Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2009

Open to Public Inspection

A For the 2009 calendar year, or tax year beginning January 1, 2009, and ending December 31, 20 09

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

Please use IRS label or print or type. See Specific Instructions.

C Name of organization Columbia Memorial Hospital Foundation
Doing Business As Columbia Memorial Hospital Foundation
Number and street (or P.O box if mail is not delivered to street address) 2111 Exchange Street | Room/suite
City or town, state or country, and ZIP + 4 Astoria, OR 97103

D Employer identification number 93 : 1091701
E Telephone number (503) 325-4321
G Gross receipts $ 422281

F Name and address of principal officer: Pat Roscoe, BOD-Chair
2111 Exchange Street Astoria, OR 97103

H(a) Is this a group return for affiliates? ☐ Yes ☑ No
H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list. (see instructions)
H(c) Group exemption number ▶

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

J Website: ▶ www.columbiamemorial.org

K Form of organization: ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶
L Year of formation: 1991
M State of legal domicile: OR

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities: Columbia Memorial Hospital Foundation establishes and maintains relationships that generate philanthropic support to enhance Columbia Memorial Hospital's ability to provide excellence in healthcare.

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

3	Number of voting members of the governing body (Part VI, line 1a)	3	15
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	14
5	Total number of employees (Part V, line 2a)	5	3
6	Total number of volunteers (estimate if necessary)	6	42
7a	Total gross unrelated business revenue from Part VIII, column (C), line 12	7a	0
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	204,037	325,036
	9	Program service revenue (Part VIII, line 2g)	0	0
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	32,233	9587
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	51,871	29,172
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	288,141	363,795
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	456,738	4,164
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	10,763	11,131
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 38,661		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	67,761	69,825
	18	Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	535,262	85,120
	19	Revenue less expenses. Subtract line 18 from line 12	-247,121	278,675

			Beginning of Current Year	End of Year
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	914,807	1,287,219
	21	Total liabilities (Part X, line 26)	294,447	232,656
	22	Net assets or fund balances. Subtract line 21 from line 20	620,361	1,054,563

RECEIVED
AUG 16 2010
OGDEN, UT
IRS-OSC

SCANNED SEP 07 2010

Part II Signature Block

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

Sign Here

▶ Signature of officer | 8/12/10 Date

▶ William G. Rivers, CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ | Date 8/5/10 | Check if self-employed ▶ ☐ | Preparer's identifying number (see instructions)

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ Delap LLP
4500 S.W. Kruse Way #200
Lake Oswego, OR 97035

EIN ▶
Phone no. ▶ (503) 697-448

May the IRS discuss this return with the preparer shown above? (see instructions) ☒ Yes ☐ No

917-18,19

17

Part III Statement of Program Service Accomplishments

1 Briefly describe the organization's mission:
Columbia Memorial Hospital Foundation establishes and maintains relationships that generate philanthropic support to enhance Columbia Memorial Hospital's ability to provide excellence in healthcare.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . ☐ Yes ☑ No
If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . ☐ Yes ☑ No
If "Yes," describe these changes on Schedule O.

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses $ 4,164 including grants of $ 4,164) (Revenue $ 0)
See Schedule O

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

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

4d Other program services. (Describe in Schedule O.)
(Expenses $ including grants of $) (Revenue $)

4e Total program service expenses ▶ 4,164

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	✓	
2	Is the organization required to complete Schedule B, Schedule of Contributors?	2	✓	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		✓
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities? *If "Yes," complete Schedule C, Part II*	4		✓
5	**Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations.** Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		✓
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		✓
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		✓
9	Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		✓
10	Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		✓
11	Is the organization's answer to any of the following questions "Yes"? *If so, complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable*	11	✓	
	• Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*			
	• Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*			
	• Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*			
	• Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*			
	• Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*			
	• Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48? *If "Yes," complete Schedule D, Part X.*			
12	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII.*	12		✓
12A	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," completing Schedule D, Parts XI, XII, and XIII is optional.* — 12A Yes ✓ No			
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		✓
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		✓
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Part I*	14b		✓
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Part II.*	15		✓
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Part III*	16		✓
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		✓
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18	✓	
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		✓
20	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20		✓

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

			Yes	No
21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II.*	21		✓
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	22		✓
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	23		✓
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25.*	24a		✓
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		✓
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		✓
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		✓
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		✓
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	25b		✓
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	26		✓
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	27		✓
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28a		✓
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28b		✓
c	An entity of which a current or former officer, director, trustee, or key employee of the organization (or a family member) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	28c		✓
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29		✓
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		✓
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		✓
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	32		✓
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? *If "Yes," complete Schedule R, Part I*	33		✓
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	34	✓	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	35		✓
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		✓
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	37		✓
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O.	38	✓	

Part V Statements Regarding Other IRS Filings and Tax Compliance

					Yes	No
1a	Enter the number reported in Box 3 of Form 1096, Annual Summary and Transmittal of U.S. Information Returns. Enter -0- if not applicable	1a	0			
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	✓	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	0			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b		
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file* this return. (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?			3a		✓
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a		✓
b	If "Yes," enter the name of the foreign country: ▶ N/A					
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			5a		✓
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		✓
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?			5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			6a		✓
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a	✓	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b		✓
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		✓
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d	N/A			
e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		✓
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			7f		✓
g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?			7g		✓
h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?			7h		✓
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b		
10	**Section 501(c)(7) organizations.** Enter:					
a	Initiation fees and capital contributions included on Part VIII, line 12	10a	N/A			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	N/A			
11	**Section 501(c)(12) organizations.** Enter:					
a	Gross income from members or shareholders	11a	N/A			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b	N/A			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b	N/A			

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body . . . 1a 15			
b	Enter the number of voting members that are independent . . . 1b 14			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		✓
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		✓
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?	4		✓
5	Did the organization become aware during the year of a material diversion of the organization's assets?	5		✓
6	Does the organization have members or stockholders?	6		✓
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a		✓
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b		✓
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:			
a	The governing body?	8a	✓	
b	Each committee with authority to act on behalf of the governing body?	8b	✓	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	9a		✓

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

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

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ▶ Guy Rivers, CFO 2111 Exchange Street, Astoria, OR 97103 (503) 325-4321

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

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

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year. Use Schedule J-2 if additional space is needed.

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

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

☐ Check this box if the organization did not compensate any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week	(C) Position: Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
Tami Aho, Board Member	4	✓						0	0	0
Deborah Armington, Board Member	4	✓						0	0	0
Max Bigby, Board Member	4	✓						0	0	0
K. David Carneiro, DMD, Board Member	4	✓						0	0	0
O. David Dickson, Board Member	4	✓						0	0	0
Kurt Englund, Board Member	4	✓						0	0	0
Terry Finklein, Board Member (Not independent, Officer of related org)	4	✓		✓				0	275,476	53,122
Pete Hackett, Board Member	4	✓						0	0	0
John Hopkins, Board Member	4	✓						0	0	0
John McLoughlin, Board Member	4	✓						0	0	0
Richard Parker, Board Member	4	✓						0	0	0
Walt Postlewait, Board Member	4	✓						0	0	0
Pat Roscoe, Board Member	4	✓						0	0	0
Betty Smith, Board Member	4	✓						0	0	0
Susan Trabucco, Board Member	4	✓						0	0	0
Nancy Veltkamp, Board Member (Non Voting)	4	✓						0	0	0

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

(A) Name and title	(B) Average hours per week	(C) Position (check all that apply): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
Guy Rivers, CFO Officer of Related Organization	40			✓					127712	19426
*Note: Compensation of Officers and Key Employees paid by related organization										
Columbia Lutheran Charities										
DBA Columbia Memorial Hospital EIN# 93-0583856										
1b Total . . . . ▶								0	403,188	72,548

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 0

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization.

(A) Name and business address	(B) Description of services	(C) Compensation
N/A	N/A	N/A

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶ 0

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts						
1a Federated campaigns	1a	0				
b Membership dues	1b	0				
c Fundraising events	1c	88,012				
d Related organizations	1d	0				
e Government grants (contributions)	1e	0				
f All other contributions, gifts, grants, and similar amounts not included above	1f	237,024				
g Noncash contributions included in lines 1a-1f: $		5,243				
h **Total.** Add lines 1a–1f ▶			325,036			
Program Service Revenue		Business Code				
2a N/A		0	0	0	0	0
b		0	0	0	0	0
c		0	0	0	0	0
d		0	0	0	0	0
e		0	0	0	0	0
f All other program service revenue		0	0	0	0	0
g **Total.** Add lines 2a–2f ▶			0			
Other Revenue						
3 Investment income (including dividends, interest, and other similar amounts) ▶			21,110	21,110	0	0
4 Income from investment of tax-exempt bond proceeds ▶			0	0	0	0
5 Royalties ▶			0	0	0	0
	(i) Real	(ii) Personal				
6a Gross Rents	0	0				
b Less: rental expenses	0	0				
c Rental income or (loss)	0	0				
d Net rental income or (loss) ▶			0	0	0	0
	(i) Securities	(ii) Other				
7a Gross amount from sales of assets other than inventory	11,477	0				
b Less: cost or other basis and sales expenses	23,000	0				
c Gain or (loss)	-11,523	0				
d Net gain or (loss) ▶			-11,523	-11,523	0	0
8a Gross income from fundraising events (not including $ 88,012 of contributions reported on line 1c) See Part IV, line 18	a	64,658				
b Less: direct expenses	b	35,486				
c Net income or (loss) from fundraising events ▶			29,172	29,172	0	0
9a Gross income from gaming activities. See Part IV, line 19	a	0				
b Less: direct expenses	b	0				
c Net income or (loss) from gaming activities ▶			0	0	0	0
10a Gross sales of inventory, less returns and allowances	a	0				
b Less: cost of goods sold	b	0				
c Net income or (loss) from sales of inventory ▶			0	0	0	0
Miscellaneous Revenue		Business Code				
11a N/A		0	0	0	0	0
b		0	0	0	0	0
c		0	0	0	0	0
d All other revenue		0	0	0	0	0
e **Total.** Add lines 11a–11d ▶			0			
12 **Total revenue.** See instructions. ▶			363,795	38,759	0	0

