish Issaquah</li> <li>▪ Swedish Cherry Hill</li> <li>▪ Swedish Medical Center</li> <li>▪ University of Washington</li> <li>▪ Valley Medical Center</li> <li>▪ Virginia Mason Medical Center</li> </ul>	NKC has existing referral relationships with all of the hospitals listed.	NKC's existing relationships are sufficient for the expanded facility.
Clinics/Nephrology Groups (Sample)	<ul style="list-style-type: none"> <li>▪ Cascade Kidney Specialists</li> <li>▪ CHI Franciscan Nephrology Associates</li> <li>▪ Eastside Nephrology</li> <li>▪ Harborview Medical Center</li> <li>▪ MultiCare Nephrology</li> <li>▪ Polyclinic, The (and The Polyclinic Madison Center)</li> <li>▪ Rainier Nephrology</li> <li>▪ Seattle Nephrology</li> <li>▪ South Seattle Nephrology Associates</li> <li>▪ Transplant and Nephrology NW</li> <li>▪ University of Washington Medical Center</li> <li>▪ Valley Medical Center Nephrology Services</li> <li>▪ Virginia Mason Federal Way</li> </ul>	NKC has existing relationships with all of the physician groups listed as well as other groups located in King, Clallam and Snohomish Counties.	NKC's existing relationships will be sufficient for the expanded facility.

Category	Examples/Providers	Status of Existing Relationship	How existing relationship will be expanded to support continuity
Community partners working to cure kidney disease, slow the onset of kidney disease, which collaborate to help educate and support our patients or help support our system	<ul style="list-style-type: none"> <li>▪ American Diabetes Association – Washington Chapter</li> <li>▪ Kidney Research Institute</li> <li>▪ National Kidney Foundation – Washington Chapter</li> <li>▪ Navos – consultation and training for NKC staff on behavioral health.</li> <li>▪ Seattle King County Dental Society and Project Access Northwest / Access to Dental Program</li> <li>▪ Northwest Healthcare Response Network (15 counties in Western Washington Healthcare Emergency Services Coalition)</li> <li>▪ Arcora Foundation – Partnership to improve oral health.</li> <li>▪ AARTH – Diabetes education.</li> <li>▪ Washington State Hospital Association.</li> <li>▪ Northwest Kidney Care Alliance – CMS Demonstration program to coordinate care for ESRD beneficiaries</li> <li>▪ Lifecenters NW – organ procurement program</li> </ul>	NKC has existing relationships the entities listed to collaborate and education patients, staff and clinicians.	NKC’s existing relationships are sufficient for the expanded facility.
Other not for profit dialysis providers including a mutual aid plan (in the event of a disaster). A copy of the agreement is included in Exhibit 14.	<ul style="list-style-type: none"> <li>▪ Puget Sound Kidney Centers</li> <li>▪ Olympic Peninsula Kidney Centers</li> <li>▪ Seattle Children’s Hospital</li> </ul>	NKC has existing relationships with these not for profit dialysis providers.	NKC’s existing relationships will be continued for the proposed facility.

*Source: Applicant*

**12. Provide a copy of the existing transfer agreement with a local hospital.**

A copy of our transfer agreement with Swedish Hospital is included in Exhibit 14.

**13. Clarify whether any of the existing working relationships would change as a result of this project.**

No change to any existing working relationships will result from this project.

**14. Fully describe any history in the last three calendar years of the applicant concerning the actions noted in Certificate of Need rules and regulations [WAC 246-310-230\(5\)\(a\)](#). If there is such history, provide documentation that the proposed project will be operated in a manner that ensures safe and adequate care to the public to be served and in conformance with applicable federal and state requirements. This could include a corporate integrity agreement or plan of correction.**

NKC has no history with respect to the actions noted in CN regulation WAC 246-310-230(5) (a).

**15. 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 professional; 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.

NKC has no history with respect to the actions noted in CN regulation WAC 246-310-230(5) (a).

**16. Provide documentation that 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](#)**

NKC has operated outpatient dialysis services since 1962 (the very first out of hospital provider in the country), growing from 9 patients to over 1,800 today. NKC has, and continues to be, committed to providing optimal health, quality of life and independence for people with kidney disease. Further, NKC has experienced firsthand, and to the direct benefit of our patients that fragmentation is reduced or eliminated, when services are highly coordinated.

NKC strives to provide services that deliver dialysis care that is coordinated via multiple entities including, but not limited to, physicians, other health care providers (nursing homes, assisted living facilities), home health care, hospitals, etc. as dialysis patients frequently have multiple providers and entities from which they receive services. For example, for nursing home or assisted living patients, NKC will report any care needs or issues identified during dialysis (as well as inform the patient's physician, if appropriate). As patients are admitted and discharged from the hospital, NKC staff follow their care needs to ensure that the facility is prepared to

provide dialysis to these patients upon discharge from the hospital.

NKC has all of the ancillary and support services to assure that continuity of care is in place for every patient. As outlined in Table 14, NKC has both the relationships in place and the ability to serve the community within the King 11 planning area.

**17. Provide documentation that the proposed project will have an appropriate relationship to the service area's existing health care system as required in [WAC 246-310-230](#).**

NKC has a strong history of building appropriate relationships and given the opportunity to expand this center in the King 11 planning area we will continue building this network in this community.

Table 14 provides examples of NKC's existing working relationships with area health care providers. Table 14 also includes a brief description of its existing relationships with the health care entities noted and a description of how these relationships will be expanded related to the proposed project. Exhibit 14 includes our transfer agreement with Swedish Hospital.

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

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

WAC 246-310-818 allows dialysis facilities to request up to two additional stations based on internal utilization; regardless if there is need in the planning area. Given the high census at NKC Federal Way East, the shortened timeline for the +2 Special Circumstances concurrent review cycle, this project will provide for some relief to the continued census pressures at NKC Federal Way East Kidney Center. Therefore, no other alternative was considered as it was the only path to provide support to the patients in the community.

### 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.

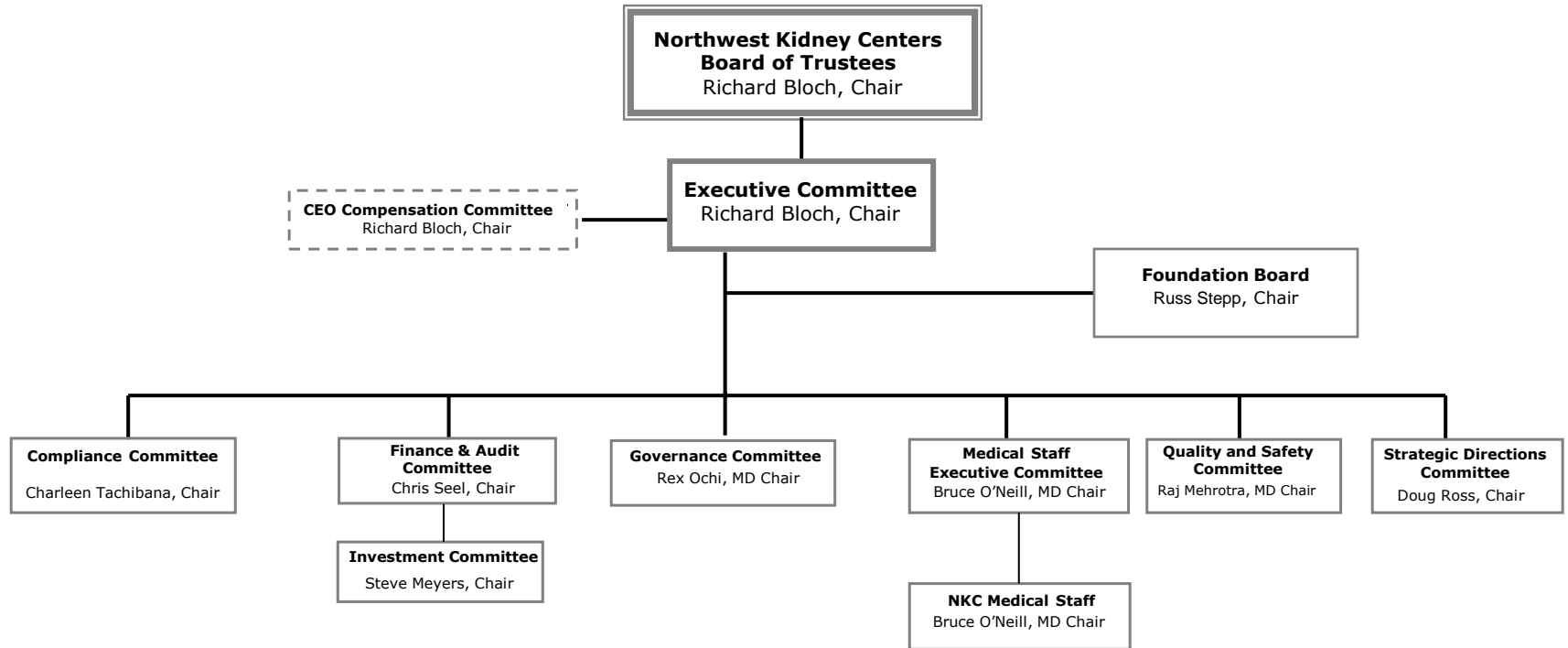
As discussed in response Question #1, WAC 246-310-818 allows providers to submit special circumstance applications based on internal need. The addition of two stations at NKC Federal Way East will improve patient access to dialysis services by adding capacity with relatively minimal capital expenditure. There are no legal restrictions related to this proposal and this project will have no impact on either the cost of services or the already high quality of care. Finally, minimal staffing is required with this change; ultimately, NKC Federal Way East will operate more efficiently with two more stations.

### 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 changes to the NKC Federal Way East Kidney Center are minimal and won't take into account building construction or energy efficiency requirements of LEED. This question does not relate to special circumstance applications that limits the amount of construction to a two-station expansion.



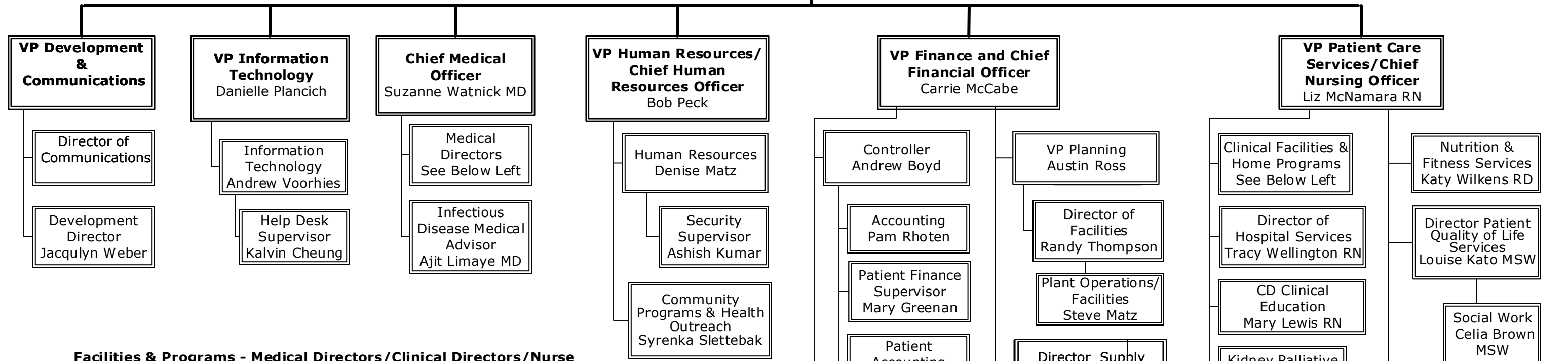
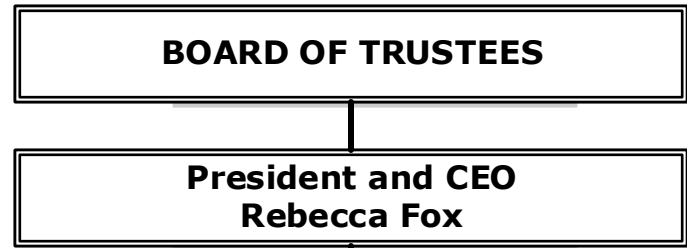
**Exhibit 1**  
**Board Organizational Chart**



Key:

 = not referenced  
in NKC Bylaws

**Exhibit 2**  
**Operations Organizational Chart**



**Facilities & Programs - Medical Directors/Clinical Directors/Nurse Managers/Supervisors**

<b>Auburn</b> P. Mukherjee MD S. Bromstrup RN J. Sutton RN	<b>Bellevue</b> A. Dooley MD H. Johnson RN K. Collins RN	<b>Broadway</b> M. Rivara MD J. Hood RN C. Abero RN (interim)	<b>Burien</b> A. Anderson MD D. Marcella RN A. Kimmerle RN	<b>Elliott Bay</b> M. Rivara MD J. Hood RN C. Abero RN
<b>Enumclaw</b> S. Boyapati MD S. Bromstrup RN R. Becker RN	<b>Everett</b> B. Shannan MD H. Johnson RN W. Lafleur RN (interim)	<b>Federal Way East</b> H. Pham MD S. Bromstrup RN L. Lay RN	<b>Federal Way West</b> M. Salazar MD S. Bromstrup RN A. Mihulata RN	<b>Fife</b> A. Pesenson MD S. Bromstrup RN R. Becker RN
<b>Kent</b> A. Brockenbrough MD D. Marcella RN A. Cooper RN	<b>Kirkland</b> A. Alem MD H. Johnson RN J. Tapper RN	<b>Lake City</b> J. Joh MD H. Johnson RN B. Hasselgrave RN	<b>Port Angeles</b> C. Cryst MD T. Mackness RN H. Rim RN	<b>Rainier Beach</b> B. O'Neill MD T. Wellington RN R. Fateiger RN (interim)
<b>Renton</b> F. Fung MD S. Bromstrup RN D. Young RN B. Loja RN	<b>Scribner</b> Y. Hall MD H. Johnson RN W. LaFleur RN	<b>SeaTac</b> D. Hu MD D. Marcella RN E. Dickens RN M. Vargas RN S. Lumauig RN	<b>Seattle</b> M. Sutters MD J. Hood RN R. Fateiger RN	<b>Snoqualmie Ridge</b> L. Li MD D. Marcella RN C. Carlson RN

**Hospital Services**  
S. Watnick MD  
T. Wellington RN  
M. Randall RN  
T. Miller RN  
D. Aiken RN

**HOME PROGRAMS**  
R. Winrow MD  
K. Treit MD  
J. Hood RN  
J. Omri RN  
A. Thayer RN  
C. Marnell RN  
G. Cutrell RN  
S. Rohleder RN

**Exhibit 3**  
**Northwest Kidney Centers**  
**List of Facilities**

**Northwest Kidney Centers**

**FEIN: 91-6057438**

700 Broadway  
Seattle, WA, 98122-4302

**Practice Locations**

<u>Facility DBA</u>	<u>Physical Address</u>	<u>Phone Number</u>	<u>Medicare Provider No. (CCN)</u>	<u>Medicaid Provider No.</u>	<u>NPI Number</u>	<u>Stations</u>	<u>Date Operational</u>	<u>Accredited?</u>
NKC Auburn Kidney Center	1501 W. Valley Highway N Auburn, WA 98001	253-804-8323	502520	1046062	1881789006	12	1/13/1997	Yes
NKC Bellevue Kidney Center	1474 - 112th Ave NE Bellevue, WA 98004	425-454-0067	502505	1043279	1215022876	18	8/31/1981	Yes
NKC Broadway Kidney Center	700 Broadway Seattle, WA 98122-4302	206-292-2705	502556	2002409	1700025038	15	6/1/2009	Yes
NKC Burien Kidney Center	12901 20th Ave. South, WA 98168	SeaTac 206-923-3562	502523	1043110	1164515797	21	10/14/2019	Yes
NKC Elliott Bay Kidney Center	600 Broadway, Suite 240 Seattle, WA 98122	206-292-2515	502511	1046176	1912091497	14	9/5/1991	Yes
NKC Enumclaw Kidney Center	857 Roosevelt Ave E Enumclaw, WA 98022-9239	360-825-2050	502570	2029785	1811241656	10	3/4/2013	Yes
NKC Everett Kidney Center	1010 Southeast Everett Mall Way, Ste 104 Everett WA 98208	425-906-5370	502603		1801404124	9	9/14/2020	Yes
NKC Federal Way East Kidney Center	33820 Weyerhaeuser Way S. Federal Way, WA 98001	253-943-6262	502593	2107282	1083132799	14	3/12/2018	Yes
NKC Federal Way West Campus	501 So. 336th Street, Suite 110 Federal Way, WA 98003	253-943-6312	502594	2123772	1861981177	7	7/23/2018	Yes
NKC Fife Kidney Center	6021 12th Street East, Suite 100 Fife, WA 98424	253-943-6335	50-2597	2132329	1063901379	10	1/11/2019	Yes
NKC Kent Kidney Center	25316 74th Ave So Kent, WA 98032-6022	253-850-6810	502553	2000431	1164675112	28	12/16/2008	Yes
NKC Kent / Panther Lake Kidney Center	10821 SE 204th Street Kent, WA 98031 (new address by city)	Facility not open				11		No
NKC Kirkland Kidney Center	11327 NE 120th Street Kirkland, WA 98034-6907	425-821-8785	502516	1046175	1912090531	21	3/3/2014	Yes
NKC Lake City Kidney Center	14524 Bothell Way NE Lake Forest Park, WA 98155	206-365-0775	502536	1046444	1972696581	20	1/25/2002	Yes
NKC Port Angeles Kidney Center	809 Georgiana Street Port Angeles, WA 98362	360-565-1435	502510	1046099	1891880332	10	5/1/2000	Yes
NKC Rainier Beach Kidney Center	4401 South Trenton Street, WA 98118	Seattle, 206-720-8807	502601	2156824	1932757093	12	1/13/2020	Yes
NKC Renton Kidney Center	602 Oakesdale Ave. SW Renton, WA 98057	425-251-0647	502508	1046242	1922193564	34	10/31/2011	Yes
NKC Scribner Kidney Center	2150 N. 107th, Suite 160 Seattle, WA 98133	206-363-5090	502507	1045981	1861587750	22	8/1/1983	Yes
NKC SeaTac Kidney Center	17900 International Blvd S, #301 SeaTac, WA 98188	206-901-8700	502509	1043264	1205921616	35	11/5/2007	Yes
NKC Seattle Kidney Center	548 - 15th Avenue Seattle, WA 98122	206-720-3940	502500	1043799	1346242542	31	6/1/2009	Yes
NKC Snoqualmie Ridge Kidney Center	35131 SE Douglas St, Suite 113 Snoqualmie, WA 98065	425-396-7090	502540	1044252	1447345921	9	1/13/2003	Yes

**NKC is accredited by ACHC whom has CMS Deeming Authority for Renal Dialysis:**

**About ACHC**

Accreditation Commission for Health Care (ACHC) is a nonprofit accreditation organization that has stood as a symbol of quality and excellence since 1986. ACHC has CMS Deeming Authority for Home Health, Hospice, Renal Dialysis, DMEPOS, and Home Infusion Therapy, and a quality management system that is ISO 9001:2015 certified.

**Exhibit 4**  
**Letter of Intent**

**RECEIVED**

By CERTIFICATE OF NEED PROGRAM at 9:39 am, Apr 01, 2021

April 1, 2021

**LOI20-04NFedWayKDK**

**ex: May 03, 2021**

Eric Hernandez  
Manager – Certificate of Need  
Community Health Systems  
Washington State Department of Health  
111 Israel Road SE  
Tumwater, WA 98501-5447

Dear Mr. Hernandez:

This Letter of Intent is Northwest Kidney Centers to add 2 stations to its existing NKC Federal Way East Kidney Center, located in the King 11 Dialysis Planning Area. In accordance with WAC 246-310-080, the following information is provided:

1. A Description of the Extent of Services Proposed:

NKC proposes to add 2 stations to NKC Federal Way East Kidney Center per the +2 Special Circumstances as allowed per WAC 246-310-818.

2. Estimated Cost of the Proposed Project:

The estimated capital expenditure is \$35,485.

3. Description of the Service Area:

Per WAC 246-310-280, the service area is the King 11 Dialysis Planning Area.

Sincerely,

DocuSigned by:  
  
1CFD9C015A844BA...

Rebecca Fox,  
President & CEO



**Exhibit 5**  
**Single Line Drawing**



**COLOR LEGEND**

- Non In-center Floor Space
- Home Training (Non In-Center)
- Shell Space
- Treatment Floor Space
- Nurse / Tech / Storage
- Existing Station
- New Station
- Outside of Clinic

- 12 Existing Stations
- 2 New Stations

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**14 Total Stations**

**Exhibit 6**  
**NKC Policies & Procedures**

## New Patient Admission Policy

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### Application:

This policy applies to all Northwest Kidney Center (NKC) patients and physicians (excluding visitor patients.)

### Policy:

NKC will provide treatment to all medically-appropriate patients without regard to race, color, religion, sex, national origin, or age.

### Procedure:

1. NKC will provide in-center hemodialysis, peritoneal dialysis or home hemodialysis therapy for patients referred for admission. Patients referred to either Home Hemodialysis or Peritoneal Dialysis are subject to final review and approval by the appropriate home program.
2. The Chief Medical Officer (CMO) in collaboration with the Admissions Clinical Care Coordinator has the responsibility to assure that any patient's (ESRD and non-ESRD) medical condition does not preclude safe outpatient dialysis treatment.
  - a. Patients with a non-tunneled catheter will not be admitted.
  - b. Patients with ventilators are not accepted at in-center units. Patients will be referred to the Home Hemodialysis or Peritoneal Dialysis program for consideration.
  - c. Patients with a tracheostomy must be able to perform self-care or have a person responsible for the care during dialysis. In addition to the CMO approval, the patient must be reviewed and approved by the unit's Medical Director and Clinical Manager.
  - d. Patients with diagnosed Active TB or other abnormal Chest X-Ray findings can be scheduled only after clearance by the Infection Prevention Officer or CMO.

