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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except 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

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 01-01-2011 and ending 12-31-2011

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

C Name of organization
COLUMBIA LUTHERAN CHARITIES

Doing Business As
COLUMBIA MEMORIAL HOSPITAL

Number and street (or P O box if mail is not delivered to street address) | Room/suite
2111 EXCHANGE STREET

City or town, state or country, and ZIP + 4
ASTORIA, OR 971033329

D Employer identification number
93-0583856

E Telephone number
(503) 325-4321

G Gross receipts $ 71,061,682

F Name and address of principal officer
WILLIAM G RIVERS
2111 EXCHANGE STREET
ASTORIA,OR 971033329

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) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW COLUMBIAMEMORIAL ORG

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

L Year of formation 1958

M State of legal domicile OR

Part I Summary

1 Briefly describe the organization's mission or most significant activities
PROVIDE EXCELLENCE, LEADERSHIP & COMPASSION IN THE ENHANCEMENT OF HEALTH FOR THOSE WE SERVE

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	14
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	13
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	528
6	Total number of volunteers (estimate if necessary)	**6**	60
7a	Total 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)	625,022	103,601
	9 Program service revenue (Part VIII, line 2g)	58,882,182	66,254,871
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	762,386	505,421
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	640,074	1,923,423
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	60,909,664	68,787,316
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	66,220	120,148
	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)	32,926,677	36,566,995
	16a Professional fundraising fees (Part IX, column (A), line 11e)	27,000	27,000
	b Total fundraising expenses (Part IX, column (D), line 25) ▶278,984		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	24,171,253	27,676,408
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	57,191,150	64,390,551
	19 Revenue less expenses Subtract line 18 from line 12	3,718,514	4,396,765

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	62,073,504	64,810,107
	21 Total liabilities (Part X, line 26)	35,069,993	36,176,559
	22 Net assets or fund balances Subtract line 21 from line 20	27,003,511	28,633,548

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

****** 2012-10-05
Signature of officer — Date

WILLIAM G RIVERS CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ WESLEY B HANSEN | Date | Check if self-employed ▶☐ | Preparer's taxpayer identification number (see instructions) P00226581

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ DELAP LLP
5885 MEADOWS ROAD NO 200
LAKE OSWEGO, OR 97035

EIN ▶ 93-0418710

Phone no ▶ (503) 697-4118

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III . . . . . ☑

1 Briefly describe the organization's mission

THE MISSION OF COLUMBIA MEMORIAL HOSPITAL IS TO PROVIDE EXCELLENCE, LEADERSHIP, AND COMPASSION IN THE ENHANCEMENT OF HEALTH FOR THOSE WE SERVE

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

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

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

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations 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 $ 56,907,729 including grants of $ 120,148) (Revenue $ 68,208,853)

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** ▶ $ 56,907,729

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c	Yes	
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a	Yes	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	14b		No
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 U S ? *If "Yes," complete Schedule F, Part II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17	Yes	
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V . . . . . .

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	151		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	528			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**		No
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 or securities account)?			**4a**		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		No
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**		
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**				
c	Enter the aggregate amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**		

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

Check if Schedule O contains a response to any question in this Part VI . . . . . ☑

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	14		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	13		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	Did the organization have members or stockholders?		6		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		7a		No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

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

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

WILLIAM G RIVERS CFO
2111 EXCHANGE STREET
ASTORIA, OR 97103
(503) 338-7505

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

Check if Schedule O contains a response to any question in this Part VII . . . . . .☐

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) RANDY STEMPER BOARD MEMBER	3 00	X						0	0	0
(2) MALCOLM SMITH BOARD MEMBER	3 00	X						0	0	0
(3) BILL LIND BOARD MEMBER	3 00	X						0	0	0
(4) HEATHER SEPPA BOARD MEMBER	3 00	X						0	0	0
(5) NANCY MCALLISTER BOARD MEMBER	3 00	X						0	0	0
(6) KEVIN BAXTER BOARD MEMBER	3 00	X						0	0	0
(7) KATHERINE HELLBERG BOARD MEMBER	3 00	X						0	0	0
(8) BILL LANDWEHR BOARD MEMBER	3 00	X						0	0	0
(9) ED NELSON JR BOARD MEMBER	3 00	X						0	0	0
(10) DAVID PHILLIPS BOARD MEMBER	3 00	X						0	0	0
(11) PAUL F VOELLER BOARD MEMBER	3 00	X						0	0	0
(12) CONSTANCE WAISANEN BOARD MEMBER	3 00	X						0	0	0
(13) NORMAN SHATTO BOARD MEMBER	3 00	X						0	0	0
(14) ROBERT HOLLAND CHIEF OF STAFF	40 00	X						285,745	0	37,580
(15) ERIK THORSEN COO	40 00			X				304,520	0	25,320
(16) WILLIAM G RIVERS CFO	40 00			X				169,898	0	37,644
(17) RICHARD CRASS PHYSICIAN	40 00					X		343,251	0	29,162