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21	4,164	4,164		
2 Grants and other assistance to individuals in the U.S. See Part IV, line 22	0	0		
3 Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16	0	0		
4 Benefits paid to or for members	0	0		
5 Compensation of current officers, directors, trustees, and key employees	0	0	0	0
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0	0	0	0
7 Other salaries and wages	11,131	0	6,535	4,596
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	0	0	0	0
9 Other employee benefits	0	0	0	0
10 Payroll taxes	0	0	0	0
11 Fees for services (non-employees):				
a Management	0	0	0	0
b Legal	0	0	0	0
c Accounting	0	0	0	0
d Lobbying	0	0	0	0
e Professional fundraising services. See Part IV, line 17	0			0
f Investment management fees	7,196	0	7,196	0
g Other	29,424	0	27,550	1,874
12 Advertising and promotion	107	0	0	107
13 Office expenses	17,316	0	19	17,297
14 Information technology	795	0	795	0
15 Royalties	0	0	0	0
16 Occupancy	0	0	0	0
17 Travel	8,393	0	0	8,393
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0	0	0	0
19 Conferences, conventions, and meetings	0	0	0	0
20 Interest	0	0	0	0
21 Payments to affiliates	0	0	0	0
22 Depreciation, depletion, and amortization	0	0	0	0
23 Insurance	0	0	0	0
24 Other expenses. Itemize expenses not covered above. (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below.)				
a Equipment Rental	275	0	0	275
b In Kind Fundraising Expenses	5,243	0	0	5,243
c		0	0	0
d		0	0	0
e		0	0	0
f All other expenses	1,076	0	200	876
25 Total functional expenses. Add lines 1 through 24f	85,120	4,164	42,295	38,661
26 **Joint costs.** Check here ▶ ☐ if following SOP 98-2. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation	0	0	0	0

Part X Balance Sheet

			(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing	0	1	0
	2	Savings and temporary cash investments	136,883	2	160,513
	3	Pledges and grants receivable, net	6,490	3	167,472
	4	Accounts receivable, net	0	4	0
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	0	5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L	0	6	0
	7	Notes and loans receivable, net	0	7	0
	8	Inventories for sale or use	0	8	0
	9	Prepaid expenses and deferred charges	0	9	2,292
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D — 10a: 0			
	b	Less: accumulated depreciation — 10b: 0	0	10c	0
	11	Investments—publicly traded securities	0	11	0
	12	Investments—other securities. See Part IV, line 11	0	12	0
	13	Investments—program-related. See Part IV, line 11	771,434	13	956,942
	14	Intangible assets	0	14	0
	15	Other assets. See Part IV, line 11	0	15	0
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	914,807	16	1,287,219
Liabilities	17	Accounts payable and accrued expenses	69,125	17	50,282
	18	Grants payable	0	18	0
	19	Deferred revenue	16,000	19	0
	20	Tax-exempt bond liabilities	0	20	0
	21	Escrow or custodial account liability. Complete Part IV of Schedule D	0	21	0
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L	0	22	0
	23	Secured mortgages and notes payable to unrelated third parties	0	23	0
	24	Unsecured notes and loans payable to unrelated third parties	0	24	0
	25	Other liabilities. Complete Part X of Schedule D	209,321	25	182,374
	26	**Total liabilities.** Add lines 17 through 25	294,447	26	232,656
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**			
	27	Unrestricted net assets	454,372	27	688,873
	28	Temporarily restricted net assets	165,989	28	365,690
	29	Permanently restricted net assets	0	29	0
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.			
	30	Capital stock or trust principal, or current funds	0	30	0
	31	Paid-in or capital surplus, or land, building, or equipment fund	0	31	0
	32	Retained earnings, endowment, accumulated income, or other funds	0	32	0
	33	Total net assets or fund balances	620,361	33	1,054,563
	34	Total liabilities and net assets/fund balances	914,807	34	1,287,219

Part XI Financial Statements and Reporting

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

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No. 1545-0047

2009

Open to Public Inspection

Name of the organization	Employer identification number
Columbia Memorial Hospital Foundation	93 1091701

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

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

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E.)
3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: ____________
5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
8 ☐ A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
9 ☐ An organization that normally receives: (1) more than 33⅓ % of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33⅓ % of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)
10 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
11 ☑ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h.

a ☑ Type I b ☐ Type II c ☐ Type III–Functionally integrated d ☐ Type III–Other

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

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

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

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

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

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
Columbia Lutheran Charities, dba CMH	93-0583856	3	✓		✓		✓		4164
Total									4164

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						N/A
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						N/A
3 The value of services or facilities furnished by a governmental unit to the organization without charge						N/A
4 **Total.** Add lines 1 through 3						N/A
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						N/A
6 **Public support.** Subtract line 5 from line 4.						N/A

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
7 Amounts from line 4						N/A
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						N/A
9 Net income from unrelated business activities, whether or not the business is regularly carried on						N/A
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						N/A
11 **Total support.** Add lines 7 through 10						N/A

12 Gross receipts from related activities, etc. (see instructions) . . . . 12 N/A

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

Section C. Computation of Public Support Percentage

14 Public support percentage for 2009 (line 6, column (f) divided by line 11, column (f)) . . . . 14 N/A %

15 Public support percentage from 2008 Schedule A, Part II, line 14 . . . . 15 N/A %

16a **33⅓% support test—2009.** If the organization did not check the box on line 13, and line 14 is 33⅓% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization . . . ▶ ☐

b **33⅓% support test—2008.** If the organization did not check a box on line 13 or 16a, and line 15 is 33⅓% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization . . . ▶ ☐

17a **10%-facts-and-circumstances test—2009.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . ▶ ☐

b **10%-facts-and-circumstances test—2008.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . ▶ ☐

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

Part III Support Schedule for Organizations Described in Section 509(a)(2)
(Complete only if you checked the box on line 9 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						N/A
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						N/A
3 Gross receipts from activities that are not an unrelated trade or business under section 513						N/A
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						N/A
5 The value of services or facilities furnished by a governmental unit to the organization without charge						N/A
6 **Total.** Add lines 1 through 5						N/A
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						N/A
b *Amounts included on lines 2 and 3 received* from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						N/A
c Add lines 7a and 7b						N/A
8 **Public support** (Subtract line 7c from line 6)						N/A

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
9 Amounts from line 6						N/A
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						N/A
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						N/A
c Add lines 10a and 10b						N/A
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						N/A
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)						N/A
13 **Total support.** (Add lines 9, 10c, 11, and 12.)						N/A

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

Section C. Computation of Public Support Percentage

15	Public support percentage for 2009 (line 8, column (f) divided by line 13, column (f))	15	N/A %
16	Public support percentage from 2008 Schedule A, Part III, line 15	16	N/A %

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2009** (line 10c, column (f) divided by line 13, column (f))	17	N/A %
18	Investment income percentage from **2008** Schedule A, Part III, line 17	18	N/A %

19a **33⅓ % support tests—2009.** If the organization did not check the box on line 14, and line 15 is more than 33⅓ %, and line 17 is not more than 33⅓ %, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

b **33⅓ % support tests—2008.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33⅓ %, and line 18 is not more than 33⅓ %, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶ ☐

Part IV **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Provide any other additional information. See instructions.

N/A

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2009

Open to Public Inspection

Name of the organization: Columbia Memorial Hospital Foundation

Employer identification number: 93 : 1091701

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

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

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

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

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

1 Purpose(s) of conservation easements held by the organization (check all that apply).

☐ Preservation of land for public use (e.g., recreation or pleasure) ☐ Preservation of an historically important land area

☐ Protection of natural habitat ☐ Preservation of a certified historic structure

☐ Preservation of open space

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

		Held at the End of the Tax Year
a Total number of conservation easements	2a	
b Total acreage restricted by conservation easements	2b	
c Number of conservation easements on a certified historic structure included in (a)	2c	
d Number of conservation easements included in (c) acquired after 8/17/06	2d	

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2a Did the organization include an amount on Form 990, Part X, line 21? . . . ☐ Yes ☐ No
b If "Yes," explain the arrangement in Part XIV

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

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

2 Provide the estimated percentage of the year end balance held as:
a Board designated or quasi-endowment ► .... %
b Permanent endowment ► .... %
c Term endowment ► .... %

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

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

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

Part VI Investments—Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings				
c Leasehold improvements				
d Equipment				
e Other				
Total. Add lines 1a through 1e. *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ►				

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

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

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
Board Designated- to fund future hospital		
programs and equipment	686,850	End-of-Year Market Value
Charitable Gift Annuity Trust	270,092	End-of-Year Market Value
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13) ▶	956,942	

Part IX Other Assets. See Form 990, Part X, line 15.

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

Part X Other Liabilities. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Amount
Federal income taxes	0
Annuities Payable Long-Term Portion	182,374
Total. (Column (b) must equal Form 990, Part X, col (B) line 25.) ▶	182,374

2. FIN 48 Footnote. In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48.

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	363,795
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	85,120
3	Excess or (deficit) for the year. Subtract line 2 from line 1	3	278,675
4	Net unrealized gains (losses) on investments	4	111,170
5	Donated services and use of facilities	5	0
6	Investment expenses	6	0
7	Prior period adjustments	7	0
8	Other (Describe in Part XIV.)	8	44,357
9	Total adjustments (net). Add lines 4 through 8	9	155,527
10	Excess or (deficit) for the year per audited financial statements. Combine lines 3 and 9	10	434,202

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements			1	551,547
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:				
a	Net unrealized gains on investments	2a	111,170		
b	Donated services and use of facilities	2b	239,357		
c	Recoveries of prior year grants	2c	0		
d	Other (Describe in Part XIV.)	2d	109,014		
e	Add lines 2a through 2d			2e	459,541
3	Subtract line 2e from line 1			3	92,006
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	242,617		
b	Other (Describe in Part XIV.)	4b	29,172		
c	Add lines 4a and 4b			4c	271,789
5	Total revenue. Add lines 3 and 4c. *(This must equal Form 990, Part I, line 12.)*			5	363,795

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements			1	355,800
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:				
a	Donated services and use of facilities	2a	239,357		
b	Prior year adjustments	2b	0		
c	Other losses	2c	0		
d	Other (Describe in Part XIV.)	2d	35,486		
e	Add lines 2a through 2d			2e	274,679
3	Subtract line 2e from line 1			3	84,290
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	3,333		
b	Other (Describe in Part XIV.)	4b	830		
c	Add lines 4a and 4b			4c	4,163
5	Total expenses. Add lines 3 and 4c. *(This must equal Form 990, Part I, line 18.)*			5	85,120

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

Part XI Line 8: Charitable Gift Annuity Trust, restricted fund net change in value $44,357

Part XII Line 2a: Net Unrealized Gains on Investments $111,170

Part XII Line 2b: In Kind Support from Columbia Memorial Hospital (related organization) $239,357

Part XII Line 2d: Fund-raising Events Gross Income $64,658 (See Sch G) and restricted other income $44,356

Part XII Line 4b: Restricted Contributions and Grants $198,261 and Restricted Other Income $44,356

Part XII Line 4b: Fund-raising Events Net Income $29,172 (See Sch G)

Part XIII Line 2a: In Kind Support from Columbia Memorial Hospital (related organization) $239,357

Part XIV **Supplemental Information** *(continued)*

Part XIII Line 2d: Fund-raising Events Direct Expenses $35,486 (See Sch G)

Part XIII Line 4a: CMH Foundation Contribution to CMH $3,333-Net Assets released from restriction

Part XIII Line 4b: CMH Foundation Contribution to CMH $830-Net Assets released from restriction not included in audited consolidating statement of operations

SCHEDULE G
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2009

Open To Public Inspection

Name of the organization: Columbia Memorial Hospital Foundation

Employer identification number: 93 1091701

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17. Form 990-EZ filers are not required to complete this part.