3. All patients must be referred and followed by a nephrologist on NKC's Medical Staff.
4. The Chief Medical Officer and Chief Nursing Officer (CNO) will be available to consult on patient referrals, as needed.
5. NKC requires the following information:

<b>Information</b>	<b>Details</b>
Dialysis Patient Referral Form	Form available on <a href="http://www.nwkidney.org">www.nwkidney.org</a> For Physicians & Staff > Referral Forms
2728 Questionnaire – for new ESRD patients only	See above.
Initial Physician's Order (In-Center, Home Hemodialysis, or Peritoneal Dialysis Order)	See above.
Demographics and clinical information	<ul style="list-style-type: none"> <li>• Face sheet</li> <li>• Hep B serologies (prior 30 days)</li> <li>• Chest X-ray (prior 30 days)</li> <li>• Tunneled line report (if applicable)</li> <li>• H&amp;P or comprehensive renal progress note with problem list</li> <li>• Medication list</li> <li>• If hospitalized, recent hospital notes and HD treatment record</li> </ul>
Transfer-In Patients	<p>For patients transferring from another dialysis facility, we also need:</p> <ul style="list-style-type: none"> <li>• Current dialysis orders</li> <li>• Progress Notes (last 2 weeks)</li> <li>• Recent dialysis logs (last 6 runs)</li> <li>• Comprehensive Assessment</li> <li>• Plan of care</li> <li>• Copy of the HCFA 2728 form</li> </ul> <p><i>If applicable:</i></p> <ul style="list-style-type: none"> <li>• Power of Attorney</li> <li>• Behavioral Contracts</li> <li>• Involuntary Discharge letter, supporting documentation, and</li> </ul>

	approval by NKC prior to admission
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6. All documentation may be uploaded via secure portal (see [www.nwkidney.org](http://www.nwkidney.org) > For Physicians and Staff > Dialysis Patient Referral or submitted via fax to 206-343-4125.
7. If the patient’s medical records are not in English, the Admitting department will send them for translation via an NKC-contracted interpreter service.
8. If an NKC patient has transferred out for less than 30 days, the physician is only required to provide updated orders upon readmission.
9. The Clinical Manager or their designee is responsible for patient schedules and determining the availability of treatment spots.
  - a. The Admitting Department staff must be able to reach a responsible designated unit staff member at each in-center and home program department Monday through Friday 8:00 am to 4:30 pm, excluding NKC observed holidays
  - b. If a dialysis unit has available Medicare certified stations and adequate staff, the unit must accommodate a new patient start.
  - c. The unit must respond to the Admitting team within 2 hours of the email request for a new patient placement
10. Once the Admitting Department has scheduled a patient at a dialysis unit and notified the referring nephrologist and patient, the dialysis unit is responsible for managing the transition and any follow-up.

*Exceptions:* The Admitting Department will be notified if any of the following occurs with scheduled patients:

- a. Patient’s medical condition changes and requires a different level of care.
  - b. The patient has not started within 1 week (or 3 scheduled treatments) from the original scheduled start date.
11. Contact information  
 NKC Admissions: 206-292-3090 Email: [Admissions\\_team@nwkidney.org](mailto:Admissions_team@nwkidney.org).

NKC Visitor dialysis: 206-720-8501

## References:

- "Transfer In Policy"
- "Visitor Dialysis"

[Remainder of this page intentionally left blank]

Patient Accounts/Patient Funding Sources

## Charity

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### Policy:

It is the policy of the Northwest Kidney Centers to provide charitable allowances to patients who are eligible and who are in compliance with NKC's Financial Agreement. See Patient Compliance Policy.

Eligibility is defined as qualifying for funding from DSHS (Medicaid) and KDP (Kidney Disease Program).



Financial Services/Patient Accounts

## Patient Compliance

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### Policy:

It is the policy that all patients be in compliance with NKC's financial agreement. To be in compliance, the patient must:

1. Pay or agree to pay for all services arranged or furnished by NKC.
2. Maintain all reasonable medical insurance for which the patient is eligible.
3. Furnish NKC with accurate and complete financial information whenever requested.
4. Assign all benefits from medical insurance policies providing for payment to NKC, and to forward promptly to NKC all payments by the insurance company or others made directly to the patient for services arranged or furnished by NKC.
5. Sign both the financial and personal payment agreements.

**Exhibit 7**  
**CFO Financing Letter**

May 1, 2021

Eric Hernandez  
Manager – Certificate of Need  
Community Health Systems  
Washington State Department of Health  
PO Box 47852  
Olympia, WA 98504

Dear Mr. Hernandez,

Please be advised that as the Northwest Kidney Center's Vice President of Finance & CFO, I approve the use of reserves for the funding of the following projects:

The construction and equipping of 2 additional stations at the Federal Way East Kidney Center. The amount below reflects our costs to create the space for these 2 stations.

Capital Expenditure: \$35,485

Sincerely,



Carrie McCabe,  
Vice President of Finance & CFO

**Exhibit 8**  
**Pro Forma Financials, Utilization and Financial Assumptions**

Federal Way East Kidney Center  
May-21

	Historic	Historic	Historic		6 months	Implementation Year		Full Year	Project Year	Project Year	Project Year
	Full Year 6/30/2018	Full Year 6/30/2019	Full Year 6/30/2020		Act Annualized 6/30/2021	3 Months Ended 9/30/2021	9 Months Ended 6/30/2022	Implementation 6/30/2022	1 Ending 6/30/2023	2 Ending 6/30/2024	3 Ending 6/30/2025
<b>STATISTICS</b>											
Stations - Last Day of Period	14	14	14		14	14	16	16	16	16	16
In-Center Patients- Last Day of Period	78	83	79		81	81	83	83	85	87	89
In-Center Treatments	2,902	12,420	12,282		11,756	4,915	7,089	12,004	12,449	12,745	13,042
In-Center Patients Per Station	5.57	5.93	5.64		5.79	5.79	5.19	5.19	5.31	5.44	5.56
Home Patients- Last Day of Period	18	23	38		42	44	46	46	48	50	52
Home Treatments-Hemo Equivalents	598	3,373	4,157		6,399	2,569	3,804	6,373	7,114	7,410	7,706
Total Patients - Last Day of Period	96	106	117		123	125	129	129	133	137	141
Total Hemo Equivalent Treatments	3,500	15,793	16,439		18,155	7,484	10,893	18,377	19,562	20,155	20,748
<b>REVENUES</b>											
Medicare	3,768,588	20,225,462	25,643,358	67.2%	28,071,053	11,572,103	16,842,566	28,414,669	30,247,873	31,164,475	32,081,078
Medicaid	1,483,158	6,354,016	6,447,756	19.2%	7,790,479	3,211,573	4,674,269	7,885,842	8,394,606	8,648,988	8,903,370
Commercial Plans	598,138	4,099,742	5,219,521	13.6%	5,583,381	2,301,711	3,350,016	5,651,727	6,016,355	6,198,668	6,380,982
Total Gross Revenues	5,849,885	30,679,220	37,310,635		41,444,914	17,085,387	24,866,851	41,952,238	44,658,834	46,012,132	47,365,430
<b>DEDUCTIONS FROM REVENUE</b>											
Contractual Deductions	(4,334,462)	(23,775,871)	(30,353,149)		(33,786,978)	(13,928,454)	(20,272,107)	(34,200,561)	(36,407,049)	(37,510,293)	(38,613,537)
Bad Debt	(6,650)	\$ (30,007)	(31,234)		(34,494)	(14,220)	(20,696)	(34,916)	(37,169)	(38,295)	(39,421)
Charity	(20,650)	\$ (93,179)	(96,990)		(107,112)	(44,156)	(64,267)	(108,423)	(115,418)	(118,916)	(122,413)
Total Deductions	(4,361,762)	(23,899,057)	(30,481,373)		(33,928,584)	(13,986,830)	(20,357,070)	(34,343,901)	(36,559,636)	(37,667,504)	(38,775,372)
Net Revenues	1,488,123	6,780,163	6,829,263		7,516,330	3,098,557	4,509,781	7,608,337	8,099,198	8,344,628	8,590,058
<b>DIRECT EXPENSES</b>											
Salaries & Wages	470,978	1,746,902	1,731,605		2,424,241	999,377	1,454,539	2,453,916	2,612,233	2,691,391	2,770,550
Benefits	112,695	415,638	418,943		615,887	253,895	369,531	623,426	663,647	683,758	703,868
Medical Director Fees	45,000	64,000	64,000		64,000	26,667	37,333	64,000	64,000	64,000	64,000
Medical Supplies	80,301	316,880	317,967		465,341	191,834	279,204	471,038	501,427	516,622	531,817
Pharmacy	3,423	16,259	18,217		2,035	839	1,221	2,060	2,193	2,260	2,326
EPO and Administered Drugs	102,272	296,746	300,253		341,119	154,706	225,166	379,873	404,381	416,635	428,888
Water Treatment Supplies	1,027	2,705	2,958		8,376	3,453	5,026	8,479	9,026	9,299	9,573
2) Other Supplies	13,125	20,315	18,254		116,973	48,221	70,184	118,405	126,044	129,864	133,683
Lab Tests	11,152	50,198	49,873		3,580	1,476	2,148	3,623	3,857	3,974	4,091
Water Service	2,224	2,748	5,635		7,721	3,183	4,633	7,816	8,320	8,572	8,824
Repair & Maintenance	6,773	22,502	10,855		25,450	10,491	15,270	25,761	27,423	28,254	29,085
Laundry	3,703	14,971	16,489		26,216	10,807	15,729	26,537	28,249	29,105	29,961
1) Other Purchased Services	17,492	57,669	55,828		7,165	2,954	4,299	7,253	7,721	7,955	8,189
Rent	219,768	227,390	235,012		242,634	104,273	145,982	250,256	257,878	265,500	273,122
Building Operations - NNN	85,176	85,176	89,167		98,473	40,595	59,083	99,678	106,109	109,325	112,540
3) Equipment Rent	867	9,510	10,688		9,442	3,892	5,665	9,557	10,174	10,482	10,791
Utilities	3,326	31,906	27,911		74,888	30,872	44,933	75,805	80,696	83,141	85,586
Depreciation	77,191	312,887	316,767		286,813	131,986	187,738	319,724	321,836	321,836	321,836
Other Expenses	787	3,628	3,216		1,467	605	880	1,485	1,581	1,629	1,677
Total Direct Expenses	1,257,280	3,698,030	3,693,638		4,821,822	2,020,127	2,928,564	4,948,692	5,236,795	5,383,601	5,530,407
Excess of Direct Revenue over Direct Expense	230,843	3,082,133	3,135,625		2,694,509	1,078,429	1,581,216	2,659,645	2,862,403	2,961,027	3,059,651
4) Overhead	315,265	1,422,566	1,480,755		1,635,286	674,136	981,168	1,655,304	1,762,097	1,815,494	1,868,891
Excess (Deficit) of Revenues	(84,422)	1,659,567	1,654,870		1,059,222	404,294	600,048	1,004,342	1,100,306	1,145,533	1,190,760

- 1) Other Purchases Services – included housekeeping services, pest control and freight charges.
- 2) Other Supplies consists of housekeeping supplies, minor equipment and office supplies.
- 3) Equipment Rental – copier/scanner/fax machine rental
- 4) Overhead is apportioned at 81.91 per the FY 6/30/2020 as filed cost report

Northwest Kidney Centers  
Certificate of Need Application – NKC Federal Way East Kidney Center  
Pro Forma Assumptions

1. The Pro forma is completed based on a June 30 fiscal year. The implementation year is assumed to be the 9 months ending June 30, 2022.
2. Volumes
  - a. Patient In-Center Census: In-Center Census is expected to reach 89 by June 30, 2025 with the center supporting 52 home patients. The Federal Way Kidney Center has been operating at more than 5.35 patients per stations, due to high need in the planning area.
  - b. Treatments are calculated based on 13 treatments per month and a 5% no-show rate.
3. Net Revenue Per Treatment
  - a. Gross Revenue
    - i. Medicare: The modeled weighted average charge per treatment for all billable services is reflective of the actual average amount for the existing facility for the first 6 months of fiscal year 2021.
    - ii. Medicaid: The modeled weighted average charge per treatment for all billable services is reflective of the actual average amount for the existing facility for the first 6 months of fiscal year 2021.
    - iii. Commercial: The modeled weighted average charge per treatment for all billable services is reflective of the actual average amount for the existing facility for the first 6 months of fiscal year 2021.
    - iv. Total Gross Revenue is the weighted average of the above gross revenue relative to the patient payer mix which is reflective of the actual average payer mix for the existing facility for the first 6 months of fiscal 2021.
  - b. Deductions from Gross Revenue
    - i. Total Contractual Deductions is the weighted average reflective of the actual average payer mix for the existing facility for the first 6 months of fiscal year 2021.
    - ii. Bad Debt is reflective of the actual average bad debt write-off for existing facility per treatment for the first 6 months of fiscal year 2021.
    - iii. Charity is reflective of the actual average bad debt write-off for the facilities per treatment for the first 6 months of fiscal year 2021.
  - c. Net Revenue is the actual net revenue per treatment for the existing facility for the first 6 months of fiscal year 2021. Net Revenue per treatment remains consistent throughout the forecast period.
4. Direct Expenses: All direct expenses are modeled based on the actual average amount per treatment for the existing facility for the first 6 months of fiscal year 2021 unless otherwise indicated.
  - a. No inflation has been assumed in the forecast period
  - b. Salary and wages as based on the actual per treatment amount for the clinic and would not be expected to equate to optimal staffing compliments provided in the application

staffing table which represents the optimal staffing needed for the patient census projected at the end of the indicated period.

- c. Medical Director is based on contracted amount
  - d. Building Operations – NNN represent the costs passed through from the landlord for common areas and overall operations of the building. These costs are estimated based on the actual per treatment costs for the clinic.
  - e. Depreciation is based on the budgeted construction and equipping of the existing facility plus the cost to expand the unit to accommodate 2 additional stations. The average life of tenant improvements is consistent with the lease term with available extensions not to exceed the expected useful life of the asset.
  - f. Other Supplies refers to office supplies, janitorial supplies, building and plant supplies
  - g. Other Purchased Services refers to language interpretation services, freight, landscaping, window washing and pest control.
5. Overhead: is based on the facilities allocation of overhead for the facility's cost report as filed fiscal year 2020. Overhead includes administrative, support services, shared facility employees such as dieticians and social workers as well as technical and facility support staff.

**Exhibit 9**  
**Medical Director Agreement**



## MEDICAL DIRECTOR AGREEMENT

This MEDICAL DIRECTOR AGREEMENT (this “Agreement”), between Northwest Kidney Centers, a Washington nonprofit corporation (“NKC”) and Hien Pham, MD (“Doctor”), is for the provision of medical director services.

### RECITALS

NKC operates dialysis centers and related kidney treatment programs throughout the Puget Sound area, including in particular the facility and/or program described in the attached Exhibit A (the “Program”), which require the services of a medical director.

### AGREEMENT

Now, therefore, the parties agree as follows:

#### 1. MEDICAL DIRECTOR SERVICES

**1.1 Appointment.** NKC hereby appoints Doctor as medical director of the Program, and Doctor accepts such appointment, all on the terms and conditions of this Agreement. Doctor shall assume and discharge all responsibilities hereunder on an ethical and professional basis consistent with the policies and objectives of the NKC, the requirements of Doctor’s professional societies, and all applicable laws and regulations.

**1.2 Responsibilities.** Doctor’s primary task shall be to assure that at all times the Program is providing quality patient care in a safe, comfortable setting while ensuring efficiency and a high level of patient satisfaction. Doctor shall devote his/her best efforts to serving as Medical Director of the Program, including, but not limited to, performing: (a) those services customarily performed by medical directors of dialysis facilities; (b) the duties set forth in the attached Exhibit A; and (c) such other duties as NKC may reasonably request from time to time. Doctor shall report to NKC’s Chief Medical Officer.

**1.3 Private Practice.** Doctor may provide professional services outside the scope of this Agreement to the extent consistent with the satisfactory discharge of Doctor’s responsibilities set forth in this Agreement.

**1.4 Absences.** If Doctor will be absent for an extended period of time, Doctor shall give prior notice to the Chief Medical Officer and arrange for competent and qualified services of another physician (the “Covering Medical Director”) acceptable to NKC to discharge all Doctor’s duties to NKC’s satisfaction. Doctor acknowledges and agrees that all obligations under this Agreement (except Section 9) shall be binding on the Covering Medical Director to the same extent as if the Covering Medical Director were a party hereto and Doctor agrees to ensure compliance of the Covering Medical Director with such terms; and that NKC may require such physician to execute a document acknowledging such obligations before such physician

may serve as the Covering Medical Director. Doctor is responsible for paying any and all compensation to the Covering Medical Director for performance of duties under this Agreement.

**1.5 Expenditures and Contracting.** Doctor shall be involved in determining expenditures and reviewing agreements of NKC and/or the Program as provided in Exhibit A. Notwithstanding any other provision of this Agreement, Doctor shall have no authority to make any expenditure or enter into any agreement on behalf of or in the name of NKC or the Program, without NKC's express advance written approval.

## **2. QUALIFICATIONS**

**2.1 Qualifications.** Doctor shall maintain the following qualifications, none of which may at any time be restricted, suspended, revoked or unrenewed: (a) licensure to practice medicine in the State of Washington and good standing with the Washington State Quality Assurance Commission; (b) a Federal DEA number; (c) membership on NKC's active medical staff with appropriate clinical privileges; (d) participation in and qualification for reimbursement from the Medicare program and the Washington Medicaid program; and (e) insurance coverage as required in Section 6 below. In addition, except to the extent otherwise agreed in writing by NKC's Chief Executive Officer, Doctor shall maintain a substantial (as determined by NKC in its reasonable discretion) clinical practice as a nephrologist at all times during the term of this Agreement. Upon NKC's request, Doctor shall provide evidence satisfactory to NKC of Doctor's compliance with this section. Doctor shall immediately notify NKC if Doctor lacks any of the above qualifications; if Doctor's medical staff membership or privileges at any other health care facility are revoked, terminated, restricted, suspended or unrenewed; or if Doctor ceases to maintain a substantial clinical practice as a nephrologist.

**2.2 Medical Staff Activities.** Doctor shall attend staff conferences and shall comply with the procedures, rules and regulations of NKC's Medical Staff. Doctor shall perform such teaching and similar duties as are in accordance with the education program of NKC's staff and employees and consistent with ESRD program requirements.

## **3. SPACE, UTILITIES, SUPPLIES, EQUIPMENT AND PERSONNEL**

NKC shall, within annual budgetary allowances, provide space, utilities, supplies and equipment necessary for Doctor to perform Doctor's duties as Medical Director. Doctor will not use any such space, utilities, supplies, equipment or personnel at any time for the private practice of medicine.

## **4. COMPENSATION**

Doctor's entire compensation under this Agreement is set forth in the attached Exhibit B. Doctor acknowledges that Doctor is an independent contractor and not an employee; accordingly, Doctor's compensation is not subject to withholding for income taxes, Social Security, or any other withholding deductions. Doctor is not entitled to any employee benefits normally established for NKC personnel, except liability coverage to the limits established by

NKC for liabilities incurred while acting within the scope of duties as medical director under this Agreement. The parties agree that all compensation to be paid over the term of this Agreement does not exceed fair market value, is not determined in a manner that takes into account the volume or value of referrals or other business that might be generated between Doctor and NKC, except as permitted by law, and does not require the limitation or withholding of items or services from patients in violation of any federal, state or local law. Doctor's compensation may be prospectively adjusted by NKC at the beginning of a contract year based on the Doctor's performance, experience, changes in market conditions or other factors NKC deems appropriate.

## 5. TERM AND TERMINATION

**5.1 Term.** The term of this Agreement, unless earlier terminated, is one (1) year, commencing on the date set forth at the end of this Agreement. This Agreement shall automatically renew for additional one-year term(s) unless earlier terminated as provided herein or by notice of nonrenewal at least thirty (30) days before an anniversary of the commencement date.

**5.2 Automatic Termination.** This Agreement shall terminate automatically and without notice upon (a) the Doctor's death; (b) conviction, including a plea of *nolo contendere*, of any felony or of any crime involving moral turpitude by either party.

**5.3 Termination for Material Breach.** Either party may terminate this Agreement in the event of a material breach of this Agreement by the other party. The non-breaching party shall send the breaching party notice describing the breach with reasonable specificity, including any steps that must be taken to cure such breach. If the breaching party fails to cure such breach to the reasonable satisfaction of the other party within thirty (30) days after receipt of such notice, this Agreement shall immediately terminate at the end of such 30-day period.

**5.4 Termination for Cause.** Either party may terminate this Agreement for cause and without notice except that termination under subsections (d) and (e) below shall require thirty (30) days notice. Cause for termination shall include but not be limited to: (a) dishonesty, professional misconduct, or misappropriation of funds by the other party; (b) the failure of Doctor to maintain any of the qualifications described in Section 2.1 above or to maintain a clinical practice as a nephrologist as required by Section 2.1 above; (c) the conduct of the other party is such that termination is necessary in the party's reasonable judgment to protect patient health or safety; (d) the Doctor's privileges are either terminated or suspended for a period more than thirty (30) days by the medical staff or management of a health care facility where the Doctor has privileges; or (e) good cause as defined in law or in equity.

**5.5 Resignation of Doctor.** In the event Doctor wishes to resign from Doctor's position as Medical Director of the Program during the term of this Agreement, Doctor may submit a written request to NKC. The decision whether or not to consent to Doctor's resignation shall be made by NKC in its sole and absolute discretion. In the event NKC consents to Doctor's resignation, this Agreement shall terminate as of the effective date specified in such consent, and

NKC's obligation to compensate Doctor under Section 4 and Exhibit B hereto shall terminate as of that date.

**5.6 Effect of Termination.** Upon termination of this Agreement Doctor shall not in any way interfere with the assumption by a successor physician of any of Doctor's duties under this Agreement; Doctor shall deliver to NKC all records necessary for the conduct of the business of NKC and the Program, and all other NKC property in Doctor's possession; and each provision requiring continuing performance shall survive termination of this Agreement, including but not limited to Sections 6, 7, 8, and 9. Termination of this Agreement shall not entitle Doctor to any rights of appeal or hearing under NKC's medical staff bylaws or otherwise. If the Agreement is terminated other than at the expiration of a term, the parties shall not enter into a new arrangement for the services that are the subject of this Agreement before the expiration of the then current term.

## **6. INSURANCE**

**6.1 Doctor's Responsibility.** Doctor shall maintain and provide proof of medical malpractice and public liability insurance coverage with minimum limits of one million dollars (\$1,000,000) per occurrence and five million dollars (\$5,000,000) in the aggregate as approved by NKC. The amount shall be reviewed from time to time by NKC and may be revised by NKC on a uniform basis with medical directors of other programs and/or facilities operated by NKC. If Doctor's policy is on a "claims made" basis during this Agreement, the requirements of this section shall survive termination of this Agreement and shall continue for four years thereafter. In lieu of continued coverage, Doctor may provide a "tail" policy in a form approved by NKC covering the period for which Doctor served as medical director under this Agreement.

**6.2 NKC's Responsibility.** NKC provides professional and general liability coverage for its employees, which includes independent contractors such as medical directors and advisors while working within the scope of their assigned duties. NKC shall maintain professional and general liability insurance coverage for Doctor while acting within the scope of his duties as Medical Director under this Agreement, with minimum limits of one million dollars (\$1,000,000) per occurrence and five million dollars (\$5,000,000) in the aggregate. If NKC's policy is on a "claims made" basis during this Agreement, NKC shall provide continued professional and general liability coverage for Doctor for five years after termination of this Agreement.

## **7. REPORTS AND RECORDS**

**7.1 Ownership of Reports and Records.** It is agreed that all reports and records relative to the Program and NKC are the property of the NKC and are to be considered and treated as the NKC's records.

**7.2 Maintenance of and Access to Books and Records.** Upon the written request of the Secretary of Health and Human Services or the Comptroller General or any of their duly

authorized representatives, Doctor shall make available those contracts, books, documents, and records necessary to verify the nature and extent of the costs of providing services under this Agreement. Such inspection shall be available up to four (4) years after the rendering of such services. If Doctor carries out any of the duties of this Agreement through a subcontract with a value of \$10,000 or more over a 12-month period with a related individual or organization, Doctor shall include this requirement in any such subcontract. This section is included pursuant to and is governed by the requirements of Public Law 96-499, Section 952 (Section 1861(v)(1) of the Social Security Act) and the regulations promulgated thereunder. No attorney-client, accountant-client, or other legal privilege will be deemed to have been waived by Doctor or NKC by virtue of this Agreement.

## **8. CONFIDENTIALITY**

Doctor shall not, directly or indirectly, divulge, disclose or communicate to any person or entity, any nonpublic, confidential information with regard to this Agreement, or the operational, financial, contractual, or other affairs of NKC or the Program, except as may be required by law. As used in this Section 8, confidential information shall include nonpublic information about the financial performance, strategic plans, cost and expense data, trade secrets, payor, supplier or patient contracts, partnership arrangements, manuals, policies and procedures, patient lists, and similar data of NKC or the Program. Confidential information shall not include any information in the public domain or any information that becomes part of the public domain through no fault of the Doctor. The terms of this section shall survive any termination or expiration of this Agreement.

## **9. COVENANTS**

Doctor agrees that, as a consequence of Doctor's performance of this Agreement, Doctor will gain confidential knowledge, which is proprietary to NKC, including the relationships that Doctor will develop with NKC patients. Accordingly, Doctor shall comply with the following covenants, which the parties consider to be fair, reasonable and integral to NKC's protection:

**9.1 Noncompetition.** During the term of this Agreement for a period of two (2) years following its termination, Doctor will not, directly or indirectly, by himself or herself or in conjunction with any other person, serve as medical director of, nor be an officer, director, shareholder, partner, member, owner, part owner (through equity or debt), employee, advisor or consultant of any kidney dialysis center or other program, center or entity offering dialysis services of any kind operating or intending to operate within thirty (30) miles of any dialysis center or treatment program operated by NKC.

**9.2 Nonsolicitation.** During the period described in Section 9.1 above, Doctor will not, for his or her own benefit or the benefit of others, directly or indirectly, (a) solicit any business from any person or entity that has or has had a business relationship with NKC, or disrupt or attempt to disrupt, any relationship, contractual or otherwise, between NKC and any such person or entity, including any patient, payor, physician, provider, managed care

organization, or supplier; or (b) induce, or attempt to induce, any employee of NKC to terminate his or her association with NKC.

**9.3 Remedies.** The parties agree that any breach or any threatened breach of any covenant in this Section 9 will cause irreparable injury to NKC and that the remedy at law will be inadequate. Therefore, in the event of any actual or threatened breach of any provision of this Section 9, NKC shall be entitled to any or all of the following remedies: (a) preliminary and permanent injunctions restraining such actual or threatened breach; (b) reasonable attorneys' fees to enforce this Agreement; (c) damages; and (d) any and all other remedies provided for at law or in equity. The remedies under this section are cumulative, are in addition to any others given under this Agreement, by law or in equity, and may be enforced successively or concurrently at NKC's option.

**9.4 Priority of Patient Care.** Nothing in these covenants shall be deemed to prohibit Doctor from exercising his or her medical judgment concerning the medical treatment of his or her patients in any manner whatsoever in any location whatsoever, and shall not be deemed to require the referral of any such patient to any facility of NKC.

**9.5 Divisibility.** The parties agree that the covenants in this Section 9, including the scope of the restricted activities and the duration and geographic extent of such restrictions, are fair and reasonably necessary for the protection of the legitimate interests of NKC, in light of all of the facts and circumstances of the relationship between the parties. If any court or other tribunal of competent jurisdiction finds that this Section 9 is excessively broad and declines to enforce any provision of this Section 9, the covenants herein shall be deemed to be modified to restrict the activities of Doctor to the maximum extent enforceable by law and in equity.

## 10. DISPUTE RESOLUTION

**10.1 Mediation.** Except as otherwise provided in this Agreement, in the event the parties are unable to resolve a dispute relating to the terms of this Agreement through good faith efforts, the parties shall submit such dispute to mediation before a mutually agreeable mediator or if such person cannot be agreed upon within five (5) business days, to that mediator designated by the Seattle office of Judicial Dispute Resolution, L.L.C. In the event that Judicial Dispute Resolution, L.L.C. no longer operates in Seattle, the mediator shall be chosen by the Presiding Judge (or designee) of the Superior Court of the State of Washington for King County. When the mediator cannot be mutually agreed upon, the party seeking mediation shall apply to Judicial Dispute Resolution, L.L.C. or the court within thirty (30) days of the date it learns, or reasonably should have learned, of the dispute and shall request mediation within forty (40) days. The mediator's fees shall be shared equally by the parties.

**10.2 Arbitration.** If such dispute is not resolved through mediation, the parties agree to submit the dispute to binding arbitration before a mutually agreeable arbitrator. If the parties are unable to agree upon an arbitrator within ten (10) business days of the initial demand to arbitrate the dispute, then the arbitrator may be designated by the Seattle Office of Judicial

Dispute Resolution or any similar service mutually acceptable to the parties. If the Seattle Office Judicial Dispute Resolution is no longer operating, and no mutual acceptable service is identified, either party may petition for the appointment of an arbitrator by the presiding judge of the Superior Court of King County in and for the State of Washington.

The arbitrator shall not be bound by the Civil Rules or the Rules of Evidence but shall have the authority to control the conduct and timing of the proceedings, and may permit or deny discovery as he or she deems appropriate. The decision of the arbitrator shall be binding on the parties and enforceable by the courts of the State of Washington. Each party shall bear its own attorneys' fees and share equally in the costs of arbitration, unless the arbitrator, in his or her discretion, awards arbitration costs and attorneys' fees to the substantially prevailing party.

**10.3 Violations of Selected Covenants.** Notwithstanding any other provision of this Agreement, disputes relating to any breach or alleged breach of the covenants set forth in Section 9 shall not be subject to the mediation or arbitration provisions set forth in Sections 10.1 and 10.2 above. The parties may seek relief from any court for disputes involving such matters.

## 11. GENERAL PROVISIONS

**11.1 Relationship of Parties.** In the performance of the professional work and responsibilities for medical services assumed by Doctor under this Agreement, it is mutually understood and agreed that Doctor is an independent nephrologist. Doctor shall exercise medical judgment as a nephrologist, free of any direction or control of the NKC, in a manner consistent with currently approved methods and practices of the profession and in compliance with the standards and policies of the NKC's Medical Staff. In administrative matters, it is mutually understood and agreed that Doctor shall cause the Program to comply with all business and administrative policies prescribed by the NKC.

**11.2 Nonassignability.** This Agreement is personal to Doctor and Doctor shall not assign or delegate rights and duties under this Agreement, except as expressly provided in Section 1.4.

**11.3 Notices.** Any notice given hereunder shall be in writing and shall be served personally or by depositing same in the United States mail, registered or certified, return receipt requested, postage prepaid and addressed to the intended party set forth below, or to such other address as a party may have furnished to the other as a place for the service of notice. Any notice so mailed shall be deemed to have been given upon personal delivery or three (3) days after the time the same is deposited in the United States mail.

NKC:            President & CEO  
                    Northwest Kidney Centers  
                    700 Broadway  
                    Seattle, WA 98122

Doctor: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**11.4 No Requirement to Refer or Limit Services.** Nothing in this Agreement shall be interpreted as requiring either party to make referrals of any items or services to the other, or to limit or withhold items or services from patients, in violation of any federal, state or local law.

**11.5 Compliance with Applicable Laws.** At all times during the term of this Agreement, each of the parties shall perform their respective obligations hereunder in accordance with all applicable federal, state and local laws and regulations.

**11.6 Tax Exemption.** This Agreement shall be amended by the parties as NKC deems necessary to protect its tax-exempt status.

**11.7 Modifications for Prospective Legal Events.** If any federal, state or local law or regulation, now existing or enacted or promulgated after the effective date of this Agreement is interpreted by judicial decision, a regulatory agency or legal counsel to either party in such a manner as to indicate that a provision of this Agreement may be in violation of such law or regulation, the parties shall amend this Agreement as necessary. To the maximum extent possible, any such amendment shall preserve the underlying economic and financial arrangements between the parties.

**11.8 Miscellaneous.** This Agreement (along with the exhibits attached hereto, which are incorporated herein by this reference) constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior offers and negotiations, oral and written. This Agreement may not be amended or modified in any respect whatsoever except by an instrument in writing signed by the parties hereto. No waiver of any provision hereof shall be deemed to have been made unless and until such waiver shall have been reduced to writing and signed by the party to be bound. No waiver of any default under this Agreement shall constitute or operate as a waiver of any subsequent default hereunder. All terms of this Agreement shall be binding upon and inure to the benefit of the parties' respective successors and permitted assigns. If one or more of the provisions of this Agreement for any reason is held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of hereof, but this Agreement shall be construed as if such invalid, illegal or unenforceable provisions had not been contained herein.

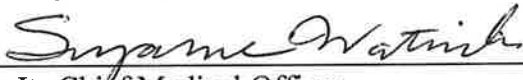
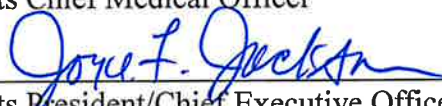


Effective as of the 1st day of July, 2018, when signed by both the Chief Medical Officer and the Chief Executive Officer of NKC.

DOCTOR:

  
\_\_\_\_\_  
Signature  
  
\_\_\_\_\_  
Print Name  
Pham, Hien

NORTHWEST KIDNEY CENTERS,  
a Washington corporation

By:   
\_\_\_\_\_  
Its Chief Medical Officer  
  
By:   
\_\_\_\_\_  
Its President/Chief Executive Officer

**Exhibit A to Medical Director Agreement**

Facility Medical Director Responsibilities  
See enclosed Exhibit from NKC Policies

Northwest Kidney Centers – Federal Way East

**Exhibit B**

Medical Director Compensation and Log

1. The compensation from NKC to Doctor is \$ 64,000.00 per year, payable in equal monthly installments.
  
2. On or before the 10<sup>th</sup> day of each month, Doctor will submit a signed medical director log documenting the hours he/she spent during the previous month on medical director duties. Doctor is not entitled to payment from NKC unless and until he/she submits the completed medical director log for the previous month.

Administration/General

# Facility Medical Director Responsibilities

---

Application:

This policy applies to all NKC Medical Directors

Policy:

## Exhibit A to Medical Director Agreement

### 1. DEFINITION OF THE TERM, "FACILITY MEDICAL DIRECTOR"

The "Facility" as used in the Agreement means the dialysis facility \_\_\_\_\_ operated by the Northwest Kidney Centers. The "Medical Director" is the nephrologist responsible for the delivery of patient care and outcomes at the facility. The Medical Director is accountable to the Operations Committee (the "facility governing body," as defined in the Conditions for Coverage) for the quality of medical care provided to patients.

### 2. QUALIFICATIONS

The facility Medical Director must be a member of the NKC medical staff. Per the federal Conditions for Coverage (42 C.F.R. § 494.140(a)V682, the Medical Director must have completed a Board-approved training program in nephrology and maintain current Board Certification in Nephrology, or have been granted exception approval by the Secretary of DHHS (V683). The Medical Director must have 12 months experience providing care to patients receiving dialysis.

### 3. RESPONSIBILITIES

The Medical Director responsibilities include, but are not limited to, the following:

## **Quality Assessment and Performance Improvement Programs**

## Northwest Kidney Centers

### Administration/General/Facility Medical Director Responsibilities

1. The Medical Director shall ensure that the facility develops, implements, maintains and evaluates an effective, data driven Quality Assessment and Performance Improvement program ("QA/PI program") with participation by the professional members of the inter-disciplinary team. The Medical Director is the chair of the facility's inter-disciplinary team and shall collaborate closely with the Clinical Director in directing the QA/PI program.
2. The QA/PI program must reflect the complexity of the facility's organization and services and must focus on indicators related to improved health outcomes and the prevention and reduction of medical errors. The facility must maintain and demonstrate evidence of its QA/PI program for review by CMS.
3. The QA/PI program, as defined in 42 C.F.R. § 494.110, must include, but not be limited to, an ongoing program that achieves measurable improvement in health outcomes and a reduction of medical errors, using indicators or performance measures associated with improved health outcomes and reduction of errors.
4. The Medical Director shall ensure that the facility measures, analyzes and tracks quality indicators and other aspects of performance that reflect processes of care and facility operations. Components of the facility's Quality Assessment program shall include, but are not limited to, the following:
  - a. Adequacy of dialysis
  - b. Nutritional status
  - c. Mineral metabolism and renal bone disease
  - d. Anemia management
  - e. Vascular access
  - f. Medical injuries and medical errors identification: The Medical Director shall review and monitor all Quality Improvement Reports (QIRs), analyze trends and identify areas that need remediation.
  - g. Patient satisfaction and grievances

## **Northwest Kidney Centers**

### Administration/General/Facility Medical Director Responsibilities

- h. Infection control: The facility shall analyze and document incidence of infections, develop action plans to minimize infection transmission and promote immunization, and take actions to reduce future incidents.
5. The Medical Director shall ensure that the facility continuously monitors performance, take actions that result in performance improvements, and track performance to ensure that improvements are sustained over time.
6. The Medical Director, in conjunction with the facility's inter-disciplinary team, shall set the priorities for the facility's Performance Improvement program considering prevalence and severity of identified problems from the facility's Quality Assessment and giving priority to improvement activities that affect clinical outcomes or patient safety.
7. The Medical Director is responsible for ensuring that the facility correct any immediate problems that threaten the health and safety of patients.
8. The Performance Improvement program goals and progress shall be reviewed monthly by the inter-disciplinary team, and shall be reported to the Operations Committee, per policy.
9. The Medical Director shall consult with attending physicians as needed to achieve Performance Improvement program goals.

### **Staff Education/Training/Performance**

1. The Medical Director shall ensure ongoing educational opportunities are available and/or provided to the facility staff about care, practices, and clinical topics. The Medical Director shall serve as a medical consultant to facility staff and management.
2. The Medical Director shall ensure that education programs and in-services, as delegated by the Medical Director to the NKC Clinical Director of Education and Education Department, meet the needs of the facility staff to ensure they demonstrate ongoing performance and skill competencies.

### **Policies and Procedures**

## **Northwest Kidney Centers**

### Administration/General/Facility Medical Director Responsibilities

1. The Medical Director shall implement the development, periodic review and approval of a "patient care policies and procedures manual" for the facility, which manual shall be prepared by those individuals designated by the Operations Committee.
2. The Medical Director shall ensure that all policies and procedures related to patient care, infection control, and safety are adhered to by the facility's patient care staff and the attending physicians and their extenders.
3. The Medical Director shall ensure that all policies and procedures relating to patient admissions, transfers or discharges (as specified in 42 C.F.R. § 494.180(f)) are adhered to by the facility's patient care staff and the attending nephrologist.

### **Direction of Professional Services in Emergencies**

1. In a crisis or emergency, the Medical Director shall assure or cause to be provided clinical management for patients whose attending nephrologist cannot be reached for orders, but in all other instances shall not interfere with the therapeutic autonomy of the attending physician, per Medical Staff Bylaws.

### **Water Quality/Equipment/Environment/Safety**

1. The Medical Director shall have knowledge and understanding of the components of the facility's water treatment system and how they relate to ANSI/AAMI RD52:2004.
2. The Medical Director shall ensure that the water and equipment used for facility's dialysis meets the requirements found at ANSI/AAMI RD52:2004.
3. The Medical Director shall monitor the quality of the facility's water and dialysate. He/she shall review all water systems testing (in particular, for chlorine, chloramines, endotoxin and bacteria. Any levels that deviate from the standard must have a corrective action plan developed by the Medical Director and Facility System Specialist.
4. The Medical Director shall ensure that all equipment used in the facility for direct patient care is maintained in accordance with manufacturers standards.

## **Northwest Kidney Centers**

### Administration/General/Facility Medical Director Responsibilities

5. The Medical Director shall ensure a sanitary environment in the facility and monitor the transmission of infectious agents within the facility.
6. The Medical Director shall ensure that facility staff demonstrate compliance with infection control practices and report any issues to the appropriate individuals, per policy.

### **Medical Leadership**

1. The Medical Director shall proactively consult with nephrologists and other physicians who provide care for patients in the facility and serves as the representative of NKC to such physicians.
2. The Medical Director shall support the facility Clinical Director, who is responsible for ensuring that each patient in the facility is provided with an individualized and comprehensive assessment of needs from which the patient's plan of care is developed in the timelines specified per policy. It is the responsibility of the Operations Committee (not the Medical Director) to ensure medical staff compliance with the facility's comprehensive patient assessment and plan of care policy.
3. The Medical Director shall participate as a member of the NKC Medical Director team and attend monthly Medical Director meetings.
4. The Medical Director is expected to attend medical staff meetings and participate in NKC medical staff activities.
5. The Medical Director is required to submit a monthly log of hours spent on medical director duties, due by the 10th day of the following month. Compensation for the month is paid upon receipt of the log.
6. As time allows, the Medical Director is encouraged to provide leadership for clinical issues/improvements that affect the entire organization (e.g., develop new protocols, revise standing orders, change the electronic medical record, improve intake practices, and oversee new programs for patients).



## **Northwest Kidney Centers**

### Administration/General/Facility Medical Director Responsibilities

7. NKC encourages the Medical Director to attend continuing education related to the medical director role. One meeting a year is funded by NKC, with the advance permission of the CEO.

### **Community Links**

1. The Medical Director serves as the facility's medical representative to other medical staff, patients and their family or caregivers (or both), and the general public.
2. The Medical Director is asked to participate, as time allows, in public events associated with the facility.

### 4. REPORTING AND OTHER RESPONSIBILITIES

1. The Medical Director is directly accountable to and reports to the NKC Chief Medical Officer, who supervises his/her performance and provides annual reviews.
2. The Medical Director is responsible to the Operations Committee in the fulfillment of the responsibilities outlined for the Medical Director in the Conditions for Coverage.
3. The Medical Director regularly collaborates with the:
  - Facility's Clinical Director
  - Facility's Nurse Manager
  - Facility clinical staff including inter-disciplinary team members
  - CMO
  - Vice President of Clinical Operations
  - Vice President of Administrative Operations
  - President/CEO
  - Other Medical Directors

**Exhibit 10**  
**County Assessor Information**

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- [Area Report](#)
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**PARCEL**

<b>Parcel Number</b>	215466-0040
<b>Name</b>	DM VENTURES-FEDERAL WAY LLC
<b>Site Address</b>	33820 WEYERHAEUSER WAY S 98001
<b>Legal</b>	EAST CAMPUS CORP PRK PRCL 3-BSP TGW UND INT IN TRACTS B, C & D TAXABLE POR PER DOR REG 04137-024 RCW 84.36.040

**BUILDING 1**

<b>Year Built</b>	2001
<b>Building Net Square Footage</b>	55200
<b>Construction Class</b>	MASONRY
<b>Building Quality</b>	AVERAGE/GOOD
<b>Lot Size</b>	202118
<b>Present Use</b>	Office Building
<b>Views</b>	No
<b>Waterfront</b>	



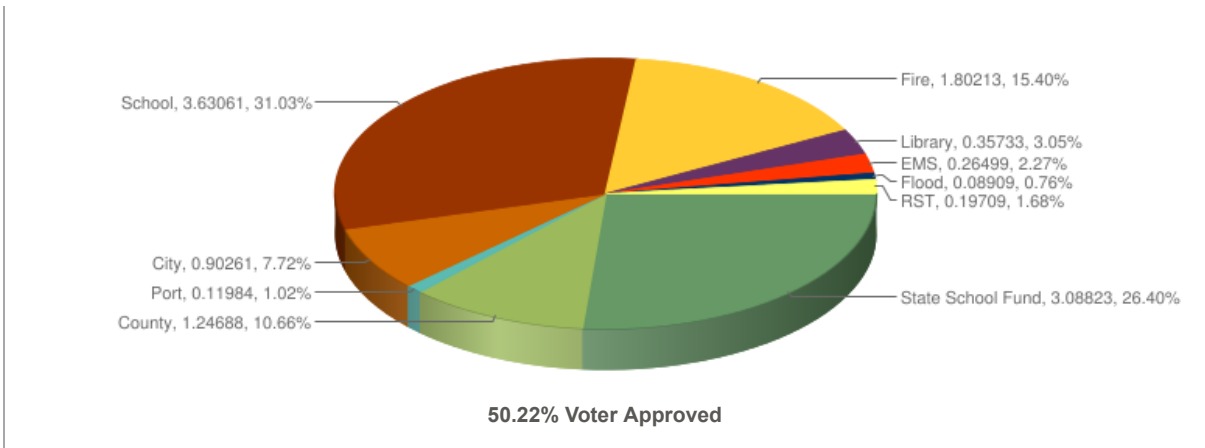
**TOTAL LEVY RATE DISTRIBUTION**

<b>Tax Year:</b> 2021	<b>Levy Code:</b> 1205	<b>Total Levy Rate:</b> \$11.69880	<b>Total Senior Rate:</b> \$6.34960
-----------------------	------------------------	------------------------------------	-------------------------------------

**Reference Links:**

- [King County Taxing Districts Codes and Levies \(.PDF\)](#)
- [King County Tax Links](#)
- [Property Tax Advis](#)
- [Washington State Department of Revenue](#) (External link)
- [Washington State Board of Tax Appeals](#) (External link)
- [Board of Appeals/Equalizati](#)
- [Districts Report](#)
- [iMap](#)
- [Recorder's Office](#)
- [Scanned images of surveys and other map documents](#)
- [Scanned images of plats](#)

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**TAX ROLL HISTORY**

Valued Year	Tax Year	Appraised Land Value (\$)	Appraised Imps Value (\$)	Appraised Total (\$)	Appraised Imps Increase (\$)	Taxable Land Value (\$)	Taxable Imps Value (\$)	Taxable Total (\$)
2020	2021	2,021,100	6,921,300	8,942,400	0	1,845,300	5,052,500	6,897,800
2019	2020	1,819,000	6,354,200	8,173,200	0	1,660,700	4,638,600	6,299,300
2018	2019	1,819,000	5,809,300	7,628,300	0	1,819,000	5,809,300	7,628,300
2017	2018	1,819,000	5,570,900	7,389,900	0	1,819,000	5,570,900	7,389,900
2016	2017	1,819,000	4,681,000	6,500,000	0	1,819,000	4,681,000	6,500,000
2015	2016	1,819,000	5,873,400	7,692,400	0	1,819,000	5,873,400	7,692,400
2014	2015	1,515,800	4,384,200	5,900,000	0	1,515,800	4,384,200	5,900,000
2013	2014	1,364,200	6,319,600	7,683,800	0	1,364,200	6,319,600	7,683,800
2012	2013	0	0	0	0	909,500	2,762,756	3,672,256
2011	2012	0	0	0	0	909,500	2,580,756	3,490,256
2010	2011	909,500	7,090,500	8,000,000	0	909,500	7,090,500	8,000,000
2009	2010	909,500	11,590,500	12,500,000	0	909,500	11,590,500	12,500,000
2008	2009	909,500	12,294,300	13,203,800	0	909,500	12,294,300	13,203,800
2007	2008	909,500	12,294,300	13,203,800	0	909,500	12,294,300	13,203,800
2006	2007	909,500	10,408,100	11,317,600	0	909,500	10,408,100	11,317,600
2005	2006	808,400	9,754,700	10,563,100	0	808,400	9,754,700	10,563,100
2004	2005	808,400	9,754,700	10,563,100	0	808,400	9,754,700	10,563,100
2003	2004	707,400	8,114,900	8,822,300	4,252,100	707,400	8,114,900	8,822,300
2002	2003	707,400	4,728,400	5,435,800	4,252,100	707,400	4,728,400	5,435,800
2001	2002	614,500	476,300	1,090,800	476,300	614,500	476,300	1,090,800
2000	2001	614,500	0	614,500	614,500	614,500	0	614,500

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**Exhibit 11**  
**County Zoning Information**

**King County Department of Assessments**

Fair, Equitable, and Understandable Property Valuations

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Department of Assessments

500 Fourth Avenue, Suite ADM-AS-0708, Seattle, WA 98104

Office Hours: Mon - Fri 8:30 a.m. to 4:30 p.m.