1 Indicate whether the organization raised funds through any of the following activities. Check all that apply.

a ☐ Mail solicitations
b ☐ Internet and email solicitations
c ☐ Phone solicitations
d ☐ In-person solicitations
e ☐ Solicitation of non-government grants
f ☐ Solicitation of government grants
g ☐ Special fundraising events

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☐ Yes ☐ No

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization.

(i) Name of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions? Yes	No	(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col. (i)	(vi) Amount paid to (or retained by) organization
Total ▶						

3 List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing.

Part II **Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than $15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than $5,000.

		(a) Event #1 Columbia Invitatio (event type)	(b) Event #2 (event type)	(c) Other events (total number)	(d) Total events (add col. (a) through col. (c))
Revenue	1 Gross receipts	152,670			152,670
	2 Less: Charitable contributions	88,012			88,012
	3 Gross income (line 1 minus line 2)	64,658			64,658
Direct Expenses	4 Cash prizes	0			0
	5 Noncash prizes	2,054			2,054
	6 Rent/facility costs	7,297			7,297
	7 Food and beverages	10,173			10,173
	8 Entertainment	350			350
	9 Other direct expenses	15,612			15,612
	10 Direct expense summary. Add lines 4 through 9 in column (d) ▶				(35,486)
	11 Net income summary. Combine line 3, column (d), and line 10 ▶				29,172

Part III **Gaming.** Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than $15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col. (a) through col. (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Noncash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes ______% ☐ No	☐ Yes ______% ☐ No	☐ Yes ______% ☐ No	
	7 Direct expense summary. Add lines 2 through 5 in column (d) ▶				( )
	8 Net gaming income summary. Combine line 1, column d, and line 7 ▶				

			Yes	No
9	Enter the state(s) in which the organization operates gaming activities: ______			
a	Is the organization licensed to operate gaming activities in each of these states?	9a		
b	If "No," explain: ______			
10a	Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year?	10a		
b	If "Yes," explain: ______			
11	Does the organization operate gaming activities with nonmembers?	11		
12	Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?	12		

			Yes	No
13 Indicate the percentage of gaming activity operated in:				
a The organization's facility	13a	%		
b An outside facility	13b	%		
14 Enter the name and address of the person who prepares the organization's gaming/special events books and records:				
Name ►				
Address ►				
15a Does the organization have a contract with a third party from whom the organization receives gaming revenue?		15a		
b If "Yes," enter the amount of gaming revenue received by the organization ► $ ______ and the amount of gaming revenue retained by the third party ► $ ______ .				
c If "Yes," enter name and address of the third party:				
Name ►				
Address ►				
16 Gaming manager information:				
Name ►				
Gaming manager compensation ► $				
Description of services provided ►				
☐ Director/officer ☐ Employee ☐ Independent contractor				
17 Mandatory distributions:				
a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?		17a		
b Enter the amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ► $				

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047
2009
Open to Public Inspection

Name of the organization: Columbia Memorial Hospital Foundation

Employer identification number: 93 1091701

Part I **Identification of Disregarded Entities** (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity
Columbia Lutheran Charities DBA Columbia Memorial Hospital 2111 Exchange Street, Astoria OR 97103 EIN: 93-0583856	Health Care Provider	Oregon	501(c)(3)	3	N/A

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35, or 36.)

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

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

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

	(a) Name of other organization	(b) Transaction type (a–r)	(c) Amount involved
(1)	Columbia Lutheran Charities DBA Columbia Memorial Hospital (In-kind contribution not including salary)	C	126,294
(2)	Columbia Lutheran Charities DBA Columbia Memorial Hospital (Revenue raised for hospital through fundraising activities)	K	407,949
(3)	Columbia Lutheran Charities DBA Columbia Memorial Hospital (In-kind contribution salary portion)	N	113,063
(4)			
(5)			
(6)			

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) Disproportionate allocations?		(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No

SCHEDULE O
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.

▶ Attach to Form 990.

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization	Employer identification number
Columbia Memorial Hospital Foundation	93 1091701

Columbia Memorial Hospital Foundation (CMHF), was created to support Columbia Lutheran Charities DBA Columbia Memorial Hospital (CMH), EIN# 93-0583856. Fundraising revenues are released annually to CMH to cover the costs of certain programs and equipment. Salaries, payroll taxes, benefits and other administrative expenses are paid by CMH as an in-kind contribution to CMHF. CMHF is ultimately governed by CMH and therefore CMHF must follow all policies and procedures of CMH.

Form 990, Part V, Line 1a, b, c, and 2a: Since all Accounts Payable, Payroll, and Payroll Taxes are initially paid by CMH, all 1099, 1096, W-2 and W3 forms are filed by CMH. Some fundraising expenses are later reimbersed by CMHF as noted in Schedule R.

CMH Policies governing CMHF for 990 Part VI sections B and C, and for 990 Part XI Line 2c:

Form 990, Part VI, Section B, Line 11A: A draft of the 990 is mailed to all Board of Trustee members one week prior to the Board meeting date. The 990 is reviewed and discussed at the Board Finance Committee meeting and approval from the Board is obtained prior to finalizing and filing the return.

Form 990, Part VI, Section B, Line 12c: The conflict of interest policy is reviewed by the Board of Trustees, Officers, and Key Employees annually. All Board members, Officers, and Key Employees must sign and date the conflict of interest policy acknowledgement, questionnaire, and disclosure statement. Any potential or actual conflicts of interest at the Board or Officer level are discussed at a Board meeting. Actual conflicts of interest are addressed, documented, and filed in the confidential personnel file.

Form 990, Part VI, Section B, Line 15b: Compensation of all Officers is reviewed with comparability data by a third party consultant. The results of the study are reviewed and discussed at a Board of Trustees meeting.

Form 990, Part VI, Section C, Line 19: The organization's governing documents, conflict of interest policy, and financial information reported in the 990 are available upon request at Columbia Memorial Hospital.

Name of the organization: Columbia Memorial Hospital Foundation

Employer identification number: 93 1091701

Form 990, Part XI, Line 2c: The Board of Trustees Finance Committee assumes responsibility for the oversight of the audit, review, and selection of an independent audit firm. Traditionally, a three year contract with a selected audit firm is approved. Annually, a special Board meeting is held and the audit firm presents the audited financial statements to the Board of Trustees. During the meeting, the Board members are given the opportunity to ask questions without Management present. Follow-up information on the Management Letter Recommendations is also presented semi-annually to the Board Finance Committee.

Form 990 Part III Line 4: Statement of Program Service Accomplishments

In support of Columbia Memorial Hospital (ID# 93-0583856), Columbia Memorial Hospital Foundation (CMHF) raised funds with the help of many volunteers, community members, and employees during numerous fundraisers such as the Foundation's Annual Golf Tournament and Auction, the Year End Annual Support Campaign, and other generous grants and donations. During 2009, CMHF released restricted funds of $4,164 and raised an additional $398,242 in restricted funds for the Surgery Center and other hospital additions scheduled for completion in 2010.

The monies released went toward several exciting additions and meaningful contributions to Columbia Memorial Hospital. Among these additions, a total of $2,000 was raised for a new CADD Ambulatory Infusion Pump for Hospice, $770 was used to pay for 6 uninsured patient mammograms as part of the Breast Cancer program, and $500 went toward a new Specimen Processing area in the CMH Lab. Further, $345 was raised for the Women's Center to purchase a digital camera to take photographs of the newborn babies, $300 was used in the remodel of the Same Day Surgery rooms and $250 went toward the transportation costs for cancer patients traveling to large cities for cancer treatment.

With the remaining monies raised during 2009, CMHF has built up a fund balance in order to assist with the 2010 capital projects which include a new Surgery Center, updated Surgical Equipment, Emergency Room remodel and the construction of a new Professional Office Building.

COLUMBIA MEMORIAL HOSPITAL
Serving People Touching Lives

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiary

Consolidated Financial Statements and Additional Information

Years Ended December 31, 2009 and 2008

COLUMBIA LUTHERAN CHARITIES
dba COLUMBIA MEMORIAL HOSPITAL
AND SUBSIDIARY

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION

Years ended December 31, 2009 and 2008

delap

503 697 4118 — DELAPCPA COM — 4500 SW KRUSE WAY, No 200 — LAKE OSWEGO, OR 97035

REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees of
Columbia Lutheran Charities,
dba Columbia Memorial Hospital

We have audited the accompanying consolidated balance sheet of Columbia Lutheran Charities, dba Columbia Memorial Hospital, and subsidiary (collectively, "Charities") (Oregon nonprofit corporations) as of December 31, 2009, and the related consolidated statements of operations, changes in net assets, and cash flows for the year then ended. These consolidated financial statements are the responsibility of Charities' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of Charities as of and for the year ended December 31, 2008, were audited by Symonds, Evans & Company, P.C., who merged with Delap LLP as of June 1, 2009, and whose report dated March 25, 2009, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of Charities' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2009 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Columbia Lutheran Charities, dba Columbia Memorial Hospital, and subsidiary as of December 31, 2009, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

DELAP LLP

March 24, 2010

COLUMBIA LUTHERAN CHARITIES
dba COLUMBIA MEMORIAL HOSPITAL
AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

December 31, 2009 and 2008

ASSETS	2009	2008
Current assets:		
Cash and cash equivalents	$ 869,861	$ 1,057,484
Assets limited as to use	6,229,876	4,689,896
Patient accounts receivable, net of allowance for doubtful accounts of $1,889,000 ($1,726,000 in 2008)	11,614,704	8,849,017
Supplies inventory	692,384	646,109
Estimated third-party payor settlements receivable, net	–	329,000
Prepaid expenses and other current assets	1,440,726	1,199,935
Total current assets	20,847,551	16,771,441
Assets limited as to use, net of current portion	12,535,690	13,722,370
Property and equipment, net	22,320,496	22,727,651
Rental and other property held for future development, net of accumulated depreciation and amortization of $1,511,995 ($1,363,521 in 2008)	1,317,351	1,465,825
Other assets, net	1,628,843	1,695,563
Total assets	$ 58,649,931	$ 56,382,850
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 1,117,806	$ 1,451,750
Accrued liabilities:		
Payroll, payroll taxes, and withholdings	754,156	945,293
Earned leave	1,404,366	1,299,629
Other	1,398,302	1,366,218
Estimated third-party payor settlements payable, net	663,000	–
Current portion of long-term debt due to short-term remarketing arrangements (Note 4)	5,105,000	3,587,805
Other current portion of long-term debt	1,305,000	1,255,000
Total current liabilities	11,747,630	9,905,695
Long-term debt, net of current portion	15,212,676	18,005,657
Accrued retirement plan liability	6,652,856	8,478,901
Other liabilities	773,629	883,936
Total liabilities	34,386,791	37,274,189
Net assets:		
Unrestricted	23,897,450	18,982,255
Temporarily restricted	365,690	126,406
Total net assets	24,263,140	19,108,661
Total liabilities and net assets	$ 58,649,931	$ 56,382,850

See accompanying notes.