TEL: 206-296-7300 FAX: 206-296-5107 TTY: 206-296-7888

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**Reference Links:**

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- [Property Tax Advisor](#)
- [Washington State Department of Revenue \(External link\)](#)
- [Washington State Board of Tax Appeals \(External link\)](#)
- [Board of Appeals/Equalization](#)
- [Districts Report](#)
- [iMap](#)
- [Recorder's Office](#)
- [Scanned images of surveys and other map documents](#)
- [Scanned images of plats](#)

**PARCEL DATA**

Parcel	215466-0040
Name	DM VENTURES-FEDERAL WAY LLC
Site Address	33820 WEYERHAEUSER WAY S 98001
Geo Area	55-70
Spec Area	
Property Name	THE SANCTUARY (HERON)

Jurisdiction	FEDERAL WAY
Levy Code	1205
Property Type	C
Plat Block / Building Number	
Plat Lot / Unit Number	4
Quarter-Section-Township-Range	NW-22-21-4

**Legal Description**  
EAST CAMPUS CORP PRK PRCL 3-BSP TGW UND INT IN TRACTS B, C & D TAXABLE POR PER DOR REG 04137-024 RCW 84.36.040  
**Plat Block:**  
**Plat Lot:** 4

**LAND DATA**

Highest & Best Use As If Vacant	MANUFACTURING
Highest & Best Use As Improved	PRESENT USE
Present Use	Office Building
Land SqFt	202,118
Acres	4.64

Percentage Unusable	25
Unbuildable	NO
Restrictive Size Shape	YES
Zoning	OP-1
Water	WATER DISTRICT
Sewer/Septic	PUBLIC
Road Access	PRIVATE
Parking	ADEQUATE
Street Surface	PAVED

**Views**

Rainier	
Territorial	
Olympics	
Cascades	
Seattle Skyline	
Puget Sound	
Lake Washington	
Lake Sammamish	
Lake/River/Creek	
Other View	

**Waterfront**

Waterfront Location	
Waterfront Footage	0
Lot Depth Factor	0
Waterfront Bank	
Tide/Shore	
Waterfront Restricted Access	
Waterfront Access Rights	NO
Poor Quality	NO
Proximity Influence	NO

**Designations**

Historic Site	
Current Use	(none)
Nbr Bldg Sites	
Adjacent to Golf Fairway	NO
Adjacent to Greenbelt	NO
Other Designation	YES
Deed Restrictions	NO
Development Rights Purchased	NO
Easements	NO
Native Growth Protection Easement	NO
DNR Lease	NO

**Nuisances**

Topography	
Traffic Noise	
Airport Noise	
Power Lines	NO
Other Nuisances	NO

**Problems**

Water Problems	NO
Transportation Concurrency	NO
Other Problems	NO

**Environmental**

Environmental	NO
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**BUILDING**

Building Number	1
Building Description	HERON
Number Of Buildings Aggregated	1
Predominant Use	OFFICE BUILDING (344)
Shape	Long Rect or Irreg
Construction Class	MASONRY
Building Quality	AVERAGE/GOOD
Stories	2

Click the camera to see more pictures.  
Picture of Building 1

Click the camera to see more pictures.  
Floor plan of Building 1

**ADVERTISEMENT**

Building Gross Sq Ft	56,600
Building Net Sq Ft	55,200
Year Built	2001
Eff. Year	2005
Percentage Complete	100
Heating System	COMPLETE HVAC
Sprinklers	Yes
Elevators	Yes

Section(s) Of Building Number: 1

Section Number	Section Use	Description	Stories	Height	Floor Number	Gross Sq Ft	Net Sq Ft
1	OFFICE BUILDING (344)		2	15	0	56,600	55,200

**TAX ROLL HISTORY**

Account	Valued Year	Tax Year	Omit Year	Levy Code	Appraised Land Value (\$)	Appraised Imps Value (\$)	Appraised Total Value (\$)	New Dollars (\$)	Taxable Land Value (\$)	Taxable Imps Value (\$)	Taxable Total Value (\$)	Tax Value Reason
215466004003	2020	2021		1205	1,845,300	5,052,500	6,897,800	0	1,845,300	5,052,500	6,897,800	
215466004094	2020	2021		1205	175,800	1,868,800	2,044,600	0	0	0	0	EX
215466004003	2019	2020		1205	1,660,700	4,638,600	6,299,300	0	1,660,700	4,638,600	6,299,300	
215466004094	2019	2020		1205	158,300	1,715,600	1,873,900	0	0	0	0	EX
215466004003	2018	2019		1205	1,819,000	5,809,300	7,628,300	0	1,819,000	5,809,300	7,628,300	
215466004003	2017	2018		1205	1,819,000	5,570,900	7,389,900	0	1,819,000	5,570,900	7,389,900	
215466004003	2016	2017		1205	1,819,000	4,681,000	6,500,000	0	1,819,000	4,681,000	6,500,000	
215466004003	2015	2016		1205	1,819,000	5,873,400	7,692,400	0	1,819,000	5,873,400	7,692,400	
215466004003	2014	2015		1205	1,515,800	4,384,200	5,900,000	0	1,515,800	4,384,200	5,900,000	
215466004003	2013	2014		1205	1,364,200	6,319,600	7,683,800	0	1,364,200	6,319,600	7,683,800	
215466004003	2012	2013		1205	0	0	0	0	909,500	2,762,756	3,672,256	
215466004003	2011	2012		1250	0	0	0	0	909,500	2,580,756	3,490,256	
215466004003	2010	2011		1205	909,500	7,090,500	8,000,000	0	909,500	7,090,500	8,000,000	
215466004003	2009	2010		1205	909,500	11,590,500	12,500,000	0	909,500	11,590,500	12,500,000	
215466004003	2008	2009		1205	909,500	12,294,300	13,203,800	0	909,500	12,294,300	13,203,800	
215466004003	2007	2008		1205	909,500	12,294,300	13,203,800	0	909,500	12,294,300	13,203,800	
215466004003	2006	2007		1205	909,500	10,408,100	11,317,600	0	909,500	10,408,100	11,317,600	
215466004003	2005	2006		1205	808,400	9,754,700	10,563,100	0	808,400	9,754,700	10,563,100	
215466004003	2004	2005		1205	808,400	9,754,700	10,563,100	0	808,400	9,754,700	10,563,100	
215466004003	2003	2004		1205	707,400	8,114,900	8,822,300	4,252,100	707,400	8,114,900	8,822,300	
215466004003	2002	2003		1205	707,400	4,728,400	5,435,800	4,252,100	707,400	4,728,400	5,435,800	
215466004003	2001	2002		1205	614,500	476,300	1,090,800	476,300	614,500	476,300	1,090,800	
215466004003	2000	2001		1205	614,500	0	614,500	614,500	614,500	0	614,500	

**SALES HISTORY**

Excise Number	Recording Number	Document Date	Sale Price	Seller Name	Buyer Name	Instrument	Sale Reason
2642085	20131121001057	11/20/2013	\$3,725,000.00	US BANK NA	DM VENTURES-FEDERAL WAY LLC	Bargain and Sales Deed	None
2535324	20120326000723	3/21/2012	\$0.00	HERON PARTNERS LLC+TWOSONS SQUARED LLC ET AL	U S BANK NA	Bargain and Sales Deed	Foreclosure
2237333	20060915002509	9/7/2006	\$14,300,000.00	HERON PROPERTIES LLC	HERON PARTNERS LLC+TWOSONS SQUARED LLC	Statutory Warranty Deed	None
2036794	20040505003000	4/30/2004	\$0.00	CROWN EQUITY INC	HERON PROPERTIES LLC	Special Warranty Deed	Other
1982247	20030822000632	8/22/2003	\$11,850,000.00	LAKHA FEDERAL WAY PROPERTIES II LLC	CROWN EQUITY INC	Statutory Warranty Deed	None
1843639	20010926001923	9/26/2001	\$5,810,000.00	QUADRANT CORPORATION THE	LAKHA FEDERAL WAY PROPERTIES II LLC	Statutory Warranty Deed	None

**REVIEW HISTORY**

Tax Year	Review Number	Review Type	Appealed Value	Hearing Date	Settlement Value	Decision	Status
2017	1600458	Local Appeal	\$7,882,600	1/1/1900	\$6,500,000	REVISE	Completed
2015	1401030	Local Appeal	\$8,478,700	1/1/1900	\$5,900,000	REVISE	Completed
2014	86926	State Appeal	\$7,683,800	1/1/1900	\$0	WITHDRAWN	Completed
2014	1301230	Local Appeal	\$9,273,600	1/1/1900	\$7,683,800	REVISE ASSESSOR RECOMMENDED	Completed
2013	84949	State Appeal	\$9,185,300	2/28/2017	\$3,672,256	REVISE	Completed
2013	1201331	Local Appeal	\$9,185,300	1/1/1900	\$9,185,300	SUSTAIN	Completed



2012	81548	State Appeal	\$7,300,000	2/28/2017	\$3,490,256	REVISE	Completed
2012	1100080	Local Appeal	\$9,021,300	1/1/1900	\$7,300,000	REVISE	Completed
2011	1001656	Local Appeal	\$11,923,200	1/1/1900	\$8,000,000	REVISE	Completed
2005	0401970	Local Appeal	\$10,563,100	1/1/1900	\$0		Completed

**PERMIT HISTORY**

Permit Number	Permit Description	Type	Issue Date	Permit Value	Issuing Jurisdiction	Reviewed Date
18-101886-00-CO	TI - Tenant improvement to include adding non-structural office wall to ceiling grid, adding (1) kitchen and (1) conference room. Plumbing and Mechanical included..	Remodel	5/17/2018	\$162,500	FEDERAL WAY	7/5/2019
17-104730-00-CO	ALT - Complete exterior canopy glazing that was deferred from permit 17-102042-00-CO.	Remodel	10/24/2017	\$20,000	FEDERAL WAY	7/5/2019
17-102042-00-CO	ADD/ALT - Interior improvements to create outpatient kidney dialysis services; add new patient entry door w/accessibile ramp; add service entry w/loading dock. Includes plumbing & mechanical..	Remodel	8/3/2017	\$2,500,000	FEDERAL WAY	7/5/2019
17-101623-00-CO	ALT - "Soft" demolition of interior partition walls and finishes preparatory to tenant improvement permit..	Remodel	4/11/2017	\$50,000	FEDERAL WAY	7/5/2019
15-103837-00-CO	TI - Full 2nd floor tenant improvements including construction of partition walls, new casework & finishes. Includes plumbing, mechanical by separate permit..	Remodel	9/17/2015	\$350,000	FEDERAL WAY	7/5/2019
01-102792-00-CO		Remodel	9/27/2001	\$1,100,000	FEDERAL WAY	5/10/2002
0010116600CO		Other	4/27/2000	\$2,016,000	FEDERAL WAY	5/10/2002

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From: Isaac Conlen [<mailto:Isaac.Conlen@cityoffederalway.com>]  
Sent: Friday, May 27, 2016 9:18 AM  
To: David Frum <[david.frum@salus.archi](mailto:david.frum@salus.archi)>>  
Cc: Scott Sproul <[Scott.Sproul@cityoffederalway.com](mailto:Scott.Sproul@cityoffederalway.com)<<mailto:Scott.Sproul@cityoffederalway.com>>>  
Subject: RE: Confirmation of zoning code interpretations

Hi Mr. Frum,

Scott asked me to follow up on your questions. Short answer is yes. Medical offices, including those that provide outpatient services, are an allowed use in the OP1 zoning district.

I also wanted to point out that the zoning chart you attached is not actually the correct chart. As you said, the zoning is OP1. The chart you attached is just OP (the numeric 1 is actually a footnote).

This property is controlled from a zoning perspective by a concomitant agreement, rather than by the city's current zoning code. The agreement specifies the allowed uses and other zoning regulations for the property (it's actually pretty similar to the chart in the code). Just wanted to point that out. I can get you a copy of the agreement if you want one.

Glad you are looking to locate in Federal Way. Let me know if there's anything else I can do to help.

Best,

Isaac Conlen  
Planning Manager  
253 835 2643<<tel:253%20835%202643>>

From: Scott Sproul  
Sent: Thursday, May 26, 2016 3:19 PM  
To: Isaac Conlen  
Subject: FW: Confirmation of zoning code interpretations

From: David Frum [<mailto:david.frum@salus.archi>]  
Sent: Thursday, May 26, 2016 1:34 PM  
To: Scott Sproul  
Cc: Tina Piety  
Subject: Confirmation of zoning code interpretations

Dear Mr. Sproul,

We are currently working on a tenant improvement to the building at 33820 Weyerhaeuser Way S, Federal Way, WA 98001<x-apple-data-detectors://26> (formerly a Weyerhaeuser office park). The space is planned to be an outpatient services facility. As we interpreted the Federal Way zoning code, this building is zoned Office Park 1. Such zoning allows "medical and dental offices" and thus would allow our client's use.

Can you please confirm that our interpretation is correct?

Thank you in advance,

(Dah-veed)  
R. David Frum AIA, President  
1402 Third Avenue, Suite 200<x-apple-data-detectors://27/1>  
Seattle WA 98101<x-apple-data-detectors://27/1>  
Cell: 206 755-6210<tel:206%20755-6210>  
Direct: 206 838-1702<tel:206%20838-1702>  
Office: 206 652-0722<tel:206%20652-0722>  
Fax: 206 340-2266<tel:206%20340-2266>  
Email:david.frum@salus.archi<mailto:david.frum@salus.archi>  
Web:www.salus.archi<http://www.salus.archi/>  
[\[cid:image003.jpg@01CFF79E.A9599EB0\]](#)

**Exhibit 12**  
**Staff and Professional License List**

Payroll Name	Job Title Description	License/Certification Description	License/Certification ID	Expiration Date
Bromstrup, Shelley	Clinical Director	Registered Nurse	RN60886825	8/24/2021
Lay, Linda K	Nurse Manager	Registered Nurse	RN00120366	08/01/2021
Jackson, Chase L	Clinical Unit Coordinator			
Sunga, Elishia	Clinical Unit Coordinator			
Areniego, Tasha	Dialysis Technician II	National Certification Test		09/30/2021
Areniego, Tasha	Dialysis Technician II	Medical Assistant Hemodialysis Technicia	HT60377958	09/11/2022
Bautista, Marilag	Dialysis Technician II	Medical Assistant Hemodialysis Technicia	HT60684246	09/26/2021
Bautista, Marilag	Dialysis Technician II	BONENT	210847	04/30/2022
Dejesus, Angelita F	Dialysis Technician II	National Certification Test		07/31/2021
Dejesus, Angelita F	Dialysis Technician II	Medical Assistant Hemodialysis Technicia	HT60361770	12/20/2021
Del Carmen, Carlo	Dialysis Technician II	Medical Assistant Hemodialysis Technicia	HT60682030	07/22/2021
Del Carmen, Carlo	Dialysis Technician II	National Certification Test		01/31/2023
Garcia, Delia	Dialysis Technician II	National Certification Test		11/30/2021
Garcia, Delia	Dialysis Technician II	Medical Assistant Hemodialysis Technicia	HT60365263	12/01/2021
Gordon, Tami	Dialysis Technician II	National Certification Test		09/23/2021
Gordon, Tami	Dialysis Technician II	Medical Assistant Hemodialysis Technicia	HT60427893	07/10/2022
Knott, Maire	Dialysis Technician II	BONENT	205392	11/30/2021
Knott, Maire	Dialysis Technician II	Medical Assistant Hemodialysis Technicia	HT60372260	08/03/2022
Malang, Michelle	Dialysis Technician II	National Certification Test		02/28/2022
Malang, Michelle	Dialysis Technician II	Medical Assistant Hemodialysis Technicia	HT60373460	01/28/2023
Monghit, Nelyn	Dialysis Technician II	National Certification Test		07/31/2021
Monghit, Nelyn	Dialysis Technician II	Medical Assistant Hemodialysis Technicia	HT60376984	12/24/2021
Nadong, Jaren	Dialysis Technician II	National Certification Test		07/31/2022
Nadong, Jaren	Dialysis Technician II	Medical Assistant Hemodialysis Technicia	HT60889462	04/27/2023
Watson-Ray, Sandra	Dialysis Technician II	National Certification Test		07/31/2021
Watson-Ray, Sandra	Dialysis Technician II	Medical Assistant Hemodialysis Technicia	HT60375985	05/02/2022
Wood, Bridget Vena	Dialysis Technician II	National Certification Test		08/31/2021
Wood, Bridget Vena	Dialysis Technician II	Medical Assistant Hemodialysis Technicia	HT60802722	06/08/2022
Dulay, Marlene	Licensed Practical Nurse	Licensed Practical Nurse	LP00052130	08/03/2021
Bumanglag, Lord	PerDiem Dialysis Tech II	Medical Assistant Hemodialysis Technicia	HT60420262	08/06/2022
Bumanglag, Lord	PerDiem Dialysis Tech II	National Certification Test		08/31/2023
Afan, Alma	PerDiem LPN	Licensed Practical Nurse	LP60216189	12/18/2021
Domingo, Jennifer	PerDiem Staff Nurse	Registered Nurse	RN60228553	01/25/2022
Jabasa, Kathleen V	PerDiem Staff Nurse	Registered Nurse	RN60060471	06/17/2021
Braulik, Stephanie M	Registered Nephrology Nurse	Registered Nurse	RN00110508	05/22/2021
Garvida, Mabel	Registered Nephrology Nurse	Registered Nurse	RN00122962	07/11/2021
Pascua, Ana Marie	Registered Nephrology Nurse	Registered Nurse	RN00172110	06/20/2021
Villarin, Lyn S	Registered Nephrology Nurse	Registered Nurse	RN00118752	04/12/2022
Xu, Jin	Registered Nephrology Nurse	Registered Nurse	RN00168167	05/13/2021
Yee, Amy	Registered Nephrology Nurse	Registered Nurse	RN00126669	12/28/2021
Nygren, Nikki	Registered Dietitian	Registered Dietician	968290	8/31/2021
Ferguson, Tammera	Social Worker	SW Associate Independent Clinical	SC61128265	2/25/2022
Ambis, Erica	Social Worker		SC60411661	9/30/2020
Chand, Ramesh	Facility Services Specialist			

**Exhibit 13**  
**Mutual Aid Plan**

# Mutual Aid Plan for Provision of Dialysis Services

## Introduction and Background

Dialysis providers are susceptible to disasters and other emergencies that could exceed the resources of any individual dialysis provider in an "all-hazards" disaster planning environment. ~~While dialysis providers prepare for resource shortages through strategies such as maintaining disaster equipment and supply stockpiles and creating agreements with vendors to mitigate the impact of resource shortages, additional approaches may be necessary to respond fully to acute and/or long-term shortages.~~

The purpose of this Mutual Aid Plan (MAP) is to support resource requests and distribution between dialysis providers during emergencies or disasters of any nature. The resources covered by the MAP consist of dialysis supplies, equipment, personnel and related items and individuals. The MAP outlines how participation will occur, routes of communication to implement the MAP, reimbursement procedures and the voluntary nature of the Plan among other protocols. It is assumed that all dialysis providers will exhaust internal resources and all normal channels for resupply before activating the MAP agreement.

**WHEREAS**, the Signatory Organizations (See Article II – Definitions) have expressed a mutual interest in the establishment of a Mutual Aid Plan to facilitate and encourage emergency assistance among participants; and

**WHEREAS**, in the event of an emergency, a Signatory Organization who has executed this MAP may need emergency assistance in the form of supplemental equipment, materials, personnel and/or other support; and

**WHEREAS**, each Signatory Organization may own and maintain equipment, stock materials and employ trained personnel for a variety of services and is willing, under certain conditions, to lend its supplies, equipment and/or staff to other Signatory Organizations in the event of an emergency; and

**NOW THEREFORE**, in consideration of the mutual covenants set forth in this Mutual Aid Plan, the undersigned Signatory Organization agrees as follows:

## Article I – APPLICABILITY

Execution of this MAP by a Signatory Organization occurs when a Signatory Organization signs an identical version of this MAP.

## Article II – DEFINITIONS

- A. 'Assistance Costs' means any direct material costs, equipment rental fees, fuel, and the fully loaded labor costs that are incurred by the Lender in providing any requested assets or services (see Article XII for additional clarity).
- B. 'Borrower' means a Signatory Organization who has adopted, signed and subscribes to this MAP and has made a request for emergency assistance and has received commitment(s) to fulfill the request(s) pursuant to the terms of this MAP. Borrower is a facility directly affected by the disaster.

- C. Disaster includes, but is not limited to, a human-caused or natural event or circumstance within the area of operation of any participating Signatory Organization causing or threatening loss of life, damage to the environment, injury to person or property, human suffering or financial loss. Examples include: fire, explosion, flood, severe weather, drought, earthquake, volcanic activity, spills or releases of hazardous materials, contamination, utility or transportation emergencies, disease, infestation, civil disturbance, riots, act of terrorism or sabotage where the event is or likely will be beyond the capacity of the affected Signatory Organization(s) in terms of personnel, supplies and/or equipment thereby requiring emergency assistance. The 'Disaster' may affect an individual facility or several health care facilities at or about the same time. Since the community is also affected, local vendors may be caught in the same disaster incident.
- D. 'Emergency assistance' means employees, services, equipment, materials and/or supplies offered during a disaster by the Lender and accepted by the Borrower to assist in maintaining or restoring normal services affected by the disaster.
- E. 'Emergency Contacts' are the persons, in a line of succession, listed in Exhibit 1 for each Signatory Organization. The list includes names and 24-hour phone numbers of the emergency contact points of each Signatory Organization. The people listed as Emergency Contacts have (or can quickly get) the authority of the Signatory Organization to commit available equipment, services, and personnel for the organization.
- F. 'Emergency Management Agencies' refers to city, county, state and federal agencies that have responsibility for disaster mitigation, preparedness, response, and recovery phases. These agencies own and staff Emergency Operations Centers (EOCs) / Emergency Coordination Centers (ECCs) that may provide non-medical resources, if available, to Borrower organizations.
- G. 'First Responder Agencies' refers to local fire, EMS and police; typically accessed through 911 or a non-emergency direct line.
- H. 'Healthcare Emergency Coordination Center (HECC)', operated by the Northwest Healthcare Response Network, functions as a Multi-Agency Coordination Center supporting all healthcare providers across Western Washington. For the purposes of this MAP, Northwest Kidney Centers will notify the HECC to communication mutual aid activation.
- I. 'Lender' means a Signatory Organization who has signed this MAP and has agreed to deliver emergency assistance to another Signatory Organization pursuant to the terms and conditions of this MAP.
- J. 'Mutual Aid Plan (MAP)' means this MAP.
- K. Northwest Healthcare Response Network is a regional preparedness coalition comprised of hospitals and other healthcare facilities whose mission is to prepare for and respond to and recover from emergencies as a collaborative healthcare network.
- L. 'Signatory Organization' means the executive governing authority of any public or private dialysis provider that chooses to subscribe to and sign onto the MAP.



### **Article III – PARTICIPATION**

A disaster almost always involves the local first responder agencies, local emergency management agency, and other local, county, and state regulatory and emergency response agencies. The disaster may be an “external” or “internal” event for facilities and in order to activate the MAP assumes that each Borrower’s internal emergency management and operations plans have been implemented.

It is agreed, acknowledged, and understood that participation in this MAP is purely voluntary and at the sole discretion of the requested Lender for staff, supplies and equipment. Signatory Organizations are encouraged to provide full support to the MAP, but no Signatory Organization shall be liable to another Signatory Organization for, or be considered to be in breach of or default under this MAP on account of any delay in or failure to perform any obligation under this MAP. Additionally, there are areas where advance information and participation is expected under this plan:

- A. Modifications: Ensure that Exhibit 1 has the Organization’s most current Emergency Contacts. Should any changes occur during the plan year that preclude your facility from participating, it is required that all parties be notified.
- B. Implementation of the MAP: During a disaster, only the authorized Emergency Contacts (or designee) or Command Center at each Signatory Organization, local or state health department or Emergency Management Agency and the HECC have the authority to request or offer assistance through the MAP. Signatory Organizations should coordinate the sharing of resources directly with each other.
- C. If the disaster is widespread and the Mutual Aid Plan is no longer effective between Signatory Organizations due to the severity of the disaster, the dialysis facility may contact the local health department, local EOCs or Washington State Department of Health for assistance.

### **Article IV – ROLE OF EMERGENCY CONTACT FOR SIGNATORY ORGANIZATIONS**

Signatory Organizations agree that their Emergency Contacts or their designee can serve as representatives of the Signatory Organizations in any meeting to work out the language or implementation issues of this MAP.

The Emergency Contacts from a Signatory Organization shall:

- A. Act as a single point of contact for information about the availability of resources when other Signatory Organizations seek assistance.
- B. Take the initiative to obtain and communicate decisions and discussion items of the meeting.
- C. Maintain a hard-copy manual containing the MAP including a list of Signatory Organizations who have executed this MAP.

## **Article V – TERM AND TERMINATION**

- A. This MAP is effective upon execution by Signatory Organizations.
- B. A Signatory Organization opting to terminate its participation in this MAP shall provide written termination notification to Signatory Organizations. Any terminating Signatory Organization shall remain liable for all obligations incurred during its period of participation, until the obligation is satisfied.

## **Article VI – PAYMENT FOR SERVICES AND ASSISTANCE**

- A. Borrower shall pay to the Lender all valid and invoiced Assistance Costs within 60 days of receipt of the Lender's invoice (unless other date is mutually agreed upon), for all of the Emergency Assistance services provided by the Lender. In the event the Lender provides supplies or parts, the Lender shall have the option to accept payment of cash or in kind for the supplies or parts provided.
- B. Reimbursement for Patient Care: The Borrower and the Lender acknowledge that there will be payment issues to be addressed between the facilities and that revenue will be divided based on the amount and type equipment, supplies and/or personnel loaned. The facilities agree to:
  - 1. Attempt to work out the division of payment amicably amongst themselves and incorporate into the discussions, as necessary, the Washington State Department of Health and the appropriate payer (private, state or federal.)
  - 2. If the dispute requires Mediation or Arbitration, see Article XIV Section E.
  - 3. If the dispute escalates to require Litigation, see Article XIV Section F.

## **Article VII – INDEPENDENT CONTRACTOR**

Lender shall be and operate as an independent contractor of Borrower in the performance of any Emergency assistance. Employees of Lender shall at all times while performing Emergency assistance continue to be employees of Lender and shall not be deemed employees of Borrower for any purpose. Wages, hours, and other terms and conditions of employment of Lender shall remain applicable to all of its employees who perform Emergency assistance. Lender shall be solely responsible for payment of its employees' wages, any required payroll taxes and any benefits or other compensation. Borrower shall not be responsible for paying any wages, benefits, taxes, or other compensation directly to the Lender's employees, but shall reimburse Lender for same when invoiced by Lender. The costs associated with borrowed personnel are subject to the reimbursement process outlined in Article XII. In no event shall Lender or its officers, employees, agents, or representatives be authorized (or represent that they are authorized) to make any representation, enter into any MAP, waive any right or incur any obligation in the name of, on behalf of or as agent for Borrower under or by virtue of this MAP.

## **Article VIII – REQUESTS FOR EMERGENCY ASSISTANCE**

Requests for Emergency assistance shall be directed to the designated Emergency Contact(s) on the contact list provided by the Signatory Organizations – Exhibit 1. Those resources will be paid for by the organization submitting the request for emergency assistance. The extent to which the Lender provides any Emergency assistance shall be at the Lender's sole discretion.

In the event the emergency impacts a large geographical area that activates State and/or Federal emergency laws, this MAP shall remain in effect until or unless this MAP conflicts with such laws.

#### **Article IX – GENERAL NATURE OF EMERGENCY ASSISTANCE (Equipment, supplies and personnel)**

Emergency Assistance is in the form of resources, such as equipment, supplies, and personnel or the direct provision of services. The execution of the MAP shall not create any duty to respond on the part of any Signatory Organization hereto. A Signatory Organization shall not be held liable for failing to provide Emergency Assistance. A Signatory Organization has the absolute discretion to decline to provide any requested Emergency Assistance and to withdraw resources it has provided at any time without incurring any liability. Resources are “borrowed” with reimbursement and terms of exchange varying with the type of resource as defined in Articles X through XII. The Signatory Organizations recognize that time is critical during an emergency and diligent efforts are made to respond to a request for resources as rapidly as possible, including any notification(s) that requested resources are not available.

#### **Article X – LOANS OF EQUIPMENT**

Use of medical and non-medical equipment shall be at the Lender’s current equipment rate, or if no written rates have been established, at the hourly operating costs set forth in an industry standard publication or as mutually agreed between Borrower and Lender. Equipment loans are subject to the following conditions:

- A. At the option of the Lender, loaned equipment may be loaned with an operator. See Article XII for terms and conditions applicable to use of borrowed personnel.
- B. Loaned equipment shall be returned to the Lender upon release by the Borrower, or immediately upon the Borrower’s receipt of an oral or written notice from the Lender for the return of the equipment. When notified to return equipment to a Lender, the Borrower shall make every effort to return the equipment to the Lender’s possession within 24 hours following notification.
- C. Borrower shall, at its own expense, supply all fuel, lubrication and maintenance for loaned equipment. The Borrower takes proper precaution in its operation, storage and maintenance of Lender’s equipment. Equipment shall be used only by properly trained and supervised operators. Borrower takes responsibility to assure users are properly trained in the use of any equipment or supplies. Lender shall endeavor to provide equipment in good working order. All equipment is provided “as is”, with no representations or warranties as to its fitness for particular purpose.
- D. Lender’s cost related to the transportation, handling, and loading/unloading of equipment shall be chargeable to the Borrower. Lender shall provide copies of invoices for such charges where provided by outside sources and shall provide hourly accounting of charges for Lender’s employees who perform such services.
- E. Without prejudice to a Lender’s right to indemnification under Article XIV herein, in the event loaned equipment is lost or damaged while being dispatched to Borrower, or while

in the custody and use of the Borrower, or while being returned to the Lender, Borrower shall reimburse the Lender for the reasonable cost of repairing said damaged equipment. If the equipment cannot be repaired within a time period indicated by the Lender, then Borrower shall reimburse Lender for the cost of replacing such equipment with equipment, which is of equal condition and capability. Any determinations of what constitutes "equal condition and capability" shall be at the discretion of the Lender. If Lender must lease or rent a piece of equipment while the Lender's equipment is being repaired or replaced, Borrower shall reimburse Lender for such costs. Borrower shall have the right of subrogation for all claims against persons other than parties to this MAP who may be responsible in whole or in part for damage to the equipment. Borrower shall not be liable for damage caused by the sole negligence of Lender's operator(s).

#### **Article XI – EXCHANGE OF MATERIALS AND SUPPLIES.**

Borrower shall reimburse Lender in kind or at Lender's actual replacement cost, plus handling charges, for use of partially consumed or non-returnable materials and supplies, as mutually agreed between Borrower and Lender. Other reusable materials and supplies which are returned to Lender in clean, damage-free condition shall not be charged to the Borrower and no rental fee is charged. Lender shall determine whether items returned are "clean and damage-free" and items shall be treated as partially consumed or non-returnable materials and supplies if item is found to be damaged.

#### **Article XII – LOANS OF PERSONNEL**

Lender may, at its option, make such employees as are willing to participate available to Borrower at Borrower's expense equal to Lender's full cost, including employee's salary or hourly wages, call back or overtime costs, benefits and overhead, and consistent with Lender's personnel union contracts, if any, or other conditions of employment. Costs to feed and house loaned personnel, if necessary, shall be chargeable to and paid by the Borrower. The Borrower is responsible for assuring such arrangements as may be necessary to provide for the safety, housing, meals, and transportation to and from job sites/housing sites (if necessary) for loaned personnel. The Signatory Organizations' Emergency Contacts or their designees shall develop planning details associated with being a Borrower or Lender under the terms of this MAP. Lender personnel providing Emergency Assistance shall be under the operational control of the command structure of the Borrower. Lender shall not be liable for cessation or slowdown of work if Lender's employees decline or are reluctant to perform any assigned tasks if said employees judge such task to be unsafe.

A request for loaned personnel to direct the activities of others during a particular response operation does not relieve the Borrower of any responsibility or create any liability on the part of the Lender for decisions and/or consequences of the response operation. Loaned personnel may refuse to direct the activities of others without creating any liability on the part of the Lender. Any valid licenses issued to Lender personnel by Lender or Lender's state, relating to the skills required for the emergency work, may be recognized by the Borrower during the period of emergency and for purposes related to the emergency (interstate actions would require appropriate approvals by the State of Washington). When notified to return personnel to a Lender, the Borrower shall make every effort to return the personnel to the Lender immediately after notification.

### **Article XIII – RECORD KEEPING AND DOCUMENTATION**

Time sheets and/or daily logs showing hours worked and equipment and materials used or provided by the Lender are recorded on a shift-by-shift basis by the Lender and/or the loaned employee(s) and provided to the Borrower as needed. If no personnel are loaned, the Lender provides shipping records for materials and equipment, and the Borrower is responsible for any required documentation of use of material and equipment for state or federal reimbursement. The documentation is presented to the Administration/Finance Section of the Incident Command System or appropriate financial officers and materials management personnel when the Incident Command System is demobilized. All necessary information will be provided to the Borrower to support reimbursement efforts. Under all circumstances, the Borrower remains responsible for ensuring that the amount and quality of all documentation is adequate to enable disaster reimbursement.

### **Article XIV - INDEMNIFICATION AND LIMITATION OF LIABILITY**

- A. **INDEMNIFICATION.** Except as provided in section B., to the fullest extent permitted by applicable law, the Borrower releases and shall indemnify, hold harmless and defend each Lender and City/County Emergency Management Agencies, their officers, employees and agents from and against any and all costs, including costs of defense, claims, judgments or awards of damages asserted or arising directly or indirectly from, on account of, or in connection with providing Emergency Assistance, resources or patient care to/for the Borrower, whether arising before, during or after performance of the Emergency Assistance or patient care and whether suffered by any of the Signatory Organizations or any other person or entity. The Borrower, city and county emergency management agencies agree that their obligation under this section extends to any claim, demand and/or cause of action brought by or on behalf of any of its employees, or agents. For this purpose, the Borrower and emergency management agencies, by mutual negotiation, hereby waives, as respects any indemnitee only, any immunity that is otherwise available against such claims under the Industrial Insurance provisions of Title 51 RCW of the State of Washington and similar laws of other states.
- B. **ACTIVITIES IN BAD FAITH, NEGLIGENCE OR BEYOND SCOPE.** Any Signatory Organizations shall not be required under this MAP to indemnify, hold harmless and defend any other Signatory Organization from any claim, loss, harm, liability, damage, cost or expense caused by or resulting from the activities or negligence of any Signatory Organizations officers, employees, or agents acting in bad faith or performing activities beyond the scope of their duties.
- C. **LIABILITY FOR PARTICIPATION.** In the event of any liability, claim, demand, action or proceeding, of whatever kind or nature arising out of rendering of Emergency Assistance through this MAP, the Borrower agrees, to indemnify, hold harmless, and defend, to the fullest extent of the law, each signatory to this MAP, whose only involvement in the transaction or occurrence which is the subject of such claim, action, demand, or other proceeding, is the execution and approval of this MAP.
- D. **DELAY/FAILURE TO RESPOND.** No Signatory Organization shall be liable to another Signatory Organization for, or be considered to be in breach of or default under this

MAP on account of any delay in or failure to perform any obligation under this MAP, except to make payment as specified in this MAP.

- E. **MEDIATION AND ARBITRATION.** If a dispute arises out of or relates to this Contract, or the breach thereof, and if said dispute cannot be settled through direct discussions, the parties agree to first endeavor to settle the dispute in an amicable manner by mediation. Thereafter, any unresolved controversy or claim arising out of or relating to this MAP, or breach thereof, may be settled by arbitration, if they agree to do so, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The parties to this Contract may seek to resolve disputes pursuant to mediation or arbitration, but are not required to do so.
- F. **SIGNATORY ORGANIZATION LITIGATION PROCEDURES.** Each Signatory Organization seeking to be released, indemnified, held harmless or defended under this Article with respect to any claim shall promptly notify the Borrower of such claim and shall not settle such claim without the prior consent of Borrower, which consent shall not be unreasonably withheld. Such Signatory Organization shall have the right to participate in the defense of said claim to the extent of its own interest. Signatory Organization's personnel shall cooperate and participate in legal proceedings if so requested by the Borrower, and/or required by a court of competent jurisdiction.

#### **Article XV – SUBROGATION**

- A. **BORROWER'S WAIVER.** Borrower expressly waives any rights of subrogation against the Lender, which it may have on account of, or in connection with, the Lender providing Emergency Assistance to the Borrower under this MAP.
- B. **LENDER'S RESERVATION AND WAIVER.** Lender expressly reserves its right to subrogation against the Borrower to the extent the Lender incurs any self-insured, self-insured retention or deductible loss. The Lender expressly waives its rights to subrogation for all insured losses only to the extent the Lender's insurance policies, then in force, permit such waiver.

#### **Article XVI – WORKER'S COMPENSATION AND EMPLOYEE CLAIMS**

Lender's employees, officers or agents, made available to Borrower, shall remain the general employee, officer or agents of Lender while engaged in carrying out duties, functions or activities pursuant to this MAP, and each Signatory Organization shall remain fully responsible as employer for all taxes, assessments, fees, premiums, wages, withholdings, workers' compensation and other direct and indirect compensation, benefits, and related obligations with respect to its own employees. Likewise, each Signatory Organization shall provide worker's compensation in compliance with statutory requirements of the state of residency.

#### **Article XVII – MODIFICATIONS**

No provision of this MAP may be modified, altered, or rescinded by any individual Signatory Organization without concurrence of the Signatory Organizations. Modifications to this MAP must be in writing and becomes effective upon approval of the modification by the Signatory

Organizations. Modifications must be signed by an authorized representative of each Signatory Organization.

#### **Article XVIII – NON-EXCLUSIVENESS AND PRIOR MAPS**

This MAP shall not supersede any existing mutual aid MAP or MAPs between Signatory Organizations, and as to assistance requested by a party to such mutual MAP within the scope of the mutual aid MAP, such assistance shall be governed by the terms of the mutual aid MAP and not by this MAP.

#### **Article XIX – GOVERNMENTAL AUTHORITY**

This MAP is subject to laws, rules, regulations, orders, and other requirements, now or hereafter in effect, of all governmental authorities having jurisdiction over the emergencies covered by this MAP, the Signatory Organization or either of them.

#### **Article XX – NO DEDICATION OF FACILITIES**

No undertaking by one Signatory Organization to the other Signatory Organizations under any provision of this MAP shall constitute a dedication of the facilities or assets of such Signatory Organization, or any portion thereof, to the public or to the other Signatory Organization. Nothing in this MAP shall be construed to give a Signatory Organization any right of ownership, possession, use or control of the facilities or assets of the other Signatory Organization.

#### **Article XXI – NO PARTNERSHIP**

This MAP shall not be interpreted or construed to create an association, joint venture or partnership among the Signatory Organizations or to impose any partnership obligation or liability upon any Signatory Organization. Further, no Signatory Organization shall have any undertaking for or on behalf of, or to act as or be an agent or representative of, or to otherwise bind any other Signatory Organization.

#### **Article XXII – NO THIRD PARTY BENEFICIARY**

Nothing in this MAP shall be construed to create any rights in or duties to any Third Party, nor any liability to or standard of care with reference to any Third Party. This MAP shall not confer any right, or remedy upon any person other than the Signatory Organizations. This MAP shall not release or discharge any obligation or liability of any Third Party to any Signatory Organizations.

#### **Article XXIII – ENTIRE MAP**

This MAP constitutes the entire MAP amongst the Signatory Organizations.

#### **Article XXIV – SUCCESSORS AND ASSIGNS**

This MAP is not transferable or assignable, in whole or in part, and any Signatory Organization may terminate its participation in this MAP subject to Article V.

## **Article XXV – GOVERNING LAW**

This MAP shall be interpreted, construed, and enforced in accordance with the laws of Washington State.

## **Article XXVI – VENUE**

Any action which may arise out of this MAP shall be brought in Washington State.

## **Article XXVII – TORT CLAIMS**

It is not the intention of this MAP to remove from any of the Signatory Organizations any protection provided by any applicable Tort Claims Act. However, between Borrower and Lender or the Borrower retains full liability to the Lender for any claims brought against the Lender as described in other provisions of this MAP.

## **Article XXVIII – WAIVER OF RIGHTS**

Any waiver at any time by any Signatory Organizations of its rights with respect to a default under this MAP, or with respect to any other matter arising in connection with this MAP, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this MAP. Any delay short of the statutory period of limitations, in asserting or enforcing any right, shall not constitute or be deemed a waiver.

## **Article XXIX – INVALID PROVISION**

The invalidity or unenforceability of any provisions hereof, and this MAP shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

## **Article XXX – NOTICES**

Any notice, demand, information, report, or item otherwise required, authorized, or provided for in this MAP shall be conveyed and facilitated by the Signatory Organizations. Such notices, given in writing, and shall be deemed properly given if (i) delivered personally, (ii) transmitted and received by telephone facsimile device and confirmed by telephone, or (iii) sent by United States Mail, postage prepaid.

## **Article XXXI – PUBLIC RELATIONS**

Each Signatory Organization is responsible for developing and coordinating with other Signatory Organizations and for the media response to the disaster in coordination with other agencies using a Joint Information System (JIS) approach.



Mutual Aid Plan for Provision of Dialysis Services  
Signatory Documentation Sheet

IN WHITNESS WHEREOF, the Signatory Organization hereto has caused this Mutual Aid Plan to be executed by duly authorized representatives as of the date of their signature:

Northwest Kidney Centers

Signed: Mary J. McHugh  
Printed: Mary J. McHugh  
Title: Vice President  
Date: 7/10/18

Puget Sound Kidney Centers

Signed: J. Kelly  
Printed: J.S. KELLY  
Title: President & CEO  
Date: 7-10-18

Olympic Peninsula Kidney Center

Signed: Katrina Russell  
Printed: Katrina Russell  
Title: Executive Director  
Date: 7/10/2018

Seattle Children's

Signed: Bonnie Fryzlewicz  
Printed: Bonnie Fryzlewicz  
Title: Associate Chief Nurse  
Date: 7-16-18

The document will be reconfirmed as needed

**Exhibit 1 – Units and Contacts (updated May 2019)**  
**(refer to Northwest Renal Network for current list of dialysis units)**

**Northwest Kidney Centers**

NKC Auburn Kidney Center	Auburn
NKC Broadway Kidney Center	Seattle
NKC Elliott Bay Kidney Center	Seattle
NKC Enumclaw Kidney Center	Enumclaw
NKC Federal Way East Kidney Center	Federal Way
NKC Federal Way West Kidney Center	Federal Way
NKC Fife Kidney Center	Fife
NKC Kent Kidney Center	Kent
NKC Kirkland Kidney Center	Kirkland
NKC Lake City Kidney Center	Lake Forest Park
NKC Lake Washington Kidney Center	Bellevue
NKC Port Angeles Kidney Center	Port Angeles
NKC Renton Kidney Center	Renton
NKC Scribner Kidney Center	Seattle
NKC SeaTac Kidney Center	SeaTac
NKC Seattle Kidney Center	Seattle
NKC Snoqualmie Ridge Kidney Center	Snoqualmie
NKC West Seattle Kidney Center	Seattle
 Primary Contact Name: <u>Administrator on Call</u>	 <u>Pager – (206) 969-1249</u>
Secondary Contact Name: <u>Mary McHugh</u>	<u>Cell/text – (206) 390-3158</u>

**Puget Sound Kidney Centers**

PSKC Anacortes	360-755-3586
PSKC Everett	425-259-5195
PSKC Monroe	360-863-3313
PSKC South (Mountlake Terrace)	425-744-1095
PSKC Smokey Point (Arlington)	360-454-5280
PSKC Whidbey (Oak Harbor)	360-679-6706
 Primary Contact Name: <u>Amanda Crain, COO</u>	 <u>425-328-6388</u>
Secondary Contact Name: <u>Jon Mass, DTS</u>	<u>425-327-4500</u>

## Seattle Children's

Seattle

(206) 987-3985

Primary Contact Name:

Emiliah Kambarami-Sitole

(206) 987-3074

---

Secondary Contact Name: TBD

## Olympic Peninsula Kidney Center

Clare Avenue

Olympic Peninsula Kidney Center

Olympic Peninsula Kidney Center - North

Olympic Peninsula Kidney Center - South Kitsap

Olympic Peninsula Kidney Center - Northwest

Bremerton

Bremerton

Poulsbo

Port Orchard

Port Townsend

Contact Name: Catina Strode

(317) 506-7399

Contact Name: Pat O'Kane

(360) 813-4350

**Exhibit 14**  
**Transfer Agreement**

**TRANSFER AGREEMENT BETWEEN  
NORTHWEST KIDNEY CENTERS AND SWEDISH MEDICAL CENTER**

This Transfer Agreement ("Agreement") is entered into this 2<sup>nd</sup> day of October 2013, (the "Effective Date"), between Swedish Medical Center ("SMC") and Northwest Kidney Centers, including the dialysis centers listed in the attached Schedule 1, ("NKC"), the transferring facility. SMC and NKC are sometimes collectively referred to as the "parties."

RECITALS

WHEREAS, the parties desire to enter into this Agreement in order to specify the rights and duties of each of the parties;

WHEREAS, the purpose of this Agreement is to facilitate continuity of patient care and the timely transfer of patients and records between NKC and SMC;

WHEREAS, only a patient's attending physician at NKC can refer patients to SMC;

NOW THEREFORE, in consideration of the promises herein contained and for other good and valuable consideration, the parties agree as follows:

**1. SMC Obligations**

In accordance with the policies and procedures as hereinafter provided, and upon the recommendation of a NKC attending physician, a patient of NKC may be transferred to SMC.