COLUMBIA LUTHERAN CHARITIES
dba COLUMBIA MEMORIAL HOSPITAL
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended December 31, 2009 and 2008

	2009	2008
Unrestricted revenue:		
Net patient service revenue	$ 52,886,494	$ 47,427,683
Other revenue	1,259,993	972,831
Total unrestricted revenue	54,146,487	48,400,514
Expenses:		
Salaries and benefits	30,067,477	25,008,782
Medical and other supplies	6,087,181	5,023,348
Provision for bad debts	4,803,931	3,941,146
Professional fees	3,007,305	3,653,851
Depreciation and amortization related to Hospital operations	2,959,535	2,506,509
Interest	289,305	514,106
Purchased services and other	5,491,692	6,656,204
Total expenses	52,706,426	47,303,946
Operating income	1,440,061	1,096,568
Other income (expenses):		
Investment income (loss), net	2,188,403	(2,186,289)
Change in fair value of interest rate swap agreement	–	476,608
Other, net	(655,952)	(733,435)
Total other income (expenses), net	1,532,451	(2,443,116)
Excess (deficit) of revenue over expenses	2,972,512	(1,346,548)
Change in net unrealized gains and losses on other than trading securities	(14,488)	14,651
Net assets released from restrictions used for equipment acquisitions	3,333	275,538
Increase (decrease) in unrestricted net assets before defined benefit retirement plan adjustment	2,961,357	(1,056,359)
Adjustment for net gain (loss) on defined benefit retirement plan	1,953,838	(6,698,064)
Increase (decrease) in unrestricted net assets	$ 4,915,195	$ (7,754,423)

See accompanying notes.

COLUMBIA LUTHERAN CHARITIES
dba COLUMBIA MEMORIAL HOSPITAL
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Years ended December 31, 2009 and 2008

	Unrestricted	Temporarily restricted	Total
Net assets at December 31, 2007	$ 26,736,678	$ 395,415	$ 27,132,093
Deficit of revenue over expenses	(1,346,548)	–	(1,346,548)
Change in net unrealized gains and losses on other than trading securities	14,651	–	14,651
Net assets released from restrictions used for equipment acquisitions	275,538	(275,538)	–
Adjustment for net loss on defined benefit retirement plan	(6,698,064)	–	(6,698,064)
Restricted contributions and grants	–	95,659	95,659
Restricted other losses	–	(89,130)	(89,130)
Decrease in net assets	(7,754,423)	(269,009)	(8,023,432)
Net assets at December 31, 2008	18,982,255	126,406	19,108,661
Excess of revenue over expenses	2,972,512	–	2,972,512
Change in net unrealized gains and losses on other than trading securities	(14,488)	–	(14,488)
Net assets released from restrictions used for equipment acquisitions	3,333	(3,333)	–
Adjustment for net gain on defined benefit retirement plan	1,953,838	–	1,953,838
Restricted contributions and grants	–	198,261	198,261
Restricted other income	–	44,356	44,356
Increase in net assets	4,915,195	239,284	5,154,479
Net assets at December 31, 2009	$ 23,897,450	$ 365,690	$ 24,263,140

See accompanying notes.

COLUMBIA LUTHERAN CHARITIES
dba COLUMBIA MEMORIAL HOSPITAL
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Increase (decrease) in net assets	$ 5,154,479	$ (8,023,432)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Provision for bad debts	4,803,931	3,941,146
Depreciation and amortization	3,104,039	2,585,227
Losses on disposals of property and equipment, net	10,400	680,031
Change in net unrealized gains and losses on other than trading securities	14,488	(14,651)
Restricted contributions, grants, and other income (losses), net	242,617	(6,529)
Change in fair value of interest rate swap agreement	-	(476,608)
Changes in certain operating assets and liabilities:		
Patient accounts receivable	(7,569,618)	(4,596,287)
Decrease (increase) in assets limited as to use classified as trading securities, net	(1,990,256)	2,605,317
Supplies inventory	(46,275)	(140,306)
Estimated third-party payor settlements receivable, net	329,000	(79,000)
Prepaid expenses and other current assets	(240,791)	(19,794)
Other assets	39,883	(646,484)
Accounts payable	(333,944)	(1,814,565)
Accrued liabilities	(54,316)	909,548
Estimated third-party payor settlements payable, net	663,000	-
Accrued retirement plan liability	(1,826,045)	5,556,323
Other liabilities	(110,307)	(193,643)
Net cash provided by operating activities	2,190,285	266,293
Cash flows from investing activities:		
Decrease in assets limited as to use classified as other than trading securities, net	1,622,468	7,331,858
Purchases of property and equipment and rental and other property	(2,502,759)	(5,955,193)
Proceeds from sales of property and equipment	-	(1,600)
Net cash provided by (used in) investing activities	(880,291)	1,375,065
Cash flows from financing activities:		
Payments on long-term debt	(1,255,000)	(1,200,000)
Proceeds from temporarily restricted contributions, grants, and other losses (income), net	(242,617)	6,529
Net cash used in financing activities	(1,497,617)	(1,193,471)
Net increase (decrease) in cash and cash equivalents	(187,623)	447,887
Cash and cash equivalents at beginning of year	1,057,484	609,597
Cash and cash equivalents at end of year	$ 869,861	$ 1,057,484

See accompanying notes.

COLUMBIA LUTHERAN CHARITIES
dba COLUMBIA MEMORIAL HOSPITAL
AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009

1. Business, organization, and summary of significant accounting policies

Business and organization: Columbia Lutheran Charities, dba Columbia Memorial Hospital (the Hospital), is an Oregon nonprofit corporation located in Astoria, Oregon. The Hospital provides various healthcare and healthcare related services primarily to citizens of Astoria, Oregon and to others in the northwestern Oregon and southwestern Washington areas.

The Hospital is the sole member of Columbia Memorial Hospital Foundation (the Foundation), a separate Oregon nonprofit corporation, which was formed for the purpose of organizing capital campaigns and strategies for financing specific projects for the Hospital.

Principles of consolidation: The accompanying consolidated financial statements include the accounts and transactions of the Hospital and its subsidiary, the Foundation (collectively, "Charities"). All significant intercompany accounts and transactions have been eliminated in consolidation.

Method of accounting: The accompanying consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States (GAAP) using the accrual method of accounting which recognizes revenue, income, and gains when earned and expenses and losses when incurred. The preparation of consolidated financial statements in conformity with GAAP requires management of Charities (Management) to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue, income, gains, expenses, and losses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: Cash and cash equivalents include investments in highly liquid debt instruments with remaining maturities of three months or less at the time of purchase by Charities, excluding assets limited as to use.

Charities maintains its bank accounts at one financial institution. Charities' non-interest bearing bank balances at this financial institution are protected by unlimited insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC) through June 30, 2010. Charities' interest bearing accounts at this financial institution are insured by the FDIC up to $250,000. At December 31, 2009, none of Charities' bank balances exceeded FDIC coverage.

1. Business, organization, and summary of significant accounting policies (continued)

In addition, cash and cash equivalents as of December 31, 2009 include investments in highly liquid money market funds held in investment brokerage accounts. Management believes that its credit risk with respect to these funds is minimal due to the financial strength of the investment brokers and the diversity of the underlying securities.

Assets limited as to use: Assets limited as to use consist of assets designated by the Hospital's Board of Trustees (the Board) for future capital acquisitions, hospice, and chaplaincy (over which the Board retains control and may, at its discretion, subsequently use for other purposes); investments held by the Foundation (including assets held in a charitable gift annuity trust); and assets held by trustees under bond indenture agreements (see Notes 2 and 4).

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying consolidated balance sheets. Investment income or loss (including interest, dividends, and realized gains and losses on sales of investments) is included in the excess (deficit) of revenue over expenses unless the income or loss is restricted by donor or law. The change in net unrealized gains or losses on investments is excluded from the excess (deficit) of revenue over expenses unless the investments are trading securities or an unrealized loss is considered to be other-than-temporary. Trading securities are debt and equity securities that Charities buys and holds principally to sell in the near term. At December 31, 2009 and 2008, all of Charities' investment securities – other than investments held by trustees – are classified as trading securities. Charities' gross unrealized losses on investment securities classified as other than trading were not significant at December 31, 2009 and 2008.

As of December 31, 2009, Charities had investments in mutual funds, cash and cash equivalents, municipal bonds, and U.S. Government agency securities (see Note 2). Management believes that Charities' credit risk with respect to these investments is minimal due to the diversity of the individual investments, FDIC insurance coverage, and the financial strength of the U.S. Government or the other entities which have issued the securities or instruments. However, due to changes in economic conditions, interest

1. Business, organization, and summary of significant accounting policies (continued)

rates, and common stock prices, the fair value of Charities' investments can be volatile. Consequently, the fair value of Charities' investments can significantly change in the near term as a result of such volatility.

Patient accounts receivable and allowance for doubtful accounts: The collection of receivables from third-party payors and patients is the Hospital's primary source of cash and is critical to its operating performance. When the Hospital provides care to patients, it does not require collateral; however, it maintains an estimated allowance for doubtful accounts. The primary collection risks relate to uninsured patient accounts and patient accounts for which the primary insurance payor has paid, but patient responsibility amounts (generally deductibles and co-payments) remain outstanding. The allowance for doubtful accounts is estimated based primarily upon the Hospital's historical collection experience, the age of patients' accounts, Management's estimate of the patient's economic ability to pay, and the effectiveness of collection efforts. Patient accounts receivable balances are routinely reviewed in conjunction with historical collection rates and other economic conditions which might ultimately affect the collectibility of patient accounts when considering the adequacy of the amounts recorded in the allowance for doubtful accounts. Actual write-offs have historically been within Management's expectations. Significant changes in payor mix, business office operations, economic conditions, or trends in federal and state governmental healthcare coverage could affect the Hospital's collection of patient accounts receivable, cash flows, and results of operations.

Significant concentrations of gross patient accounts receivable as of December 31, 2009 and 2008 were approximately as follows:

	2009	2008
Medicare	35%	25%
Oregon Health Plan (OHP) and Medicaid	11	13
Other third-party payors	6	7
Self-pay and commercial insurance	48	55
	100%	100%

Supplies inventory: Supplies inventory is generally recorded at the lower of weighted-average cost (first-in, first-out method) or market.