- a) If a determination is made by the NKC attending physician that a patient requires transfer from NKC to SMC, SMC agrees to admit the patient as promptly as possible, as long as it has the available space, qualified personnel, and appropriate services for the treatment of the patient, and the requirements are met in accordance with Federal and State laws/regulations.
- b) SMC agrees to accept referrals of NKC patients regardless of age, sex, race, national origin, or ability to pay.

**2. NKC Obligations**

- a) NKC will have the responsibility for transferring the patient and agrees to arrange qualified personnel and equipment as required, including the use of necessary and medically appropriate life support measures, during the transfer.
- b) NKC agrees to provide appropriate documentation and completed forms of clinical care in order to ensure continuity of patient care. This information should include, as needed, appropriate portions of the patient's medical record and relevant transfer forms. This information will be sent at the time of transfer unless doing so would jeopardize the patient; in which case, the documentation will be sent as promptly as

possible after the transfer.

- c) To the extent possible, patients will be stabilized prior to transfer.
- d) All transfers will be done in accordance with Federal and State laws/regulations and in accordance with the standards of The Joint Commission.
- e) NKC will be responsible for the transfer or other appropriate disposition of personal effects, particularly money and valuables and information related to those items.

### **3. Billing, Payment, and Fees**

SMC and NKC each shall be responsible for billing the appropriate payor (s). Charges for services performed by either party shall be collected by the party rendering the service from the patient, third party payor, or other sources normally billed by the party. Neither party shall have any liability to the other for such charges, except to the extent such liability would exist separate from this Agreement. The parties shall cooperate with each other in the exchange of information about financial responsibility for services rendered by them to patients who are transferred to SMC.

### **4. Indemnification**

NKC shall indemnify, hold harmless and defend SMC, its agents and employees from and against any claim, loss damage, cost, expense or liability, including reasonable attorney's fees, arising out of or related to the performance or nonperformance of NKC, its agents and employees or any services to be performed or provide by NKC under this Agreement.

SMC shall indemnify, hold harmless and defend NKC, its agents and employees from and against any claim, loss damage, cost, expense or liability, including reasonable attorney's fees, arising out of or related to the performance or nonperformance of SMC, its agents and employees or any services to be performed or provide by SMC under this Agreement

### **5. Insurance**

The parties shall maintain at their own expense comprehensive general and professional liability insurance and property damage insurance adequate to insure them against risk arising out of this Agreement, with limits no less than those customarily carried by similar facilities. Upon request, both parties shall furnish each other with evidence of such insurance.

### **6. Medicare and Medicaid Participation**

NKC hereby represents and warrants that neither NKC nor its principals (if applicable) are presently debarred, suspended, proposed for debarment, declared ineligible, or excluded from participation in any federally funded health care program, including Medicare and Medicaid. NKC hereby agrees to immediately notify SMC of any threatened, proposed, or actual debarment, suspension, or exclusion from any federally funded health care program, including Medicare and Medicaid. In the event that NKC is debarred, suspended, proposed for debarment, declared ineligible or excluded from participation in any federally funded health care program during the term of this Agreement, or if at any time after the effective date of this Agreement it is determined that NKC is in breach of this Section, this Agreement shall as of the effective date of such action or breach,

automatically terminate. NKC further understands that SMC periodically checks contracted individuals and entities against the Office of the Inspector General (OIG) and General Service Administration (GSA) databases of Excluded Individuals and Entities and will notify NKC if it discovers a match. SMC will take reasonable measures to verify that the match is the same individual or entity before taking any action to terminate any underlying agreement(s).

**7. Term**

- a) This Agreement shall be effective for an initial one (1) year term from the Effective Date and shall continue in effect indefinitely after such initial term, except that either party may terminate by giving thirty (30) days notice in writing to the other party of its intention to terminate the Agreement.
- b) If either party shall have its license to operate its facility revoked by the State or become ineligible as a provider of service under Medicare or Medicaid laws, this Agreement shall automatically terminate on the date such revocation or ineligibility becomes effective.

**8. Miscellaneous**

- a) Nothing in this Agreement shall be construed as limiting the rights of either party to contract with any other facility or entity on a limited or general basis.
- b) This Agreement may be modified and amended from time to time by mutual agreement of both parties.
- c) This Agreement may be signed in counterparts.

**SIGNATURES:**

SWEDISH MEDICAL CENTER

NORTHWEST KIDNEY CENTERS

Signed: \_\_\_\_\_

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

# NKC Facilities - Transfer Agreement

## NOTES

Dialysis Centers	Address	City	State	ZIP Code	Phone No.	Fax No.	Emergency CELL No	Emergency Land Line	Notes
NKC Auburn Kidney Center	1501 W. Valley Highway, N.	Auburn	WA	98001-1606	253-804-8323	206-292-2708	253-709-9550 & 253-561-1673	253-804-8323	
NKC Bellevue Kidney Center	1474 112th Avenue, NE	Bellevue	WA	98004-3762	425-454-0067	425-451-2501	425-985-9510 & 425-623-5074	425-454-0067	
NKC Broadway Kidney Center	700 Broadway	Seattle	WA	98122-4302	206-292-2708	206-292-2708	206-465-5112 & 206-708-3402	206-292-2705	
NKC Burien Kidney Center	12901 20th Avenue, South	SeaTac	WA	98168	206-923-3562	206-923-3566	206-465-5749 & 206-708-3403	206-923-3562	
NKC Elliott Bay Kidney Center	600 Broadway, Suite 240	Seattle	WA	98122-5371	206-292-2515	206-292-2138	206-465-9110 & 206-708-3422	206-292-2515	
NKC Enumclaw	857 Roosevelt Way, E.	Enumclaw	WA	98022-9239	360-825-2050	360-825-2103	253-397-6506 & 253-397-6046	360-397-2050	
NKC Everett Kidney Center	1010 SE Everett Mall Way, Suite 104	Everett	WA	98208	425-906-5270	425-906-5275	425-903-1640		
NKC Federal Way East Kidney Center	33820 Weyerhaeuser Way, So., Suite 100	Federal Way	WA	98001	253-943-6262	253-943-6272	253-348-3431 & 253-348-3565		
NKC Federal Way West Campus	501 S. 336th Street, Suite 110	Federal Way	WA	98003	253-943-6312	253-943-6322	253-341-6131 & 253-341-6299		
NKC Fife Kidney Center	6021 12th Street, East - Suite 100	Fife	WA	98424	253-943-6335	253-943-6272	253-341-0364 & 253-341-5439		
NKC Kent Panther Lake	20406 108th Avenue, SE	Kent	WA	98031					DOH APPROVED. Facility NOT open.
NKC Kent Kidney Center	25316 74th Avenue, So. - Suite 101	Kent	WA	98032-6022	253-850-6810	253-850-6815	253-508-7140 & 253-397-0131	253-850-6810	
NKC Kirkland Kidney Center	405 Corporate Center Bldg. 11327 NE 120th Street	Kirkland	WA	98034	425-821-8785	206-823-9667	425-985-9556 & 425-809-2271	425-821-8785	
NKC Lake City Kidney Center	14524 Bothell Way, NE	Lake Forest Park	WA	98155-7606	206-365-5543	206-365-5543	206-465-9466 & 206-708-3431	206-365-0775	
NKC Lynnwood Kidney Center	20816 44th Avenue, West - Suite 103	Lynnwood	WA	98036					DOH Application in process - NOT yet approved
NKC Port Angeles Kidney Center	809 Georgiana Street	Port Angeles	WA	98362-3511	360-565-1440	360-565-1440	360-808-3091 & 360-912-1153	360-5651435	
NKC Rainier Beach Kidney Center	4401 S. Trenton Street	Seattle	WA	98118	206-720-8807	206-720-8737	206-584-7295 & 206-584-7382		
NKC Renton Kidney Center	602 Oakesdale Avenue, SW	Renton	WA	98057-5224	425-251-0647	425-251-0713	425-985-9515 & 425-681-3372	425-251-0647	
NKC Scribner Kidney Center	2150 N. 107th, Suite 160	Seattle	WA	98133-5609	206-363-5090	206-363-6146	206-465-7828 & 206-708-3418	206-363-5090	
NKC SeaTac Kidney Center	17900 International Blvd. Suite 301	SeaTac	WA	98188-4232	206-901-8700	206-901-8722	206-465-9325 & 206-708-3427	206-901-8700	
NKC Seattle Kidney Center	548 15th Avenue	Seattle	WA	98122-5609	206-720-3940	206-720-3945	206-465-4955 & 206-708-3394	206-292-2774	
NKC Snoqualmie Ridge Kidney Center	5131 SE Douglas Street - Suite 113	Snoqualmie	WA	98065-9233	425-396-7090	425-396-4328	425-766-7261 & 425-736-3301	425-396-7090	



**Exhibit 15**  
**ESRD Census Communication**

## Austin Ross

---

**From:** Leah Skrien <LSkrien@comagine.org>  
**Sent:** Monday, May 3, 2021 6:44 AM  
**To:** Austin Ross  
**Cc:** Carrie McCabe  
**Subject:** RE: Help with census counts from the ESRD Network for NKC Auburn Kidney Center AND NKC Federal Way East  
**Attachments:** CoN Monthly Request - NKC Oct2020-Mar2021v2.xlsx

**WARNING:** This email originated from outside Northwest Kidney Centers.

Do you recognize the sender's email address? Were you expecting this email?  
If the answer is no, do not open any attachments or click on links within the email.

I checked the alternate data source and the original data source. The data extract from the CMS contractor was missing treatment settings and modalities for a number of patients. I populated these using the alternate data source and have updated numbers, much closer to what you were expecting.

Here is the updated file. These data sources are still being impacted by the transition, so I appreciate you sending your review against your internal numbers to help us locate these data issues.

### Leah Skrien

Director of Information Management  
ESRD Network 16  
T 206-923-0714 x4212 | F 206-923-0716  
[www.comagine.org/ESRD](http://www.comagine.org/ESRD)  
[View COVID-19 Updates and Resources](#)



**DO NOT E-MAIL PHI/PII (NAME, DOB, SSN, MEDICARE #, GENDER, ETC.) TO THE NETWORK. ALL VIOLATIONS WILL BE REPORTED TO CMS.**

Sign up for our ESRD Network blog posts at <https://nwrnbulletins.wordpress.com/> and click on the "Follow" button in the lower right-hand corner.

---

**From:** Austin Ross <Austin.Ross@nwkidney.org>  
**Sent:** Sunday, May 2, 2021 9:17 AM  
**To:** Leah Skrien <LSkrien@comagine.org>  
**Cc:** Carrie McCabe <Carrie.McCabe@nwkidney.org>  
**Subject:** FW: Help with census counts from the ESRD Network for NKC Auburn Kidney Center AND NKC Federal Way East  
**Importance:** High

[Attn: This is an external email.]

---

Leah,

We are filing applications on Monday so I am concerned over the discrepancy in the census. We are not sure if we should be using our census numbers or the lower Network census numbers at this point for the two months that look funny.

Any help you can provide would be appreciated.

Thank you,  
Austin



**Austin Ross MHA**  
**Vice President of Planning**  
**Administration**  
**Northwest Kidney Centers**

Mail: 700 Broadway, Seattle, WA 98122

Office: 12901 20th Ave S, SeaTac, WA 98168

Tel: 206-720-8505

Austin.Ross@nwkidney.org | www.nwkidney.com



---

If this message appears confidential and it wasn't meant for you, please forward it to [PrivacyOfficer@nwkidney.org](mailto:PrivacyOfficer@nwkidney.org) and then delete both the original and sent copy of the message.

Patients: If you are sending us personal health information be aware that privacy is not guaranteed with email. If this is an emergency, call 911.

---

**From:** Austin Ross

**Sent:** Friday, April 30, 2021 10:41 AM

**To:** Leah Skrien <[LSkrien@comagine.org](mailto:LSkrien@comagine.org)>

**Cc:** Carrie McCabe <[Carrie.McCabe@nwkidney.org](mailto:Carrie.McCabe@nwkidney.org)>

**Subject:** RE: Help with census counts from the ESRD Network for NKC Auburn Kidney Center AND NKC Federal Way East

Leah,

I have added in my notes on our census and many are very close – just fine. Some months are off by a reasonable amount for some reason so wanted to share with you for thoughts? February and March seem to be low for both locations.

Thank you,  
Austin

---

**From:** Leah Skrien <[LSkrien@comagine.org](mailto:LSkrien@comagine.org)>

**Sent:** Friday, April 30, 2021 5:56 AM

**To:** Austin Ross <[Austin.Ross@nwkidney.org](mailto:Austin.Ross@nwkidney.org)>

**Cc:** Carrie McCabe <[Carrie.McCabe@nwkidney.org](mailto:Carrie.McCabe@nwkidney.org)>

**Subject:** RE: Help with census counts from the ESRD Network for NKC Auburn Kidney Center AND NKC Federal Way East

---

**WARNING:** This email originated from outside Northwest Kidney Centers.

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If the answer is no, do not open any attachments or click on links within the email.

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Hello,

I have attached the monthly in-center census numbers from the Network for Oct 2020-Mar 2021 for 502520 and 502593. Please note, the station count is based off of what is currently in EQRS for certified stations (including any isolation stations).

Also, due to the migration to EQRS in November and data issues, there was inconsistent delivery of data and inconsistent data in EQRS. Please let me know if you believe any of these numbers need investigation.

**Leah Skrien**

Director of Information Management  
ESRD Network 16  
T 206-923-0714 x4212 | F 206-923-0716  
[www.comagine.org/ESRD](http://www.comagine.org/ESRD)  
[View COVID-19 Updates and Resources](#)



**DO NOT E-MAIL PHI/PII (NAME, DOB, SSN, MEDICARE #, GENDER, ETC.) TO THE NETWORK. ALL VIOLATIONS WILL BE REPORTED TO CMS.**

Sign up for our ESRD Network blog posts at <https://nwrnbulletins.wordpress.com/> and click on the "Follow" button in the lower right-hand corner.

---

**From:** Austin Ross <[Austin.Ross@nwkidney.org](mailto:Austin.Ross@nwkidney.org)>

**Sent:** Thursday, April 29, 2021 2:50 PM

**To:** Leah Skrien <[LSkrien@nw16.esrd.net](mailto:LSkrien@nw16.esrd.net)>

**Cc:** Carrie McCabe <[Carrie.McCabe@nwkidney.org](mailto:Carrie.McCabe@nwkidney.org)>

**Subject:** Help with census counts from the ESRD Network for NKC Auburn Kidney Center AND NKC Federal Way East

**Importance:** High

Leah,

I hope you are doing well – it certainly has been a very unfortunate year with COVID and hope things are OK in your world.

It has been awhile since we have applied for stations at an existing center of NKC, so I am rusty at remembering the different parts I need for the Certificate of Need application. Today I was reminded that we needed to have confirmation from the Network on the census for the two applications that we are filing on Monday. Ugh!

Would you mind helping me pull the official census over a 6 month window for each of the two locations listed below? Excel is fine, even a PDF can work – whatever you can do.

<u>Facility DBA</u>	<u>Physical Address</u>	<u>Phone Number</u>	<u>Medicare Provider No. (CCN)</u>	<u>Medicaid Provider No.</u>
<b>NKC Auburn Kidney Center</b>	<b>1501 W. Valley Highway N Auburn, WA 98001</b>	<b>253-804-8323</b>	<b>502520</b>	<b>1046062</b>
<b>NKC Federal Way East Kidney Center</b>	<b>33820 Weyerhaeuser Way S. Federal Way, WA 98001</b>	<b>253-943-6262</b>	<b>502593</b>	<b>2107282</b>

Let me know if this is possible.

Thank you!  
Austin

---

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CCN	CountOfUPI	CERTIFIED_STATION_COUNT	Report Run Date
502520	75	12	2020/10
502520	74	12	2020/11
502520	73	12	2020/12
502520	75	12	2021/01
502520	75	12	2021/02
502520	78	12	2021/03
502593	75	14	2020/10
502593	76	14	2020/11
502593	76	14	2020/12
502593	80	14	2021/01
502593	81	14	2021/02
502593	82	14	2021/03

**Appendix 1**  
**Audited Financial Statements**



Consolidated Financial Statements  
For the Year Ended June 30, 2020



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## **Independent Auditor's Report**

**To the Board of Trustees  
Northwest Kidney Centers  
Seattle, Washington**

We have audited the accompanying consolidated financial statements of Northwest Kidney Centers (the Organization), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

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

### **Auditor's Responsibility**

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

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

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



T: 425-454-4919  
T: 800-504-8747  
F: 425-454-4620

10900 NE 4th St  
Suite 1400  
Bellevue WA  
98004

[clarknuber.com](http://clarknuber.com)

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the Organization's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 26, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating statement of financial position on page 27 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Clark Nuber P.S.*

Certified Public Accountants  
September 24, 2020

**NORTHWEST KIDNEY CENTERS**

**Consolidated Statement of Financial Position  
June 30, 2020  
(With Comparative Totals for 2019)**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 5,082,091	\$ 6,892,040
Cash - provider relief funds to be returned (Note 17)	5,103,157	
Current portion of receivables, net (Note 2)	20,494,402	20,917,074
Third party settlements receivable, net (Note 3)	1,500,456	1,509,387
Inventories	1,594,430	1,286,177
Prepaid expenses	<u>1,222,392</u>	<u>1,017,347</u>
<b>Total Current Assets</b>	<b>34,996,928</b>	<b>31,622,025</b>
Investments (Note 4)	59,106,565	59,131,354
Assets limited as to use:		
Pledges for the acquisition of long-term assets (Note 2)	820,537	1,564,190
Board-designated endowment investments (Note 4)	3,864,417	3,590,629
Donor-restricted endowment investments (Note 4)	3,225,564	3,169,703
Deposits	138,915	170,680
Deferred compensation investments (Note 10)	717,798	897,255
Beneficial interest in split-interest agreements (Note 6)	1,656,181	1,582,084
Property and equipment, net (Note 7)	<u>113,666,567</u>	<u>92,204,342</u>
<b>Total Assets</b>	<b><u>\$ 218,193,472</u></b>	<b><u>\$ 193,932,262</u></b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 3,491,285	\$ 4,189,619
Construction payables	1,233,553	9,196,188
Current portion of pledge to the University of Washington (Note 12)	1,393,248	1,400,041
Unearned provider relief funds (Note 17)	496,228	
Provider relief funds to be returned (Note 17)	5,103,157	
Accrued expenses	8,345,733	7,742,891
Current portion of long-term debt (Note 8)	<u>2,935,640</u>	<u>2,714,626</u>
<b>Total Current Liabilities</b>	<b>22,998,844</b>	<b>25,243,365</b>
Deferred compensation (Note 10)	717,798	897,255
Deferred tenant leasehold allowance (Note 11)	1,399,937	1,893,761
Deferred rent (Note 11)	1,323,234	1,459,554
Long-term pledge to the University of Washington, net of current portion (Note 12)	1,600,000	2,600,000
Interest rate swap contract (Note 9)	6,851,099	3,659,538
Long-term debt, net (Note 8)	<u>54,777,252</u>	<u>34,702,968</u>
<b>Total Liabilities</b>	<b>89,668,164</b>	<b>70,456,441</b>
<b>Net Assets:</b>		
Without donor restrictions-		
Undesignated	114,388,541	111,674,831
Board designated (Note 13)	<u>3,864,417</u>	<u>3,590,629</u>
Total net assets without donor restrictions	118,252,958	115,265,460
Net assets with donor restrictions (Note 14)	<u>10,272,350</u>	<u>8,210,361</u>
<b>Total Net Assets</b>	<b><u>128,525,308</u></b>	<b><u>123,475,821</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 218,193,472</u></b>	<b><u>\$ 193,932,262</u></b>

See accompanying notes.

**NORTHWEST KIDNEY CENTERS**

**Consolidated Statement of Activities  
For the Year Ended June 30, 2020  
(With Comparative Totals for 2019)**

	2020		2020 Total	2019 Total
	Without Donor Restrictions	With Donor Restrictions		
<b>Revenues and Support From Operations:</b>				
Net patient service revenue (Note 2)	\$ 125,474,304	\$ -	\$ 125,474,304	\$ 129,547,705
Contributions	665,768	3,220,954	3,886,722	2,426,078
Federal provider relief funding (Note 17)	2,172,368		2,172,368	
Other	795,772		795,772	34,554
Gain on disposition of fixed assets	2,667,722		2,667,722	27,011
Investment income and realized gains on investments, net (Note 5)	5,402,405		5,402,405	2,067,766
Net assets released from restrictions for program purposes other than grants	1,117,079	(1,117,079)		
<b>Total Revenues and Support From Operations</b>	<b>138,295,418</b>	<b>2,103,875</b>	<b>140,399,293</b>	<b>134,103,114</b>
<b>Expenses From Operations:</b>				
Program services	107,058,850		107,058,850	111,790,956
Management and general	18,938,326		18,938,326	15,855,703
Fundraising expenses	1,159,055		1,159,055	1,068,358
<b>Total Expenses From Operations</b>	<b>127,156,231</b>		<b>127,156,231</b>	<b>128,715,017</b>
<b>Operating Income</b>	<b>11,139,187</b>	<b>2,103,875</b>	<b>13,243,062</b>	<b>5,388,097</b>
<b>Other Revenues, Support and Expenses</b>				
Gifts and grants to others	(3,374,361)		(3,374,361)	(3,556,939)
Net assets released from restriction for grants	681,553	(681,553)		
Unrealized (losses) gains on investments, net (Note 5)	(2,509,115)	151,532	(2,357,583)	1,774,479
<b>Excess of Revenues and Support Over Expenses</b>	<b>5,937,264</b>	<b>1,573,854</b>	<b>7,511,118</b>	<b>3,605,637</b>
<b>Other:</b>				
Contributions for capital purchases or endowment		768,749	768,749	889,897
Change in value of split-interest agreements (Note 6)		74,097	74,097	(254,088)
Change in value of interest rate swap contract (Note 9)	(3,191,561)		(3,191,561)	(2,845,134)
Other	(112,916)		(112,916)	(97,940)
Net assets released from restrictions for capital purchases	354,711	(354,711)		
<b>Total Other</b>	<b>(2,949,766)</b>	<b>488,135</b>	<b>(2,461,631)</b>	<b>(2,307,265)</b>
<b>Change in Net Assets</b>	<b>2,987,498</b>	<b>2,061,989</b>	<b>5,049,487</b>	<b>1,298,372</b>
Net assets, beginning of year	115,265,460	8,210,361	123,475,821	122,177,449
<b>Net Assets, End of Year</b>	<b>\$ 118,252,958</b>	<b>\$ 10,272,350</b>	<b>\$ 128,525,308</b>	<b>\$ 123,475,821</b>

See accompanying notes.