1. Business, organization, and summary of significant accounting policies (continued)

Property and equipment: Property and equipment acquisitions (including acquisitions of rental and other property held for future development) are recorded at cost. Donated property and equipment items are recorded on the basis of estimated fair value at the date of their donation. Improvements and replacements of property and equipment are capitalized. Routine maintenance and repairs are charged to expense as incurred.

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Net interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

Management reviews property and equipment for possible impairment whenever events or circumstances indicate that the carrying amount of such assets may not be recoverable. If there is an indication of impairment, Management would prepare an estimate of future cash flows (undiscounted and without interest charges) expected to result from the use of the asset and its eventual disposition. If these cash flows were less than the carrying amount of the asset, an impairment loss would be recognized to write down the asset to its estimated fair value.

Unamortized bond discounts: Unamortized bond discounts are amortized over the term of the related bonds using the interest method.

Temporarily restricted net assets: Temporarily restricted net assets are those whose use by Charities has been limited by donors to a specific purpose.

Net patient service revenue: The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements primarily include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts due from patients, third-party payors, and others for services rendered and includes estimates for potential retroactive revenue adjustments under reimbursement agreements with third-party payors. Such estimates are adjusted in future periods as final settlements are determined.

A significant portion of the Hospital's services is provided to Medicare, OHP, and Medicaid patients under contractual arrangements. The Hospital is a "critical access hospital" (CAH) for Medicare program purposes. As a CAH, the Hospital cannot operate

1. <u>Business, organization, and summary of significant accounting policies (continued)</u>

more than 25 beds, and the Hospital's average length of stay for acute care patients cannot exceed 96 hours. As a CAH, the Hospital is reimbursed for Medicare inpatient and outpatient services under a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after audits of the Hospital's annual cost reports by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been audited and final settled by the Medicare fiscal intermediary through December 31, 2007. Home health services provided to Medicare beneficiaries are reimbursed under a prospective payment system methodology.

Services rendered to OHP beneficiaries are primarily reimbursed at discounts from standard charges or based on fee schedules. Services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. Under this methodology, the Hospital is reimbursed at a tentative rate with final settlement determined after audits of the Hospital's annual cost reports by Medicaid. The Hospital's Medicaid cost reports have been audited and final settled by Medicaid through December 31, 2006.

The laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. In addition, the Recovery Audit Contractors program was recently instituted which involves the evaluation of certain Medicare claims for propriety by third-party contractors. As a result, there is at least a reasonable possibility that estimated third-party payor settlements payable, net, will change by a material amount in the near-term. Net patient service revenue was increased by approximately $43,000 and $844,000 during the years ended December 31, 2009 and 2008, respectively, as a result of final settlements of prior year cost reports and revisions of estimates for prior year cost report settlements.

Gross patient service revenue for services provided by the Hospital to Medicare, OHP, and Medicaid patients aggregated approximately $49,666,000 and $40,962,000 for the years ended December 31, 2009 and 2008, respectively.

The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations to provide medical services to subscribing participants. The basis for payment to the Hospital under these agreements primarily includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates based on the types of services provided.

1. Business, organization, and summary of significant accounting policies (continued)

Charity care: The Hospital also provides services to patients who meet the criteria of its charity care policy without charge or at amounts less than its established rates. The Hospital's criteria for the determination of charity care include the patient's – or other responsible party's – annual household income, assets, credit history, existing debt obligations, and other indicators of the patient's ability to pay. Generally, those individuals with an annual household income at, or less than, 200% of the Federal Poverty Guidelines (the Guidelines) qualify for charity care under the Hospital's policy. In addition, the Hospital provides discounts on a sliding scale to those individuals with an annual household income of between 200% and 400% of the Guidelines. Since the Hospital does not pursue collection of amounts determined to qualify as charity care, those amounts are not reported as net patient service revenue (see Note 5).

Interest rate swap agreement: Prior to October 31, 2008, Charities utilized an interest rate swap agreement (the Swap Agreement) (see Note 4), a derivative financial instrument, to reduce interest rate risks. Charities did not hold or issue derivative financial instruments for trading purposes. Charities followed the provisions of GAAP which require that an entity recognize all derivatives as either assets or liabilities and measure those instruments at fair value. The fair value of the Swap Agreement at December 31, 2007 was estimated by Lehman Brothers Special Financing, Inc. (Lehman) to be $476,608. GAAP also requires that changes in the fair value of the Swap Agreement be recognized currently within the excess (deficit) of revenue over expenses unless specific hedge accounting criteria are met. Charities did not elect hedge accounting for its derivative financial instrument. During the year ended December 31, 2008, the Swap Agreement was terminated (see Note 4). Accordingly, the decrease in the fair value of the Swap Agreement of $476,608 in 2008 was recorded as other income in the accompanying 2008 consolidated statement of operations. The fair value of the Swap Agreement at December 31, 2007 is different than, and not indicative of, amounts that would have been payable had the Swap Agreement been terminated on that date.

Consolidated statements of operations: For purposes of presentation, transactions deemed by Management to be ongoing, major, or central to the provision of healthcare services are reported as operating revenue and expenses. The Hospital's net income from an investment in a healthcare related entity recorded on the equity method of accounting (see Note 8) is reported as operating revenue. Peripheral or incidental transactions are reported as other income and expense. The accompanying consolidated statements of operations include the excess (deficit) of revenue over expenses. Changes in unrestricted

1. Business, organization, and summary of significant accounting policies (continued)

net assets which are excluded from the excess (deficit) of revenue over expenses, consistent with industry practice, include the change in net unrealized gains and losses on other than trading securities, net assets released from restrictions used for equipment acquisitions, and the adjustment for net gain (loss) on the defined benefit retirement plan (see Note 7).

Contributions and grants: Unconditional promises to give cash and other assets to Charities are reported at estimated fair value at the date the promise is received. Conditional promises to give and conditional grants are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions are reported as temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires – that is, when a stipulated time restriction ends or purpose restriction is accomplished – temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are included in other unrestricted revenue in the consolidated statements of operations.

Contributions of long-lived assets such as land, buildings, and equipment are reported as unrestricted support, and are excluded from the excess (deficit) of revenue over expenses, unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Charities reports expirations of donor restrictions as support when the donated or acquired long-lived assets are placed in service.

Income taxes: The Hospital and the Foundation are tax-exempt organizations pursuant to Internal Revenue Code (IRC) Section 501(c)(3). As such, only unrelated business income is subject to federal or state income taxes. It is Management's belief that none of Charities' activities have generated material unrelated business income; therefore, no provision for income taxes has been made in the accompanying consolidated financial statements.

1. Business, organization, and summary of significant accounting policies (continued)

Income tax positions that meet the "more-likely-than-not" recognition threshold are measured at the largest amount of income tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with income tax positions taken that exceeds the amount measured as described above would be reflected as a liability for unrecognized income tax benefits in the accompanying consolidated balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Interest and penalties associated with unrecognized income tax benefits would be classified as additional income taxes in the consolidated statements of operations. There were no unrecognized income tax benefits, nor any interest and penalties associated with unrecognized income tax benefits, accrued or expensed as of and for the years ended December 31, 2009 and 2008.

Recently issued accounting standards: Effective for consolidated financial statements issued for periods ended after September 15, 2009, the Financial Accounting Standards Board's (FASB's) *Accounting Standards Codification* (the ASC) became the FASB's single source of authoritative U.S. GAAP for all public and non-public non-governmental entities. While the ASC does not change GAAP, all existing authoritative accounting literature, with certain exceptions, was superseded by and incorporated into the ASC. All other accounting literature is considered non-authoritative. Subsequent changes to GAAP will be incorporated into the ASC through the issuance of *Accounting Standards Updates*. The adoption of the ASC did not impact Charities' consolidated financial condition, results of operations, or cash flows.

In April 2009, the FASB issued new authoritative literature to provide nonprofit entities guidance on accounting for, and disclosure regarding, combinations with one or more other nonprofit entities, businesses, or nonprofit activities. This literature also provides guidance for nonprofit entities regarding accounting for, and disclosures about, goodwill and other intangible assets after an acquisition. This new authoritative guidance is effective for mergers with merger dates on or after December 15, 2009 and acquisitions with acquisition dates on or after the beginning of the first annual reporting period beginning on or after December 15, 2009, and may not be applied to mergers or acquisitions that occur earlier.

COLUMBIA LUTHERAN CHARITIES
dba COLUMBIA MEMORIAL HOSPITAL
AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009

1. Business, organization, and summary of significant accounting policies (continued)

In May 2009, the FASB issued new authoritative guidance to establish general standards of accounting for – and disclosure of – events that occur after the consolidated balance sheet date but before consolidated financial statements are issued or are available to be issued. In particular, this guidance sets forth (i) the period after the consolidated balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the consolidated financial statements; (ii) the circumstances under which an entity should recognize events or transactions occurring after the consolidated balance sheet date in its consolidated financial statements; and (iii) the disclosures that an entity should make about events or transactions that occurred after the consolidated balance sheet date. This guidance was effective beginning June 15, 2009 and does not apply to subsequent events or transactions that are within the scope of other applicable GAAP that provide different guidance on the accounting treatment for subsequent events or transactions. The adoption of this new authoritative guidance did not have a significant effect on Charities' consolidated financial statements.

Reclassifications: Certain amounts in 2008 have been reclassified to conform with the 2009 presentation.

Subsequent events: Management has evaluated, for potential recognition or disclosure in the consolidated financial statements, subsequent events that have occurred through March 24, 2010, which is the date that the consolidated financial statements were available to be issued.