**NORTHWEST KIDNEY CENTERS**

**Consolidated Statement of Functional Expenses  
For the Year Ended June 30, 2020  
(With Comparative Totals for 2019)**

	Program Services	Management and General	Fundraising	2020 Total	2019 Total
Salaries, wages and contracted services	\$ 47,464,824	\$ 9,061,580	\$ 460,596	\$ 56,987,000	\$ 58,608,835
Employee benefits and taxes	11,456,491	1,816,977	87,406	13,360,874	13,147,947
Supplies and drugs	25,039,659	150,981	105,647	25,296,287	27,092,320
Purchased services and lab fees	6,070,397	4,279,307	208,007	10,557,711	10,394,485
Depreciation and amortization	6,221,728	2,024,088	81,057	8,326,873	7,066,183
Rent	5,161,502	1,261	2,841	5,165,604	5,818,826
Utilities and other	4,159,859	1,028,764	199,475	5,388,098	5,228,404
Interest	773,508	269,991	13,681	1,057,180	129,887
Insurance	285,279	295,075	345	580,699	523,214
Bad debt expense	425,603	10,302		435,905	704,916
<b>Total expenses from operations</b>	<b>107,058,850</b>	<b>18,938,326</b>	<b>1,159,055</b>	<b>127,156,231</b>	<b>128,715,017</b>
Gifts and grants to others	3,374,361			3,374,361	3,556,939
<b>Total Expenses</b>	<b>\$ 110,433,211</b>	<b>\$ 18,938,326</b>	<b>\$ 1,159,055</b>	<b>\$ 130,530,592</b>	<b>\$ 132,271,956</b>

See accompanying notes.

**NORTHWEST KIDNEY CENTERS**

**Consolidated Statement of Cash Flows  
For the Year Ended June 30, 2020  
(With Comparative Totals for 2019)**

	2020	2019
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 5,049,487	\$ 1,298,372
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Depreciation and amortization	8,326,873	7,066,183
Debt issuance cost amortization	16,487	128,438
Gain on disposition of fixed assets	(2,667,722)	(27,011)
Contributions restricted for long-term purposes	(768,749)	(889,897)
Net unrealized loss (gain) on investments	2,357,583	(1,774,479)
Net (gain) loss on split-interest agreements	(74,097)	254,088
Change in value of interest rate swap contract	3,191,561	2,845,134
Changes in operating assets and liabilities:		
Decrease in receivables	463,368	1,874,706
Increase in inventories	(308,253)	(2,995)
Increase in prepaid expenses	(205,045)	(539,935)
Decrease in accounts payable	(698,334)	(534,509)
Decrease in pledge to the University of Washington	(1,006,793)	(1,184,831)
Increase in unearned provider relief funds	496,228	
Increase in provider relief funds to be returned	5,103,157	
Increase in accrued expenses	602,842	177,421
(Decrease) increase in deferred tenant leasehold allowance	(493,824)	921,007
(Decrease) increase in deferred rent	(136,320)	32,615
<b>Net Cash Provided by Operating Activities</b>	<b>19,248,449</b>	<b>9,644,307</b>
<b>Cash Flows From Investing Activities:</b>		
Purchases of investments	(44,641,232)	(12,268,891)
Proceeds from sale of investments	41,978,789	14,330,037
Purchases of property and equipment	(38,700,006)	(38,509,705)
Proceeds from sale of property and equipment	3,615,995	4,100
<b>Net Cash Used in Investing Activities</b>	<b>(37,746,454)</b>	<b>(36,444,459)</b>
<b>Cash Flows From Financing Activities:</b>		
Cash proceeds from contributions restricted for acquisition of long-term assets	1,501,199	745,354
Cash proceeds from contributions restricted for endowment	11,203	272,206
Cash proceeds from long-term debt	29,785,340	25,325,000
Principal payments on long-term debt	(9,194,966)	(486,792)
Cash paid for bond issuance costs	(311,563)	
<b>Net Cash Provided by Financing Activities</b>	<b>21,791,213</b>	<b>25,855,768</b>
<b>Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash</b>	<b>3,293,208</b>	<b>(944,384)</b>
Cash, cash equivalents and restricted cash at beginning of year	6,892,040	7,836,424
<b>Cash, Cash Equivalents and Restricted Cash at End of Year</b>	<b>\$ 10,185,248</b>	<b>\$ 6,892,040</b>
The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statement of financial position that sums to the total of the same such amounts shown in the statement of cash flows:		
Cash and cash equivalents	\$ 5,082,091	\$ 6,892,040
Cash - provider relief funds to be returned	5,103,157	
<b>Total Cash, Cash Equivalents and Restricted Cash Shown in the Consolidated Statement of Cash Flows</b>	<b>\$ 10,185,248</b>	<b>\$ 6,892,040</b>
<b>Supplementary Disclosures of Transactions:</b>		
Construction in progress in accounts payable and accrued expenses	\$ 1,428,342	\$ 9,196,188
Cash paid during the year for interest	\$ 1,057,181	\$ 129,887

See accompanying notes.

## NORTHWEST KIDNEY CENTERS

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

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#### Note 1 - Description of Organization and Summary of Significant Accounting Policies

**Organization** - Northwest Kidney Centers (NKC) is a Washington not-for-profit organization comprised of kidney dialysis centers, with 17 locations in King County, 1 location in Clallam County, 1 location in Snohomish County, and 1 location in Pierce County of Western Washington. NKC provides kidney dialysis services to in-center, home and hospital patients and operates an outpatient pharmacy. In addition to patient care, NKC supports education and research, including support of the Kidney Research Institute and the Center for Dialysis Innovation, both operated by the University of Washington.

NKC has joined with several other members to form Northwest Kidney Care Alliance, a Washington nonprofit miscellaneous corporation. This entity is consolidated with NKC for reporting purposes due to NKC having control and economic interest.

**Principles of Consolidation** - These financial statements include the financial statements of Northwest Kidney Centers and Northwest Kidney Care Alliance (collectively, the Organization). All intercompany transactions have been eliminated.

**Basis of Presentation** - The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting.

Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets which are not subject to donor-imposed stipulations;

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations which may or will be met by actions of the Organization and/or the passage of time, or net assets subject to donor-imposed stipulations that will be maintained permanently by the Organization.

Contributions, which include unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until such time as the conditions are met. Contributions of noncash assets are recognized at their estimated fair value on the date of contribution. For the years ended June 30, 2020 and 2019, total contributions were approximately \$4,655,000 and \$3,351,000, respectively.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary donor restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) result in the reclassification of net assets with donor restrictions to net assets without donor restrictions and are reported in the consolidated statement of activities as net assets released from restrictions. Assets restricted to the acquisition of long-term assets are released when the related long-term assets are placed into service.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates include the patient receivable allowances, fair value of beneficial interests in split-interest agreements, third-party payer revenue settlements, government payer revenue settlements, fair value of interest rate swap contracts, depreciation useful lives and methodologies, and the functional allocation of expenses. Actual results could differ from those estimates.



## NORTHWEST KIDNEY CENTERS

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

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#### Note 1 - Continued

**Cash and Cash Equivalents** - Cash and cash equivalents include investments with original maturities at the date of purchase of three months or less, except cash and cash equivalents held as a part of the Organization's investment portfolio.

**Inventories** - Inventories of drugs and other supplies are stated at the lower of cost or market. Cost is determined using the average cost method.

**Investments** - Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated statement of financial position. The Organization has elected to measure and report its investment in a private real estate fund at net asset value (NAV). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. NAV is a practical expedient alternative to fair value for investments in qualifying investment companies that do not have a readily determinable fair value.

Investment income or loss (including realized gains and losses on investments, interest and dividends, unrealized gains and losses on equity securities and debt securities classified as trading securities and investment fees) is included in the excess of revenues and support over expenses unless the income or loss is restricted by donor or by law.

**Property and Equipment** - Property and equipment are recorded at cost or, in the instance of donated properties, at fair value as of the date of gift. The Organization capitalizes expenditures for property and equipment that cost over \$1,000 and have a service life of greater than two years. The Organization provides for depreciation and amortization using the straight-line method over the following estimated lives:

Buildings and leasehold improvements	10 to 40 years
Medical, office and other equipment	4 to 20 years
Computer and telecommunications equipment	3 years

**Grant Expense** - Grant expense is recognized in the period the grant is signed, provided the grant is not subject to future conditions. Conditional grants are recognized as grant expense and as a payable in the period in which the grantee meets the terms of the conditions. Grants payable that are expected to be paid in future years are recorded at the present value of expected future payments. However, discounts to present value have not been material, and have not been recognized in the consolidated financial statements.

**Operating Income** - The consolidated statement of activities includes operating income which reflects the program, fundraising and administration costs associated with the direct operating activities of the Organization. Gifts and grants provided to others in support of the Organization's mission of research activities and unrealized gains and losses on investments are excluded from operating income.

**Excess of Revenues and Support Over Expenses** - The consolidated statement of activities includes excess of revenues and support over expenses. Changes in net assets without donor restrictions which are excluded from excess of revenues and support over expenses, consistent with industry practice, include unrealized change in value of interest rate swap contracts, contributions with donor restrictions, and contributions of long-lived assets, including assets acquired using contributions restricted by donors for the acquisition of such assets and the related releases.

## NORTHWEST KIDNEY CENTERS

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

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#### Note 1 - Continued

**Patient Accounts Receivable** - The Organization reviews patient accounts receivable balances on a regular basis to assess potential risk of credit loss. Patient balances are reviewed in conjunction with current economic conditions to determine the need for an allowance for doubtful accounts. Management provides for probable uncollectible amounts through a charge to patient revenues and an increase to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a decrease to patient accounts receivable.

**Financing Costs** - Financing costs are recorded as a deduction to the related debt liability on the consolidated statement of financial position. Financing costs are amortized over the term of the applicable debt using the straight-line method which is not materially different from the results that would have been obtained under the effective yield method. Amortization of financing costs are included as a component of interest expense on the consolidated statement of activities.

**Methods Used for Allocation of Expenses Among Program and Supporting Services** - The consolidated financial statements report the direct expenses of program, management and general and fundraising functions. All expenses that can be assigned are assigned to each function as incurred. Certain buildings house both clinical departments and administrative departments. The depreciation associated with those buildings is allocated on the basis of square footage of the functional departments. Information technology is allocated based on department personnel count.

**Medical Malpractice Claims** - The Organization is insured with respect to medical malpractice on a claims-made basis. The Organization has not experienced a history of significant malpractice claims. Based on its past experience and a review of recent incidents, management has not recorded a liability for possible malpractice losses, as the probability that such claims would have a material adverse effect on the Organization's financial condition or activities is remote.

**Federal Income Tax** - The Internal Revenue Service has recognized Northwest Kidney Centers as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). Northwest Kidney Care Alliance is a taxable nonprofit miscellaneous corporation. Northwest Kidney Care Alliance recognized approximately \$796,000 of revenue for the year ended June 30, 2020. No revenue was recognized for the year ended June 30, 2019. Management has determined that no provision for federal income tax was necessary in the accompanying consolidated financial statements due to calculated loss carryforwards.

**Concentration of Credit Risk** - Financial instruments that subject the Organization to concentrations of credit risk include cash, investments and accounts receivable. The Organization maintains cash and investment deposits with major financial institutions. The Organization has established guidelines relative to diversification and maturities in its investment portfolio that seek to maintain safety and liquidity. In most cases, amounts in the investment portfolios and the bank accounts are in excess of federally insured limits.

The Organization grants credit without collateral to its patients, most of whom are local residents and all of whom are eligible to be insured under third-party payor agreements. The health programs are dependent upon continued funding from government agencies and the legislative acts that impact the programs. The fee for service revenues from these programs are subject to periodic audit and review by the governmental agencies. See Note 2 for the Organization's mix of gross receivables from third-party payors and net patient service revenue.

## NORTHWEST KIDNEY CENTERS

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

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#### Note 1 - Continued

**New Accounting Pronouncements** - In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). The objective of this ASU is to assist organizations in evaluating whether transactions should be accounted for as contributions or as exchange transactions subject to other guidance, and determining whether a contribution is conditional. During the year ended June 30, 2020, the Organization adopted ASU No. 2018-08 on a modified prospective basis.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. This amends ASC Topic 825 and redefines public business entities along with disclosure and reporting requirements for certain types of investments and debt obligations. This amendment requires that changes in the fair value of equity securities be reported as part of investment income within the operating indicator excess (deficiency) of revenue over expenses. The amendment also eliminated the requirement for nonprofit organizations to disclose the fair value of assets and liabilities that are measured at unamortized cost in the financial statements, including the fair value of fixed-rate debt. During the year ended June 30, 2020, the Organization adopted ASU No. 2016-01.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue From Contracts with Customers* (Topic 606). The objective of the ASU is to standardize the revenue recognition practices across entities, industries, jurisdictions, and capital markets by providing a framework for entities to apply to recognize revenue. This new framework provides a five-step approach for recognizing revenue. In addition to consideration of recognizing revenue based on existing customer contract terms and features, entities will be required to enhance qualitative and quantitative disclosures in financial statements to describe how revenue is recognized under the ASU. Management has elected the deferral option for this new standard and will apply the standard effective July 1, 2020. Management does not anticipate the adoption of the new ASU to have a material impact on the Organization's consolidated financial statements although certain disclosures and presentation items will be impacted.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). The objective of this ASU is to assist organizations in recognizing the right to the use of an asset and its related liability or obligation when there is a contract in place that includes the right to control or direct the use of an identifiable asset. This ASU also includes provisions whereby the majority of leases that have lease terms greater than one year are to be recorded as an asset and lease obligation on the statement of financial position, whereas in the past, these leases might have been recorded as either capital leases which were presented on the statement of financial position or operating leases which were not presented on the statement of financial position. Management is evaluating the effect that ASU No. 2016-02 will have on its consolidated financial statements and related disclosures. Management has not yet selected a transition method, nor has it determined the effect of the standard on its ongoing financial reporting. The guidance in this ASU is effective for the Organization's year ending June 30, 2023.

**Summarized Information for 2019** - The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2019 from which the summarized information was derived.

**Subsequent Events** - The Organization has evaluated subsequent events through September 24, 2020, the date on which the consolidated financial statements were available to be issued.

**NORTHWEST KIDNEY CENTERS**

**Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2020  
(With Comparative Totals for 2019)**

**Note 2 - Receivables, Revenues and Discounted Services**

Receivables at June 30 consisted of the following:

	<u>2020</u>	<u>2019</u>
Patient service receivables	\$ 25,471,757	\$ 24,484,471
Less allowance for contractual adjustments	(5,126,671)	(3,887,245)
Less allowance for doubtful accounts	<u>(852,786)</u>	<u>(761,857)</u>
Patient service receivables, net	19,492,300	19,835,369
Unconditional promises to give	1,278,122	2,066,341
Other receivables	<u>544,517</u>	<u>579,554</u>
	<u><b>\$ 21,314,939</b></u>	<u><b>\$ 22,481,264</b></u>
	<u>2020</u>	<u>2019</u>
<b>Rollforward of Allowance for Doubtful Accounts:</b>		
Beginning balance	\$ 761,857	\$ 314,515
Write-offs	(334,674)	(249,499)
Provision for bad debt	<u>425,603</u>	<u>696,841</u>
<b>Ending Balance of Allowance for Doubtful Accounts</b>	<u><b>\$ 852,786</b></u>	<u><b>\$ 761,857</b></u>

**Patient Service Receivables** - The mix of patient service receivables, not including the allowance for doubtful accounts and contractual adjustments from third-party payors at June 30 was as follows:

	<u>2020</u>	<u>2019</u>
Medicare and Medicaid	41%	38%
Other third-party payors and hospitals	<u>59%</u>	<u>62%</u>
	<u><b>100%</b></u>	<u><b>100%</b></u>

The mix of patient service revenue for the years ended June 30 was as follows:

	<u>2020</u>	<u>2019</u>
Medicare and Medicaid	73%	74%
Other third-party payors and hospitals	<u>27%</u>	<u>26%</u>
	<u><b>100%</b></u>	<u><b>100%</b></u>

## NORTHWEST KIDNEY CENTERS

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

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#### Note 2 - Continued

The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. See Note 3 for further discussion.

Patient service revenues are reported in the consolidated financial statements net of contractual adjustments. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

As is consistent with the nonprofit mission of the Organization, the Organization provides access to all patients residing in Washington, regardless of their health care insurance coverage or their ability to pay, including patients who meet certain criteria under its charity care policy. As the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The Organization determines the costs associated with providing charity care by calculating a ratio of cost to charges and then multiplying by charity care gross charge adjustments for the period. The Organization solicits contributions restricted for providing charity care support and services. Donor restricted charity care contributions amounted to approximately \$110,000 and \$275,000 for the years ended June 30, 2020 and 2019, respectively. The Organization incurred approximately \$700,000 and \$534,000 of costs related to charity care services for the years ended June 30, 2020 and 2019, respectively.

In addition to the cost of services provided as charity, the Organization provides treatments to patients covered by Medicare and Medicaid at a cost that significantly exceeds the payment provided by these government funded programs resulting in payment shortfalls. The cost of these unfunded services represents a significant benefit provided by the Organization to the community.

**Unconditional Promises to Give** - Unconditional promises to give are summarized as follows at June 30:

	<u>2020</u>	<u>2019</u>
Receivable in less than one year	\$ 592,378	\$ 1,695,509
Receivable in one to five years	685,744	370,832
	<u>\$ 1,278,122</u>	<u>\$ 2,066,341</u>

All pledges restricted to a facility capital campaign are considered long-term on the consolidated statement of financial position, regardless of when they are expected to be collected, because they will be expended for long-term purposes. Discounts to present value for the long-term promises are immaterial and have not been applied.

## NORTHWEST KIDNEY CENTERS

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

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#### Note 3 - Third Party Settlements Receivable

**Cost Reports** - Centers for Medicare and Medicaid Services (CMS) allow for the reimbursements of uncollectible deductibles and co-insurance from Medicare recipients if an acceptable collections methodology is followed and the amounts are claimed on the annual cost report in the year the balance is written off the accounts receivable ledgers.

For the year ended June 30, 2020, an estimated amount of approximately \$1,579,000, less a reserve of approximately \$79,000, has been recorded as an increase to net patient service revenue. The third party settlements receivable relating to the fiscal year 2020 cost reports is anticipated to be received in the normal course of filing and settling during fiscal year 2021. As such, that amount has been recorded as a current asset at June 30, 2020.

At June 30, 2019, the third party settlements receivable represented an estimated amount of approximately \$1,589,000, less a reserve of approximately \$79,000.

#### Note 4 - Investments and Fair Value Measurements

U.S. GAAP defines fair value, establishes a framework for measuring fair value and requires certain disclosures about fair value measurements. To increase consistency and comparability in fair value measurements, U.S. GAAP uses a fair value hierarchy that prioritizes the inputs to valuation approaches into three broad levels.

The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

**Valuation Techniques** - Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets for identical assets and liabilities. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs are primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

Cash - Valued at cost plus accrued interest which approximates fair value.

Mutual and Equity Funds - Valued at quoted market prices in active markets, which represent the NAV of shares held by the Organization at year end.

Beneficial Interest in Split-Interest Agreements - Valued at the Organization's beneficial interest in the fair value of the trust assets.

Interest Rate Swap Contract - Value is derived from proprietary or other pricing models based on assumptions regarding past, present and future market conditions.

**NORTHWEST KIDNEY CENTERS**

**Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2020  
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**Note 4 - Continued**

In accordance with the Accounting Standards Codification (ASC) Subtopic 820-10, certain investments that were measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. They are included in the following tables, however, to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statement of financial position.

**Fair Values Measured on a Recurring Basis** - Fair values of assets and liabilities measured on a recurring basis were as follows:

	Fair Value Measurements as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Cash	\$ 208,021	\$ -	\$ -	\$ 208,021
Mutual funds-				
Large cap	13,718,946			13,718,946
Mid cap	2,079,929			2,079,929
Small cap	1,548,366			1,548,366
International	3,571,296			3,571,296
Fixed income	25,447,245			25,447,245
Emerging markets	6,289,202			6,289,202
Equity funds-				
Collective equity funds	3,936,223			3,936,223
Beneficial interest in split- interest agreements (Note 6)			1,656,181	1,656,181
Interest rate swap contract (Note 8)			(6,851,099)	(6,851,099)
<b>Total</b>	56,799,228	<u>\$ -</u>	<u>\$ (5,194,918)</u>	<u>\$ 51,604,310</u>
Nonmarketable securities at net asset value-				
Private real estate fund	9,397,318			9,397,318
<b>Total Investments, June 30, 2020</b>	<u>\$ 66,196,546</u>			

**NORTHWEST KIDNEY CENTERS**

**Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2020  
(With Comparative Totals for 2019)**

**Note 4 - Continued**

	Fair Value Measurements as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Cash	\$ 188,676	\$ -	\$ -	\$ 188,676
Mutual funds-				
Large cap	16,440,375			16,440,375
Small cap	4,488,152			4,488,152
International	8,079,309			8,079,309
Fixed income	22,945,647			22,945,647
Emerging markets	8,374,958			8,374,958
Equity funds-				
Collective equity funds	1,715,102			1,715,102
Beneficial interest in split- interest agreements (Note 6)			1,582,084	1,582,084
Interest rate swap contract (Note 8)			(3,659,538)	(3,659,538)
<b>Total</b>	62,232,219	<u>\$ -</u>	<u>\$ (2,077,454)</u>	<u>\$ 60,154,765</u>
Nonmarketable securities at net asset value-				
Private real estate fund	3,659,467			
<b>Total Investments, June 30, 2019</b>	<u>\$ 65,891,686</u>			

A reconciliation of the beginning and ending balances, by each major category of assets and liabilities, for fair value measurements made using significant unobservable inputs follows (Level 3) at June 30 is as follows:

	Beneficial Interest in Split Interest Agreements	Interest Rate Swap Contract (Note 8)	Total Level 3
Beginning balance at July 1, 2018	\$ 1,836,172	\$ (814,404)	\$ 1,021,768
Unrealized losses	(254,088)	(2,845,134)	(3,099,222)
<b>Balance at June 30, 2019</b>	<b>1,582,084</b>	<b>(3,659,538)</b>	<b>(2,077,454)</b>
Unrealized gains (losses)	74,097	(3,191,561)	(3,117,464)
<b>Balance at June 30, 2020</b>	<u><b>\$ 1,656,181</b></u>	<u><b>\$ (6,851,099)</b></u>	<u><b>\$ (5,194,918)</b></u>



## NORTHWEST KIDNEY CENTERS

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

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#### Note 4 - Continued

Investments are presented as follows on the consolidated statement of financial position at June 30:

	<u>2020</u>	<u>2019</u>
Investments	\$ 59,106,565	\$ 59,131,354
Board-designated endowment investments	3,864,417	3,590,629
Donor-restricted endowment investments	<u>3,225,564</u>	<u>3,169,703</u>
<b>Total Investments</b>	<b><u>\$ 66,196,546</u></b>	<b><u>\$ 65,891,686</u></b>

#### Note 5 - Investment Return

Return on investments is presented in the consolidated statement of activities as follows:

	<u>2020</u>	<u>2019</u>
Operating returns-		
Interest and dividends	\$ 1,382,599	\$ 1,658,418
Net realized gains on sales of securities	4,191,064	470,166
Net unrealized (losses) gains	(2,357,583)	1,774,479
Investment fees	<u>(171,258)</u>	<u>(60,818)</u>
<b>Total Return on Investments, Net</b>	<b><u>\$ 3,044,822</u></b>	<b><u>\$ 3,842,245</u></b>

#### Note 6 - Beneficial Interest in Split-Interest Agreements

The Organization is a beneficiary in a perpetual trust held by a third party. The trust provides that the Organization receive annual income in the amount of the minimum investment return (as defined in IRC section 4942) or \$10,000, whichever is greater.