2. Assets limited as to use

Assets limited as to use consisted of the following at December 31, 2009 and 2008:

	2009	2008
Internally designated for capital acquisitions:		
Equity mutual funds	$ 5,493,484	$ 4,239,182
Fixed income mutual funds	5,049,642	4,631,323
Total internally designated for capital acquisitions	10,543,126	8,870,505

2. Assets limited as to use (continued)

	2009	2008
Internally designated for hospice and chaplaincy:		
Cash and cash equivalents	$ 82,420	$ 20,966
Equity mutual funds	217,427	163,784
Fixed income mutual funds	204,915	165,022
Total internally designated for hospice and chaplaincy	504,762	349,772
Total internally designated	11,047,888	9,220,277
Less portion reported as current	(5,105,000)	(3,587,805)
Total internally designated, net of current portion	5,942,888	5,632,472
Held by the Foundation:		
Assets held in charitable gift annuity trust:		
Cash and cash equivalents	4,960	25,975
Equity mutual funds	160,630	122,678
Fixed income mutual funds	104,501	98,575
Total assets held in charitable gift annuity trust	270,091	247,228
Other investments:		
Equity mutual funds	408,032	289,086
Fixed income mutual funds	278,819	235,120
Total other investments held by the Foundation	686,851	524,206
Total assets limited as to use held by the Foundation	956,942	771,434

2. Assets limited as to use (continued)

	2009	2008
Held by trustee:		
Bond fund – cash and cash equivalents	$ 924,713	$ 909,131
Bond sinking fund – cash and cash equivalents	200,162	185,116
Bond capital interest fund – cash and cash equivalents	1	7,844
Construction fund:		
Cash and cash equivalents	8,869	5,160
Municipal bonds	2,975,000	2,685,000
U.S. Government agency securities	1,779,549	3,732,438
Accrued interest receivable	20,942	43,535
Total construction fund	4,784,360	6,466,133
Debt service reserve fund – cash and cash equivalents	851,500	852,331
Total held by trustees	6,760,736	8,420,555
Less portion reported as current	(1,124,876)	(1,102,091)
Total held by trustees, net of current portion	5,635,860	7,318,464
Total assets limited as to use, net of current portion	$ 12,535,690	$ 13,722,370

As of December 31, 2009 and 2008, Charities classified $5,105,000 and $3,587,805, respectively, of its internally designated assets as current to match the portion of its long-term debt that is classified as current as a result of weekly remarketing arrangements (see Note 4).

Investment income (loss), net, consisted of the following for the years ended December 31, 2009 and 2008:

	2009	2008
Interest and dividend income	$ 402,773	$ 690,008
Realized losses on sales of securities, net	(41,908)	(120,549)
Net unrealized gains (losses) on trading securities	1,827,538	(2,755,748)
Investment income (loss), net	$ 2,188,403	$ (2,186,289)

3. Property and equipment

Property and equipment consisted of the following at December 31, 2009 and 2008:

	2009	2008
Land and improvements	$ 4,007,657	$ 3,951,419
Buildings and improvements	16,882,206	16,037,026
Equipment	21,116,628	19,870,251
	42,006,491	39,858,696
Less accumulated depreciation and amortization	(20,277,139)	(17,388,668)
	21,729,352	22,470,028
Construction in progress	591,144	257,623
Property and equipment, net	$ 22,320,496	$ 22,727,651

Construction in progress as of December 31, 2009 primarily consists of preliminary costs incurred in connection with the construction of a new surgery center (the surgery center), which is being financed with a combination of Charities' internally designated funds (see Note 2) and the proceeds from the issuance of long-term debt (see Note 4). As of December 31, 2009, Management estimates that the cost to complete the surgery center and related projects is approximately $5,600,000.

During the year ended December 31, 2008, approximately $325,000 of land was transferred from rental and other property held for future development to property and equipment for use as part of the CMH Health & Wellness Pavilion (the Pavilion).

During the year ended December 31, 2008, the Hospital wrote off approximately $379,000 of professional architectural fees – previously included in construction in progress – related to the abandonment of a planned capital project. Such write-off is included in purchased services and other expenses in the accompanying 2008 consolidated statement of operations.

4. Long-term debt

Long-term debt consisted of the following at December 31, 2009 and 2008:

	2009	2008
Adjustable Rate Demand Hospital Revenue Bonds, Series 2007	$ 17,980,000	$ 18,440,000
Hospital Revenue and Refunding Bonds, Series 2002	3,830,000	4,625,000
Less unamortized bond discounts	(187,324)	(216,538)
	21,622,676	22,848,462
Less current portion due to short-term remarketing arrangements	(5,105,000)	(3,587,805)
Less other current portion	(1,305,000)	(1,255,000)
	$ 15,212,676	$ 18,005,657

In August 2007, the Hospital entered into an agreement (the 2007 Agreement) with The Hospital Facilities Authority of the City of Astoria, Oregon (the Authority), whereby the Authority issued $18,880,000 of Adjustable Rate Demand Hospital Revenue Bonds, Series 2007 (the 2007 Bonds). The payment of the principal and interest on the 2007 Bonds is secured by an irrevocable direct-pay letter of credit (the Letter of Credit) from a bank (the Bank) which terminates on August 16, 2012, unless extended under the terms of a reimbursement agreement (the Reimbursement Agreement) with the Bank. The proceeds from the 2007 Bonds are primarily being used to finance the construction of the Pavilion, the surgery center, and certain other capital projects and equipment acquisitions of the Hospital.

The 2007 Bonds outstanding bear interest at the Securities Industry and Financial Markets Association municipal swap index tax-exempt rate – which resets every seven days (0.28% at December 31, 2009) – and is payable monthly. In connection with the 2007 Bonds, Charities entered into the Swap Agreement with Lehman on August 8, 2007 in order to hedge the interest rate on a portion of the variable rate bonds. The Swap Agreement – which was effective September 1, 2007 – was an interest rate cash flow swap in which Charities paid a fixed interest rate of 3.846% to Lehman and received 67% of the one-month London InterBank Offered Rate from Lehman. The Swap Agreement

4. Long-term debt (continued)

was originally scheduled to terminate on August 1, 2028. However, during 2008, the bankruptcy of Lehman resulted in an event of default by Lehman under the terms of the Swap Agreement. Accordingly, Charities notified Lehman that the Swap Agreement was being terminated effective October 31, 2008. In accordance with the terms of the Swap Agreement, Charities solicited market quotations in good faith from nine leading market makers for a replacement transaction. None of the market makers contacted by Charities were willing to enter into such a replacement transaction. This resulted in a loss (the Loss) of zero under the terms of the Swap Agreement. However, a representative of Lehman is contesting that the Loss is zero. Accordingly, the potential exists that Lehman or others may file a claim against Charities alleging that an amount is due under the Swap Agreement. Although Management believes that Charities has appropriately terminated the Swap Agreement and in good faith determined that the Loss is zero in accordance with its terms, the likelihood – and outcome – of Lehman or others initiating any such claim against Charities cannot presently be estimated. Charities intends to vigorously defend against any such claim.

Under certain circumstances, the 2007 Bonds are subject to optional redemption by the Hospital at amounts ranging from 100% to 103% of the principal amount outstanding plus interest. The 2007 Bonds require annual principal payments each August 1 (including mandatory redemptions) ranging from $475,000 in 2010 to $1,185,000 in 2032.

The 2007 Bonds, while subject to a long-term amortization period, may be "put back" to the Hospital at the option of the bondholders when interest rates are reset each week. Pursuant to the terms of the Letter of Credit, the Bank will pay the bondholders in the event that the 2007 Bonds are "put back" to the Hospital prior to their maturity. The Reimbursement Agreement requires the Hospital to repay any advance made by the Bank under the Letter of Credit over the period beginning three months after the date of the advance through the Letter of Credit's termination date. Accordingly, the 2007 Bonds have been classified as long-term, except for the portion that would be due under the terms of the Letter of Credit within twelve months of year-end. Management believes that the Hospital could arrange other longer term financing if the 2007 Bonds could not be remarketed and were "put back" to the Hospital.

4. Long-term debt (continued)

During a period of seven days during September 2008, the remarketing agent was unable to sell the 2007 Bonds, and the Bank provided interim financing of approximately $18,440,000 during that period under the terms of the Letter of Credit.

In July 2002, the Hospital entered into an agreement (the 2002 Agreement) with the Authority, whereby the Authority issued $8,500,000 of Hospital Revenue and Refunding Bonds, Series 2002 (the 2002 Bonds). The proceeds from the 2002 Bonds were primarily used to provide funds for the early repayment of the Hospital Revenue and Refinancing Bonds, Series 1992 and to finance certain capital projects and equipment acquisitions of the Hospital. The 2002 Bonds outstanding bear interest at rates ranging from 4.75% to 5.00% payable semi-annually each January 1 and July 1. The 2002 Bonds require annual principal payments (including mandatory redemptions) ranging from a minimum of $695,000 in 2011 to a maximum of $830,000 in 2010, with a final annual principal payment of $805,000 due in 2014. Effective January 1, 2012, the 2002 Bonds maturing on and after January 1, 2013 are subject to optional redemption at par.

Under the terms of the agreements related to the 2007 Bonds and the 2002 Bonds (collectively, "the Bonds"), the Hospital has (i) collateralized the Bonds with the Hospital's gross receivables and property and equipment and (ii) unconditionally guaranteed payment of principal and interest on the Bonds. Additionally, the Hospital has agreed to limit the amount of certain other Hospital indebtedness, maintain certain funds with trustees (see Note 2), and meet certain financial ratios on a quarterly, semi-annual, or annual basis (depending on the bond issue and specific financial ratio covenant).

Under the terms of the 2002 Agreement, the Hospital is required to maintain – on an annual basis – a debt service coverage ratio (ratio of income available for debt service to debt service requirement, both as defined in the 2002 Agreement) of at least 1.25. For the years ended December 31, 2009 and 2008, the Hospital was in compliance with this ratio by maintaining debt service coverage ratios of approximately 1.97 and 1.90, respectively.

4. Long-term debt (continued)

Required principal payments on the Bonds for the five years subsequent to December 31, 2009, and thereafter (assuming the Bonds are not "put back" to the Hospital), are approximately as follows:

2010	$ 1,305,000
2011	1,195,000
2012	1,250,000
2013	1,310,000
2014	1,370,000
Thereafter	15,380,000
	$ 21,810,000

Interest cost incurred during the years ended December 31, 2009 and 2008 was approximately $313,000 and $795,000, respectively. Approximately $24,000 of interest cost and approximately $39,000 of interest income was capitalized in 2009. Approximately $281,000 of interest cost and approximately $157,000 of interest income was capitalized in 2008.

Cash paid for interest totaled approximately $303,000 and $824,000 during the years ended December 31, 2009 and 2008, respectively.

5. Net patient service revenue

Net patient service revenue for the years ended December 31, 2009 and 2008 was comprised of the following:

	2009	2008
Charges at established rates:		
Inpatient	$ 23,211,416	$ 21,787,450
Outpatient	65,084,681	53,692,213
Total charges at established rates	88,296,097	75,479,663

5. Net patient service revenue (continued)

	2009	2008
Deductions:		
Medicare, OHP, and Medicaid contractual allowances	$ 25,835,952	$ 19,546,372
Other contractual allowances	8,031,660	7,363,000
Charity allowances	1,541,991	1,142,608
Total deductions	35,409,603	28,051,980
Net patient service revenue	$ 52,886,494	$ 47,427,683

Management estimates that the net cost of charity care provided was approximately $870,000 and $655,000 for the years ended December 31, 2009 and 2008, respectively. These estimates were based on the Hospital's overall ratio of cost to charges in each year. For the years ended December 31, 2009 and 2008, approximately 5.0% and 4.2%, respectively, of all inpatient admissions were classified as charity care; whereas, approximately 2.5% and 2.1%, respectively, of all outpatient visits were classified as charity care. The largest proportion of services provided on a charity care basis was for emergency room and trauma services.