The Organization is also named as a 13.33% beneficiary of assets held by a foundation for the benefit of various nonprofit agencies. The principal, which is held in perpetuity, is administered by the trustee of the foundation and provides for annual earnings distributions to the Organization.

There are no restrictions associated with the income on either split-interest agreement. The split-interest agreements are recorded at market value, and changes in market value are recognized in the consolidated statement of activities as a donor restricted change in the value of the split-interest agreements.

## NORTHWEST KIDNEY CENTERS

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

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#### Note 7 - Property and Equipment

Cost and accumulated depreciation and amortization of property and equipment are summarized as follows at June 30:

	<u>2020</u>	<u>2019</u>
Cost-		
Land	\$ 14,297,031	\$ 11,309,141
Buildings and improvements	79,133,780	29,746,569
Leasehold improvements	46,018,038	45,745,096
Medical, office equipment, software and other	45,559,383	38,934,833
Projects in progress	<u>10,936,832</u>	<u>42,027,141</u>
	195,945,064	167,762,780
Accumulated depreciation and amortization-		
Buildings and improvements	(20,861,976)	(20,537,498)
Leasehold improvements	(29,635,081)	(26,444,079)
Medical, office equipment, software and other	<u>(31,781,440)</u>	<u>(28,576,861)</u>
	<u>(82,278,497)</u>	<u>(75,558,438)</u>
<b>Total Property and Equipment, Net</b>	<b><u><u>\$ 113,666,567</u></u></b>	<b><u><u>\$ 92,204,342</u></u></b>

As of June 30, 2019, projects in progress included multiple projects associated with incremental expansion of capacity for select facilities, or property improvement initiatives and included property improvements for two clinic locations.

As of June 30, 2020, projects in progress include improvements for two additional clinic locations.

#### Note 8 - Long-Term Debt

**2012 Bonds** - In December 2012, the Organization entered into a \$10,400,000 tax-exempt financing through the private placement of bonds that were issued by the Washington Health Care Facilities Authority (WHCFA). In connection with this financing, the Organization signed a promissory note with a bank. The note bears fixed interest at 1.72% through the reset date of January 1, 2020, at which point the interest rate may be reset. This bond was paid off during the year ended June 30, 2020.

**2018 Bonds** - In June 2018, the Organization entered into a tax-exempt financing of up to \$43,175,000 through the private placement of bonds that were issued by WHCFA. The bond indenture allows for a 15-month interest-only draw down period. In connection with this financing, the Organization signed a promissory note with a bank. The note bears variable interest based on the LIBOR Index Rate. The interest resets monthly. The rate was 2.7119% on the date of issuance, and 1.12% at June 30, 2020. The future principal payments on the note are based on the fixed payment under the swap agreement (Note 9). The debt is collateralized by the land and future construction of the Rainier Beach Kidney Center, and the land and future construction of the Burien campus. The note matures on June 1, 2048, but has a bank repurchase date of June 1, 2028. The carrying value of the pledged collateral as of June 30, 2020 and 2019, was approximately \$49,479,000 and \$41,207,000, respectively.

**NORTHWEST KIDNEY CENTERS**

**Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2020  
(With Comparative Totals for 2019)**

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**Note 8 - Continued**

**2019 Bonds** - In August 2019, the Organization entered into a tax-exempt financing of up to \$9,525,000 through the private placement of bonds that were issued by WHCFA. The bond indenture allows for a 15-month interest-only draw down period. In connection with this financing, the Organization signed a promissory note with a bank. The note bears variable interest based on the LIBOR Index Rate. The interest resets monthly. The rate was 3.06% on the date of issuance, and 1.38% at June 30, 2020. The debt is collateralized by the Renton Kidney Center, and the Bellevue Kidney Center. The note matures on August 1, 2044, but has a bank repurchase date of August 1, 2029. The carrying value of the pledged collateral as of June 30, 2020 was approximately \$12,609,000.

**2019 Loan** - In August 2019, the Organization entered into a five-year taxable term loan agreement with a bank for approximately \$6,651,000 to refund the 2012 tax-exempt financing. The loan bears a fixed annual interest rate of 2.85%. The debt is collateralized by the 700 Broadway property and the Lake City property. After the refinancing, the note requires monthly principal and interest payments of \$118,160. The carrying value of the pledged collateral as of June 30, 2020, was approximately \$10,768,000.

Long-term debt consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
WHCFA Series 2012 Bonds	\$ -	\$ 7,183,797
WHCFA Series 2018 Bonds	42,095,000	30,595,000
WHCFA Series 2019 Bonds	9,525,000	
Term loans	6,749,170	
Less unamortized financing costs	<u>(656,278)</u>	<u>(361,203)</u>
	57,712,892	37,417,594
Less current portion	<u>(2,935,640)</u>	<u>(2,714,626)</u>
<b>Long-Term Debt, Net of Current Portion</b>	<b><u>\$ 54,777,252</u></b>	<b><u>\$ 34,702,968</u></b>

The future principal payments on the notes outstanding at June 30, 2020 are based on the debt instruments in place as of the date of the auditor's report:

For the Year Ending June 30,

2021	\$ 2,935,640
2022	4,210,645
2023	3,168,462
2024	3,207,370
2025	2,173,803
Thereafter	<u>42,673,250</u>
Total maturities	58,369,170
Less unamortized debt issuance costs	<u>(656,278)</u>
<b>Total Long-Term Debt</b>	<b><u>\$ 57,712,892</u></b>

## NORTHWEST KIDNEY CENTERS

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

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#### Note 8 - Continued

The notes include various loan covenants including financial covenants such as the maintenance of specified working capital and debt service coverage measurements, and other affirmative and negative covenants. At June 30, 2020 and 2019, management believes the Organization was in compliance with such loan covenants.

#### Note 9 - Interest Rate Swap Contract

In June 2018, the Organization entered into an interest rate swap contract as a cash flow hedge to reduce the impact of changes in the 2018 tax-exempt bond's variable rates. The swap contract was purchased with a 15 month forward to coincide with the bond drawdown period. The swap contract fixed the variable rate interest rate at 2.65% beginning September 1, 2019. As of June 30, 2020 and 2019, the notional amount was \$42,095,000 and \$43,175,000, respectively.

The fair value of the interest rate swap contract is shown as a liability on the consolidated statement of financial position in the amount of approximately \$6,851,000 and \$3,660,000 at June 30, 2020 and 2019, respectively. For the years ended June 30, 2020 and 2019, the Organization recognized unrealized losses of approximately \$3,192,000 and \$2,845,000, respectively, related to the swap contract due to interest rate fluctuations, which is included in other activities on the consolidated statement of activities.

#### Note 10 - Employee Benefit and Deferred Compensation Plans

**401(k) Plan** - The Organization has a tax-deferred 401(k) plan (the Plan) covering all eligible employees who meet prescribed service requirements. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. Participants may contribute to the Plan through voluntary deferrals of eligible compensation. Eligible employees may contribute from 1% to 100% of their eligible compensation to the Plan, not to exceed annual limitations prescribed by the Internal Revenue Service (IRS). Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions.

The Organization makes safe harbor matching contributions of an amount equal to 100% of the first 4% of each participant's contribution to the Plan. The Organization also has the option to make a discretionary contribution as a percentage of each participant's eligible compensation to the Plan, including those participants who chose not to make voluntary deferral contributions to the Plan. In addition to the matching contribution discussed above, the Organization contributed 1% of each participant's respective compensation to the Plan for both calendar years 2019 and 2020. Plan expense totaled approximately \$2,302,000 and \$2,515,000 in 2020 and 2019, respectively.

**457(b) Plan** - The Organization sponsors a deferred compensation plan for the benefit of certain employees in accordance with Section 457(b) of the Internal Revenue Code. Participating employees are permitted to defer a portion of their salary until termination, retirement, death, or in the event of an unforeseen emergency.

Under the terms of the plan, all deferred compensation, along with all property and rights purchased with those amounts and income attributable to those amounts, remain the property of the Organization until paid or made available to the employee or his or her beneficiary. Such amounts are subject to the claims of the Organization's general creditors. Participants' rights are equal to those of general creditors in an amount equal to the fair value of the deferred amount for each participant. Assets associated with this plan are approximately \$718,000 and \$897,000 at June 30, 2020 and 2019, respectively. The assets consisted of mutual funds measured at fair value using Level 1 inputs as further described in Note 4.

## NORTHWEST KIDNEY CENTERS

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

#### Note 10 - Continued

The Organization has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor. Management believes it is unlikely that the assets will need to be used to satisfy the claims of general creditors.

#### Note 11 - Operating Lease Commitments and Deferred Rent

**Deferred Tenant Leasehold Allowance** - The Organization has entered into lease contracts in which the lessor agreed to pay for the costs of improvements made to the sites being leased. The balances paid to the Organization will be amortized against rent expense over the remaining life of the related leases. The unamortized balance of the reimbursed costs totaled approximately \$1,400,000 and \$1,894,000 as of June 30, 2020 and 2019, respectively, and are reported as a deferred tenant leasehold allowance in the consolidated statement of financial position.

**Deferred Rent** - The Organization leases dialysis centers under the terms of several operating lease agreements expiring in various years through 2032. Lease payments during the years ended June 30, 2020 and 2019, totaled approximately \$3,917,000 and \$4,517,000, respectively.

The leases have escalation clauses which, under lease accounting standards, have resulted in deferred rent expense liabilities recognized for the leases. The deferred rent is being amortized against rent expense using the straight-line method over the remaining term of the related leases. The difference between the cash outlay and expense recognized was approximately (\$40,000) and (\$33,000) for the years ended June 30, 2020 and 2019, respectively. The cumulative difference at June 30, 2020 and 2019, was approximately \$1,323,000 and \$1,460,000, respectively.

Future minimum lease payments for the property leases are as follows:

For the Year Ending June 30,	Yearly Cash Outlay	Straight-Line Expense	Adjustment	Cumulative Difference
2021	\$ 3,699,242	\$ 3,596,004	\$ 103,238	\$ 103,238
2022	3,590,601	3,405,192	185,409	288,647
2023	3,319,833	3,092,752	227,081	515,728
2024	2,440,677	2,263,074	177,603	693,331
2025	1,655,276	1,554,942	100,334	793,665
Thereafter	4,950,858	4,421,289	529,569	1,323,234
<b>Total Minimum Lease Payments</b>	<b><u>\$ 19,656,487</u></b>	<b><u>\$ 18,333,253</u></b>	<b><u>\$ 1,323,234</u></b>	<b><u>\$ 3,717,843</u></b>

#### Note 12 - Commitments and Contingencies

**Promises to Give** - As of June 30, 2020 and 2019, the Organization had unconditional promises to give to the University of Washington (the University) of approximately \$2,993,000 and \$4,000,000, respectively, for the funding of the Kidney Research Institute and stipends for four fellows in the University's Division of Nephrology. Of the outstanding commitments as of June 30, 2020, the Organization has promised to pay approximately \$1,393,000 during the year ending June 30, 2021, with the remaining amounts to be paid thereafter. Discounts to present value are immaterial and have not been applied.

## NORTHWEST KIDNEY CENTERS

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

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#### Note 12 - Continued

In June 2017, the Organization committed to a grant of up to \$15,000,000 to the University's Center for Dialysis Innovation for research and development of a prototype wearable, miniaturized dialysis medical device. The grant is payable in five annual \$3,000,000 award increments, upon approval by the Organization of an annual project research plan for the following year. As of June 30, 2020 and 2019, the Organization had unconditional promises to give to the University's Center for Dialysis Innovation of approximately \$304,000 and \$487,000, respectively, included in accounts payable, each to be paid in the following year. The Organization's outstanding commitments for conditional grants were up to approximately \$6,342,000 and \$9,423,000 as of June 30, 2020 and 2019, respectively.

**Litigation** - In the normal course of business, the Organization has various claims in process, matters in litigation or other contingencies. In management's opinion, the outcome from these matters will not materially impact the Organization's financial position or results of activities.

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

#### Note 13 - Board Designated Net Assets

Board designated net assets are available for the following purposes at June 30:

	<u>2020</u>	<u>2019</u>
Quasi endowments (Note 15)-		
General endowments	\$ 1,733,260	\$ 1,724,948
Patient support endowments	1,622,331	1,622,331
Research endowments	75,839	74,985
Employee scholarships	261,184	
Patient services endowments	171,803	168,365
	<u>\$ 3,864,417</u>	<u>\$ 3,590,629</u>

## NORTHWEST KIDNEY CENTERS

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

#### Note 14 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

	<u>2020</u>	<u>2019</u>
<b>Subject to the Passage of Time or Expenditure for Specified Purpose:</b>		
Program services	\$ 2,068,295	\$ 610,487
Acquisition of fixed assets	<u>3,322,310</u>	<u>2,848,087</u>
<b>Total Subject to the Passage of Time or Expenditure for Specified Purpose</b>	<b>5,390,605</b>	<b>3,458,574</b>
<b>Endowment Funds:</b>		
Original gifts and required retained funds (corpus)-		
General endowments	1,049,999	1,049,999
Patient support endowments	490,833	484,818
Research endowments	681,803	676,803
Employee scholarships	258,845	258,845
Patient services endowments	105,002	104,814
Patient emergency endowments	<u>45,814</u>	<u>45,814</u>
	2,632,296	2,621,093
Accumulated endowment earnings (Note 15)	<u>593,268</u>	<u>548,610</u>
<b>Total Endowment Funds</b>	<b>3,225,564</b>	<b>3,169,703</b>
<b>Beneficial Interest in Split-Interest Agreements (Note 6)</b>	<b><u>1,656,181</u></b>	<b><u>1,582,084</u></b>
<b>Total Net Assets With Donor Restrictions</b>	<b><u>\$ 10,272,350</u></b>	<b><u>\$ 8,210,361</u></b>

#### Note 15 - Endowments

The Organization's endowments consist of 23 funds established for a variety of purposes. Its endowments include both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments (quasi-endowments). Net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law** - Management of the Organization has reviewed the Washington State Prudent Management of Institutional Funds Act (PMIFA) and, having considered its rights and obligations thereunder, has determined that it is desirable to preserve, on a long-term basis, the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this determination, the Organization classifies as net assets with donor restrictions - endowment corpus (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

**NORTHWEST KIDNEY CENTERS**

**Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2020  
(With Comparative Totals for 2019)**

**Note 15 - Continued**

The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions - accumulated endowment earnings until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by PMIFA. In accordance with PMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the Organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Organization; and
- The investment policies of the Organization.

As of June 30, endowment net assets consisted of the following:

	Without Donor Restrictions	With Donor Restrictions		Total With Donor Restrictions	2020 Total	2019 Total
		Endowment Corpus	Accumulated Earnings			
Donor restricted endowment funds	\$ -	\$ 2,632,296	\$ 593,267	\$ 3,225,563	\$ 3,225,563	\$ 3,169,703
Board designated quasi- endowment funds	3,864,417				3,864,417	3,590,629
<b>Endowment Net Assets</b>	<b>\$ 3,864,417</b>	<b>\$ 2,632,296</b>	<b>\$ 593,267</b>	<b>\$ 3,225,563</b>	<b>\$ 7,089,980</b>	<b>\$ 6,760,332</b>

Changes to endowment net assets for the years ended June 30 are as follows:

	Without Donor Restrictions	With Donor Restrictions		Total With Donor Restrictions	2020 Total	2019 Total
		Endowment Corpus	Accumulated Earnings			
Endowment net assets, beginning of year	\$ 3,590,629	\$ 2,621,093	\$ 548,610	\$ 3,169,703	\$ 6,760,332	\$ 6,484,754
Endowment investment return	99,685		151,532	151,532	251,217	282,189
Contributions and designations	255,000	11,203		11,203	266,203	272,206
Appropriation of endowment for expenditure and transfer	(80,897)		(106,875)	(106,875)	(187,772)	(278,817)
<b>Endowment Net Assets, End of Year</b>	<b>\$ 3,864,417</b>	<b>\$ 2,632,296</b>	<b>\$ 593,267</b>	<b>\$ 3,225,563</b>	<b>\$ 7,089,980</b>	<b>\$ 6,760,332</b>

**Funds With Deficiencies** - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or PMIFA requires the Organization to retain as a fund of perpetual duration. There were no deficiencies of this nature as of June 30, 2020 and 2019.



## NORTHWEST KIDNEY CENTERS

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

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#### Note 15 - Continued

**Return Objectives and Risk Parameters** - The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period.

**Strategies Employed for Achieving Objectives** - To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization defines a total return strategy based on an asset mix of 17.5%-50% fixed income securities, 25%-65% equity holdings, and 0-47% alternative investments.

**Spending Policy and How the Investment Objectives Relate to Spending Policy** - The Organization has a policy of appropriating 4.5% of its endowment funds' average fair value over the prior three years through June preceding the fiscal year in which the distribution is planned. Appropriations are made in September of the fiscal year in which they are to be used. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

#### Note 16 - Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash, cash equivalents, and marketable debt and equity securities.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of kidney dialysis services and supporting kidney research as well as the conduct of services undertaken to support those activities to be general expenditures.

**NORTHWEST KIDNEY CENTERS**

**Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2020  
(With Comparative Totals for 2019)**

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**Note 16 - Continued**

As of June 30, the following table shows the financial assets held by the Organization that could readily be made available within 12 months of the date of the consolidated statement of financial position to meet general expenditures.

	<u>2020</u>	<u>2019</u>
<b>Financial Assets at Year End:</b>		
Cash and cash equivalents	\$ 5,082,091	\$ 6,892,040
Cash - provider relief funds to be returned	5,103,157	
Receivables, net	22,815,395	23,990,651
Investments	66,196,546	65,891,686
Deferred compensation investments	<u>717,798</u>	<u>897,255</u>
<b>Total Financial Assets</b>	<b>99,914,987</b>	<b>97,671,632</b>
Less amounts not available for general expenditure within 12 months-		
Cash - provider relief funds to be returned	(5,103,157)	
Long-term receivables	(820,537)	(1,564,190)
Board-designated and donor-restricted endowments	(7,089,981)	(6,760,332)
Deferred compensation investments	(717,798)	(897,255)
Plus budgeted appropriation from endowment earnings	<u>267,268</u>	<u>260,777</u>
<b>Financial Assets Available For General Expenditure Within 12 Months</b>	<b><u>\$ 86,450,782</u></b>	<b><u>\$ 88,710,632</u></b>

**Note 17 - Risks and Uncertainties**

In March 2020, the World Health Organization categorized COVID-19 as a global pandemic, prompting many national, regional, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. Dialysis treatments are deemed essential services and thus all clinics have remained open and fully operational, however the Organization did experience a decrease in referrals due to physician practices temporarily limiting access. As a result, the Organization has experienced limited negative impacts to its operating revenues. As of the date these financial statements were available to be issued, the COVID-19 pandemic was ongoing and the related governmental preventive and protective measures continued, and as a result, the related financial impact and duration of the pandemic cannot be reasonably estimated at this time.

## **NORTHWEST KIDNEY CENTERS**

### **Notes to Consolidated Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)**

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#### **Note 17 - Continued**

During the year ended June 30, 2020, the Organization received Provider Relief Funds of approximately \$7,772,000 from the Federal Government to be used to “prevent, prepare for and respond to coronavirus.” The Organization believes that it had met the conditions to entitlement and recognized revenue for approximately \$2,172,000 of the amount received, based on the available guidance from the Federal Government. The amount received but not yet recognized as revenue as of June 30, 2020 is approximately \$496,000, which is reflected as unearned grant funds on the consolidated statement of financial position at June 30, 2020. The Organization anticipates meeting the conditions and recognizing the revenue during fiscal year 2021. Subsequent to year end, the Organization returned approximately \$5,103,000 of the funds received. This is included in provider relief funds to be returned on the consolidated statement of financial position at June 30, 2020. Revenue from this grant is subject to audit required by the granting agency, which could result in adjustments to revenue. Any adjustments would be recorded at the time that such amounts could first be reasonably determined, normally upon notification by the government agency.

**SUPPLEMENTARY SCHEDULE**

## NORTHWEST KIDNEY CENTERS

### Consolidating Statement of Financial Position For the Year Ended June 30, 2020

	Northwest Kidney Centers	Northwest Kidney Care Alliance	Eliminations	2020 Total
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 5,082,091	\$ -	\$ -	\$ 5,082,091
Cash - provider relief funds to be returned	5,103,157			5,103,157
Current portion of receivables, net	20,493,402	1,000		20,494,402
Third party settlements receivable	1,500,456			1,500,456
Inventories	1,594,430			1,594,430
Prepaid expenses	1,222,392			1,222,392
Intercompany due (to) from	1,031,681	(1,031,681)		
<b>Total Current Assets</b>	<b>36,027,609</b>	<b>(1,030,681)</b>		<b>34,996,928</b>
Investments	59,106,565			59,106,565
Assets limited as to use - pledges for the acquisition of long-term assets	820,537			820,537
Assets limited as to use - board-designated endowment investments	3,864,417			3,864,417
Assets limited as to use - donor-restricted endowment investments	3,225,564			3,225,564
Deposits	138,915			138,915
Deferred compensation investments	717,798			717,798
Beneficial interest in split-interest agreements	1,656,181			1,656,181
Property and equipment, net	113,666,567			113,666,567
<b>Total Assets</b>	<b>\$ 219,224,153</b>	<b>\$ (1,030,681)</b>	<b>\$ -</b>	<b>\$ 218,193,472</b>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 3,491,285	\$ -	\$ -	\$ 3,491,285
Construction payables	1,233,553			1,233,553
Current portion of pledge to the University of Washington	1,393,248			1,393,248
Unearned provider relief funds	496,228			496,228
Provider relief funds to be returned	5,103,157			5,103,157
Accrued expenses	8,345,733			8,345,733
Current portion of long-term debt	2,935,640			2,935,640
<b>Total Current Liabilities</b>	<b>22,998,844</b>			<b>22,998,844</b>
Deferred compensation	717,798			717,798
Deferred tenant leasehold allowance	1,399,937			1,399,937
Deferred rent	1,323,234			1,323,234
Long-term pledge to the University of Washington, net	1,600,000			1,600,000
Interest rate swap contract	6,851,099			6,851,099
Long-term debt, net	54,777,252			54,777,252
<b>Total Liabilities</b>	<b>89,668,164</b>			<b>89,668,164</b>
Commitments and contingencies				
<b>Net Assets:</b>				
Without donor restrictions-				
Undesignated	115,419,222	(1,030,681)		114,388,541
Board designated	3,864,417			3,864,417
Total net assets without donor restrictions	119,283,639	(1,030,681)		118,252,958
With donor restrictions:				
Restricted for program purposes	5,390,605			5,390,605
Beneficial interest in split-interest agreements	1,656,181			1,656,181
Endowment corpus	2,632,296			2,632,296
Endowment accumulated appreciation	593,268			593,268
Total net assets with donor restrictions	10,272,350			10,272,350
<b>Total Net Assets</b>	<b>129,555,989</b>	<b>(1,030,681)</b>		<b>128,525,308</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 219,224,153</b>	<b>\$ (1,030,681)</b>	<b>\$ -</b>	<b>\$ 218,193,472</b>

See independent auditor's report.