6. Commitments and contingencies

Operating leases: Charities leases certain office space and equipment under operating lease agreements which expire at various dates through 2014. Some of the lease agreements contain renewal options. As of December 31, 2009, future minimum lease commitments for years subsequent to December 31, 2009 under noncancelable operating lease agreements that have initial or remaining lease terms in excess of one year were approximately as follows:

2010	$ 200,000
2011	179,000
2012	177,000
2013	83,000
2014	3,000
Total minimum lease payments	$ 642,000

6. Commitments and contingencies (continued)

Rent expense totaled approximately $482,000 and $591,000 for the years ended December 31, 2009 and 2008, respectively.

Other commitments: The Hospital has entered into an agreement related to a computer-assisted tomography scanner which required the Hospital to pay annual service and maintenance fees of approximately $110,000 through March 2010. In addition, the Hospital has entered into an agreement related to magnetic resonance imaging equipment which requires the Hospital to pay annual service and maintenance fees of approximately $118,000 through 2015. Such fees are ultimately the responsibility of Astoria Imaging, LLC (see Note 8).

Medical malpractice insurance: The Hospital has a claims-made basis medical malpractice insurance policy. Under this policy, medical malpractice claims reported by the Hospital to the insurance company during the policy period are covered; however, any medical malpractice claim that has been incurred but not reported (IBNR) to the insurance company during the policy period is not covered.

Charities has recorded estimated liabilities for IBNR medical malpractice claims, which, along with deductibles on reported claims, aggregated $393,000 and $417,000 as of December 31, 2009 and 2008, respectively, and are included in other non-current liabilities in the accompanying consolidated balance sheets. Charities believes that these estimated liabilities are adequate; however, the establishment of estimated liabilities for IBNR medical malpractice claims and for deductibles on reported claims is an inherently uncertain process, and there can be no assurance that currently established reserves will prove adequate to cover actual ultimate expenses. Subsequent actual experience could result in reserves being too high or too low, which could positively or negatively impact Charities' reported results of operations in future periods.

Self-insured health claims: Charities is self-insured for its employees' (and employees' eligible family members') medical, dental, vision, and prescription drug benefits (collectively, "healthcare benefits"). In conjunction with the self-insured health plan, Charities purchased stop-loss insurance which generally limits Charities' liability to $100,000 per covered individual per year, with a maximum annual aggregate stop-loss benefit of $1,000,000. Charities recognizes self-insurance costs based on claims filed with its third-party administrator (the TPA) and estimates for IBNR employee healthcare

6. Commitments and contingencies (continued)

claims. Charities has recorded estimated liabilities for reported and IBNR employee healthcare claims aggregating approximately \$503,000 and \$414,000 as of December 31, 2009 and 2008, respectively, which are included in other accrued liabilities in the accompanying consolidated balance sheets. Charities believes that these estimated liabilities are adequate to cover any related potential losses; however, the establishment of an estimated liability for IBNR employee healthcare claims is an inherently uncertain process, and there can be no assurance that currently established reserves will prove adequate to cover actual ultimate expenses. Subsequent actual experience could result in reserves being too high or too low, which could positively or negatively impact Charities' reported results of operations in future periods.

Risk management: In the ordinary course of business, Charities is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; and natural disasters. However, Management believes that adequate commercial insurance coverage has been purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage for the years ended December 31, 2009 and 2008.

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

In addition, the Hospital becomes involved in litigation and other regulatory investigations arising in the ordinary course of business. After consultation with legal counsel, Management believes that these matters will be resolved without causing a material adverse effect on Charities' future consolidated financial position or results of operations.

7. Retirement plans

Defined benefit retirement plan: Charities has a noncontributory defined benefit retirement plan (the Defined Benefit Plan). The Defined Benefit Plan is frozen such that no additional employees may become participants in the Defined Benefit Plan, and the only participants continuing to accrue benefits under the Defined Benefit Plan are those existing participants who had previously not elected to become eligible to receive additional benefits under Charities' defined contribution retirement plans.

The Defined Benefit Plan provides benefits that are based on years of service and compensation during an employee's period of employment. Generally, Charities' policy is to contribute amounts to the Defined Benefit Plan sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974, as amended. Contributions are intended to provide not only for benefits attributed for service to date but also for those expected to be earned in the future.

Charities uses a December 31 measurement date for the Defined Benefit Plan.

The change in benefit obligation, change in Defined Benefit Plan assets, and the funded status and net amounts recognized in the accompanying consolidated balance sheets as of and for the years ended December 31, 2009 and 2008 were as follows:

	2009	2008
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 21,096,561	$ 19,426,758
Service cost	904,465	902,039
Interest cost	1,318,091	1,184,606
Benefits paid	(508,206)	(481,976)
Net actuarial loss	995,479	65,134
Benefit obligation at end of year	$ 23,806,390	$ 21,096,561

7. Retirement plans (continued)

	2009	2008
Change in Defined Benefit Plan assets:		
Fair value of Defined Benefit Plan assets at beginning of year	$ 12,617,660	$ 16,504,180
Actual return (loss) on Defined Benefit Plan assets	2,944,080	(5,504,544)
Contributions	2,100,000	2,100,000
Benefits paid	(508,206)	(481,976)
Fair value of Defined Benefit Plan assets at end of year	$ 17,153,534	$ 12,617,660
Funded status and net amounts recognized in the accompanying consolidated balance sheets	$ (6,652,856)	$ (8,478,901)

As of December 31, 2009 and 2008, Charities had unrecognized losses of $8,206,222 and $10,160,062, respectively, that have been recorded as reductions to unrestricted net assets – as required by GAAP – but had not yet been recognized as a component of net periodic pension cost.

The accumulated benefit obligation for the Defined Benefit Plan was $22,007,007 and $19,414,826 at December 31, 2009 and 2008, respectively.

The components of net periodic pension cost for the years ended December 31, 2009 and 2008 were as follows:

	2009	2008
Service cost	$ 904,465	$ 902,039
Interest cost	1,318,091	1,184,606
Expected return on Defined Benefit Plan assets	(990,924)	(1,365,134)
Recognized net actuarial loss	996,263	236,648
Net periodic pension cost	$ 2,227,895	$ 958,159

7. Retirement plans (continued)

The weighted-average assumptions used to determine the benefit obligation at December 31, 2009 and 2008 were as follows:

	2009	2008
Discount rate	6.00%	6.25%
Rate of compensation increase	5.00	5.00

During 2009, the discount rate used to determine the benefit obligation was decreased from 6.25% to 6.00%. The effect of this change was to increase the benefit obligation at December 31, 2009 by approximately $862,000, which is included in the 2009 net actuarial loss, as previously disclosed. The net effect of the changes made to the weighted-average assumptions during 2008 was not significant to the accompanying consolidated financial statements.

The weighted-average assumptions used to determine the net periodic pension cost for the years ended December 31, 2009 and 2008 were as follows:

	2009	2008
Discount rate	6.25%	6.00%
Expected long-term rate of return on Defined Benefit Plan assets	7.50	8.00
Rate of compensation increase	5.00	4.00

To develop the expected long-term rate of return on assets assumption, Charities considered the historical returns and the future expectations for returns for each asset class, as well as the target asset allocation of the Defined Benefit Plan's investment portfolio. The expected rate of return for each asset class was developed by combining a long-term inflation component, the risk-free real rate of return, and the associated risk premium. This analysis resulted in the selection of the 7.50% and 8.00% expected long-term rates of return on Defined Benefit Plan assets for the years ended December 31, 2009 and 2008, respectively.

7. Retirement plans (continued)

The composition of the Defined Benefit Plan's assets at December 31, 2009 and 2008 was as follows:

	2009	2008
Asset category:		
Pooled separate accounts – equity securities	60%	58%
Pooled separate accounts – debt securities	34	33
Pooled separate accounts – real estate	6	9
	100%	100%

Charities' has appointed an independent professional investment advisor to manage the Defined Benefit Plan's assets. The Defined Benefit Plan's overall investment objective is to provide a long-term return that, along with Charities' contributions, is expected to meet future benefit payment requirements. Charities' target asset allocation – under terms of the Defined Benefit Plan's investment policy – is 45% in fixed-income securities and 55% in equity investments, all of which consist of pooled separate accounts.

At December 31, 2009, all of the Defined Benefit Plan's investments were held in pooled separate accounts. The fair value framework under GAAP requires the categorization of assets and liabilities into three levels based upon the assumptions used to value the assets or liabilities (see Note 10). The following is a description of the valuation methodologies used for the Defined Benefit Plan's financial instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy:

Principal U.S. property separate account – R6 – This pooled separate account invests mainly in commercial real estate and includes mortgage loans which are backed by the associated properties. These underlying real estate investments are classified within Level 3 of the valuation hierarchy.

All other pooled separate accounts – These investments are mutual funds which are valued at quoted market prices, which represent the net asset value (NAV) of shares held by the Defined Benefit Plan at year-end. The NAV is based on the value of the

7. Retirement plans (continued)

underlying assets owned by the fund, less its liabilities, divided by the number of shares outstanding. The NAV is a quoted price in an active market and is classified within Level 2 of the valuation hierarchy.

The following are the Defined Benefit Plan's assets measured at fair value on a recurring basis at December 31, 2009:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Investments:				
Principal U.S. property separate account – R6	$ –	$ –	$ 587,272	$ 587,272
All other pooled separate accounts	–	16,566,262	–	16,566,262
Total	$ –	$ 16,566,262	$ 587,272	$ 17,153,534

The changes in the Plan's investments categorized as Level 3 during the year ended December 31, 2009 were as follows:

	Balance at December 31, 2008	Loss on investment	Balance at December 31, 2009
Principal U.S. property separate account – R6	$ 858,407	$ (271,135)	$ 587,272

Due to changes in economic conditions, interest rates, and common stock prices, the fair value of the Defined Benefit Plan's investments can be volatile. Consequently, the fair value of the Defined Benefit Plan's investments can significantly change in the near-term as a result of such volatility.

Charities' expects to contribute approximately $2,100,000 to the Defined Benefit Plan in 2010. The estimated net actuarial loss expected to be recognized as a component of net periodic pension cost during the year ending December 31, 2010 is approximately $700,000. There is no estimated net prior service cost or credit, or net transition asset or obligation, expected to be recognized as a component of net periodic pension cost during 2010.

7. Retirement plans (continued)

The following approximate benefit payments, which reflect future service, as appropriate, are expected to be paid in each of the next five years, and in the aggregate in the following five years:

2010	$ 600,000
2011	660,000
2012	790,000
2013	900,000
2014	1,050,000
2015-2019	7,880,000
Total	$ 11,880,000

Defined contribution retirement plans: Charities also maintains defined contribution retirement plans (the Defined Contribution Plans) covering substantially all employees who are at least 21 years old and have completed one year of service (as defined) with Charities. Employees can defer a portion of their earnings on a pre-tax basis through contributions to the Defined Contribution Plans in accordance with provisions of the IRC. Employees are immediately 100% vested in their own contributions. For certain employees who became participants prior to July 27, 2007 and did not elect to freeze their existing benefits under the Defined Benefit Plan, Charities may elect to match up to 25% of the first $1,000 of each eligible participant's contributions up to a maximum Charities contribution of $250 per participant. Participants are generally not vested in these Charities contributions until after three years of service.

All new participants, and participants who had previously elected to freeze their existing benefits under the Defined Benefit Plan, are eligible to receive additional mandatory contributions from Charities in lieu of the above matching contributions. Such additional mandatory Charities contributions consist of matching contributions not to exceed either 2.5% or 3.0% of each eligible participant's compensation (determined based on years of service) and an additional Charities contribution of 5.0% of each eligible participant's compensation. Participants are immediately 100% vested in these mandatory Charities contributions. During the years ended December 31, 2009 and 2008, contributions recorded as expense by Charities totaled approximately $384,000 and $300,000, respectively.

The Defined Benefit Plan and Defined Contribution Plans are single-employer plans administered by Charities' Chief Executive Officer.

8. Related parties

Astoria Imaging, LLC: Effective June 4, 2008, the Hospital became an investor in Astoria Imaging, LLC (the LLC). The LLC is a limited liability corporation whose three members are the Hospital (51.0% ownership interest), Astoria Radiology, P.C. (24.5% ownership interest), and William G. Armington, M.D., P.C. (24.5% ownership interest). The LLC was formed to own and operate various diagnostic imaging equipment, and it provides certain diagnostic imaging services to patients in the Hospital's operating region. During the year ended December 31, 2008, the Hospital contributed approximately $859,000 in cash to the LLC in conjunction with the formation of the LLC. In addition, during the year ended December 31, 2009, the Hospital contributed approximately $32,000 in cash to the LLC.

During the years ended December 31, 2009 and 2008, the Hospital received member distributions of approximately $497,000 and $205,000, respectively, from the LLC. Included in prepaid expenses and other current assets in the accompanying December 31, 2009 and 2008 consolidated balance sheets are amounts due from the LLC of approximately $48,000 and $90,000, respectively. Also, included in other accrued liabilities in the accompanying December 31, 2009 and 2008 consolidated balance sheets are amounts due to the LLC of approximately $196,000 and $146,000, respectively.

During the years ended December 31, 2009 and 2008, the Hospital charged the LLC approximately $454,000 and $205,000, respectively, for management services and facilities rent. During the years ended December 31, 2009 and 2008, the Hospital paid approximately $47,000 and $32,000, respectively, to the LLC for equipment rental expense. During the years ended December 31, 2009 and 2008, the Hospital's share of the LLC's income was approximately $384,000 and $187,000, respectively, which is included in other revenue in the accompanying consolidated statements of operations. As of December 31, 2009 and 2008, the Hospital's investment in the LLC was approximately $760,000 and $841,000, respectively, which is included in other assets in the accompanying consolidated balance sheets.

The consolidation of the LLC would not have a significant effect on the accompanying consolidated financial statements; accordingly, the Hospital's investment in the LLC is being accounted for under the equity method of accounting.

Bank accounts: A member of the Board is the President of the financial institution at which Charities maintains its bank accounts.

9. Functional classification of expenses

Expenses on a functional basis for the years ended December 31, 2009 and 2008 were approximately as follows:

	2009	2008
Healthcare services	$ 46,238,000	$ 39,417,000
General and administrative	6,468,000	7,887,000
	$ 52,706,000	$ 47,304,000

10. Fair value measurements

The fair value framework under GAAP requires the categorization of assets and liabilities into three levels based upon the assumptions used to value the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3, if applicable, generally would require significant management judgment. The three levels for categorizing assets and liabilities under GAAP's fair value measurement requirements are as follows:

- Level 1 – Quoted prices in active markets for identical assets: Fair value of the asset or liability is determined using observable inputs such as quoted prices in active markets for identical assets or liabilities;

- Level 2 – Significant other observable inputs: Fair value of the asset or liability is determined using inputs other than quoted prices that are observable for the applicable asset or liability, either directly or indirectly, such as quoted prices for similar (as opposed to identical) assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active; and

- Level 3 – Significant unobservable inputs: Fair value of the asset or liability is determined using unobservable inputs that reflect Charities' own assumptions regarding the applicable asset or liability.

At December 31, 2009 and 2008, Charities' financial assets measured at fair value on a recurring basis consisted of assets limited as to use (see Notes 1 and 2), which are categorized as a Level 1 measurement in the fair value hierarchy. The fair value of assets limited as to use categorized as Level 1 is generally determined based on quoted prices in active markets for identical assets.

10. Fair value measurements (continued)

At December 31, 2009 and 2008, Charities had no financial liabilities measured at fair value on a recurring basis and had no financial assets or financial liabilities measured at fair value on a nonrecurring basis. In addition, there were no transfers of financial assets or financial liabilities between Levels 1, 2, and 3 during 2009 or 2008.

As of December 31, 2009 and 2008, the carrying value of on-balance sheet financial instruments such as cash and cash equivalents; patient accounts receivable; estimated third-party payor settlements receivable (payable), net; accounts payable; and accrued liabilities approximate their respective estimated fair values due to the short-term nature of those instruments. The carrying value of assets limited as to use is estimated fair value. The carrying value of the accrued retirement plan liability approximates fair value as the related interest rates approximate market rates. The estimated fair value of the Hospital's long-term debt – using discounted cash flow analyses and based on the Hospital's current incremental borrowing rates for similar types of borrowing arrangements – was approximately $21,827,000 and $22,995,000 at December 31, 2009 and 2008, respectively (the carrying amount was approximately $21,623,000 and $22,848,000 at December 31, 2009 and 2008, respectively).

delap

503 697 4118 — DELAPCPA COM — 4500 SW KRUSE WAY, No 200 — LAKE OSWEGO, OR 97035

REPORT OF INDEPENDENT AUDITORS
ON CONSOLIDATING INFORMATION

To the Board of Trustees of
Columbia Lutheran Charities,
dba Columbia Memorial Hospital

Our report on our audit of the 2009 consolidated financial statements of Columbia Lutheran Charities, dba Columbia Memorial Hospital, and subsidiary appears on page 1. That audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying consolidating information in Schedules I and II is presented for purposes of additional analysis of the 2009 consolidated financial statements rather than to present the financial position and results of operations of the individual organizations. Such information has been subjected to the auditing procedures applied in the audit of the 2009 consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

DELAP LLP

March 24, 2010

COLUMBIA LUTHERAN CHARITIES
dba COLUMBIA MEMORIAL HOSPITAL
AND SUBSIDIARY

CONSOLIDATING BALANCE SHEET

December 31, 2009

ASSETS	Columbia Memorial Hospital	Columbia Memorial Hospital Foundation	Consolidating entries	Consolidated
Current assets:				
Cash and cash equivalents	$ 709,348	$ 160,513	$ –	$ 869,861
Assets limited as to use	6,229,876	–	–	6,229,876
Patient accounts receivable, net	11,614,704	–	–	11,614,704
Supplies inventory	692,384	–	–	692,384
Prepaid expenses and other current assets	1,484,124	5,464	(48,862)	1,440,726
Total current assets	20,730,436	165,977	(48,862)	20,847,551
Assets limited as to use, net of current portion	11,578,748	956,942	–	12,535,690
Property and equipment, net	22,320,496	–	–	22,320,496
Rental and other property held for future development, net	1,317,351	–	–	1,317,351
Other assets, net	1,464,545	164,298	–	1,628,843
Total assets	$ 57,411,576	$ 1,287,217	$ (48,862)	$ 58,649,931
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	$ 1,116,386	$ 50,282	$ (48,862)	$ 1,117,806
Accrued liabilities:				
Payroll, payroll taxes, and withholdings	754,156	–	–	754,156
Earned leave	1,404,366	–	–	1,404,366
Other	1,398,302	–	–	1,398,302
Estimated third-party payor settlements payable, net	663,000	–	–	663,000
Current portion of long-term debt due to short-term remarketing arrangements	5,105,000	–	–	5,105,000
Other current portion of long-term debt	1,305,000	–	–	1,305,000
Total current liabilities	11,746,210	50,282	(48,862)	11,747,630
Long-term debt, net of current portion	15,212,676	–	–	15,212,676
Accrued retirement plan liability	6,652,856	–	–	6,652,856
Other liabilities	591,255	182,374	–	773,629
Total liabilities	34,202,997	232,656	(48,862)	34,386,791
Net assets:				
Unrestricted	23,208,579	688,871	–	23,897,450
Temporarily restricted	–	365,690	–	365,690
Total net assets	23,208,579	1,054,561	-	24,263,140
Total liabilities and net assets	$ 57,411,576	$ 1,287,217	$ (48,862)	$ 58,649,931

COLUMBIA LUTHERAN CHARITIES
dba COLUMBIA MEMORIAL HOSPITAL
AND SUBSIDIARY

CONSOLIDATING STATEMENT OF OPERATIONS

Year ended December 31, 2009

	Columbia Memorial Hospital	Columbia Memorial Hospital Foundation	Consolidating entries	Consolidated
Unrestricted revenue:				
Net patient service revenue	$ 52,886,494	$ –	$ –	$ 52,886,494
Other revenue	1,068,560	430,790	(239,357)	1,259,993
Total unrestricted revenue	53,955,054	430,790	(239,357)	54,146,487
Expenses:				
Salaries and benefits	30,054,907	181,143	(168,573)	30,067,477
Medical and other supplies	6,087,181	–	–	6,087,181
Provision for bad debts	4,803,931	–	–	4,803,931
Professional fees	3,007,305	–	–	3,007,305
Depreciation and amortization related to Hospital operations	2,959,535	–	–	2,959,535
Interest	289,305	–	–	289,305
Purchased services and other	5,387,819	174,657	(70,784)	5,491,692
Total expenses	52,589,983	355,800	(239,357)	52,706,426
Operating income	1,365,071	74,990	–	1,440,061
Other income:				
Investment income, net	2,067,646	120,757	–	2,188,403
Other, net	(655,952)	–	–	(655,952)
Total other income, net	1,411,694	120,757	–	1,532,451
Excess of revenue over expenses (1)	$ 2,776,765	$ 195,747	$ –	$ 2,972,512

(1) Excludes cash transfers of $4,164 from Columbia Memorial Hospital Foundation to Columbia Memorial Hospital for equipment purchases and program expenses.