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) EDOUARD DURET PHYSICIAN	40 00					X		333,752	0	38,464
(19) RANDALL JOHNSON CRNA	40 00					X		276,286	0	17,215
(20) WILLIAM LACOST PHYSICIAN	40 00					X		515,926	0	70,780
(21) LESLIE BLASEWITZ FORMER CCO	40 00						X	240,466	0	32,668

1b	**Sub-Total** . . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . . ▶	2,469,844	0	288,833

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 42

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
RICKENBACH CONSTRUCTION PO BOX 5837 ALOHA, OR 97006	GENERAL CONTRACTOR	2,663,991
NORTH COAST EMERGENCY PHYSICIANS 2111 EXCHANGE ST ASTORIA, OR 97103	EMERGENCY ROOM PHYSICIANS	1,840,449
CPSI 6600 WALL ST MOBILE, AL 36695	SOFTWARE SUPPORT	675,030
PETER STOLOFF PC 5285 MEADOWS RD SUITE 235 LAKE OSWEGO, OR 97035	ATTORNEY	143,928
DELAP LLP 5885 MEADOWS ROAD NO 200 LAKE OSWEGO, OR 97035	ACCOUNTING	135,991

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 12

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				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d	15,567			
	e	Government grants (contributions)	1e	17,513			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	70,521			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		103,601			
Program Service Revenue			Business Code				
	2a	OUTPATIENT REVENUE	621990	61,710,016	61,710,016		
	b	INPATIENT REVENUE	900099	25,127,851	25,127,851		
	c	EMERGENCY ROOM REVENUE	900099	24,941,069	24,941,069		
	d	PROVISION FOR CHARITY	900099	-2,261,310	-2,261,310		
	e	CONTRACTUAL ALLOWANCE	900099	-43,262,755	-43,262,755		
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		66,254,871			
	3	Investment income (including dividends, interest and other similar amounts)					
	4	Income from investment of tax-exempt bond proceeds		432,188			432,188
	5	Royalties					
			(i) Real / (ii) Personal				
	6a	Gross rents	320,442				
	b	Less rental expenses	525,326				
	c	Rental income or (loss)	-204,884				
	d	Net rental income or (loss)		-204,884			-204,884
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	1,820,373 / 1,900				
	b	Less cost or other basis and sales expenses	1,749,040 / 0				
	c	Gain or (loss)	71,333 / 1,900				
	d	Net gain or (loss)		73,233			73,233
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities See Part IV, line 19	a 1,047				
	b	Less direct expenses	b 0				
	c	Net income or (loss) from gaming activities		1,047	1,047		
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory					
		Miscellaneous Revenue	Business Code				
	11a	JOINT VENTURE	621500	700,976	700,976		
	b	MEANINGFUL USE REVENUE	900099	627,027	627,027		
	c	CAFETERIA AND VENDING	722210	174,325			174,325
	d	All other revenue		624,932	624,932		
	e	**Total.** Add lines 11a–11d		2,127,260			
	12	**Total revenue.** See Instructions		68,787,316	68,208,853	0	474,862

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)
Check if Schedule O contains a response to any question in this Part IX . . . . . ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	117,872	117,872		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	2,276	2,276		
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	930,090		809,415	120,675
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	25,516,461	22,889,464	2,558,095	68,902
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,726,567	1,676,147	44,033	6,387
9	Other employee benefits	6,293,428	5,532,015	735,956	25,457
10	Payroll taxes	2,100,449	1,887,827	199,320	13,302
11	Fees for services (non-employees)				
a	Management				
b	Legal	109,133	54,428	54,705	
c	Accounting	157,226		141,901	15,325
d	Lobbying				
e	Professional fundraising *See Part IV, line 17*	27,000			27,000
f	Investment management fees	32,189		32,189	
g	Other	6,047,316	5,650,041	397,275	
12	Advertising and promotion	357,308	72,987	284,321	
13	Office expenses	9,090,201	8,664,998	423,144	2,059
14	Information technology	798,634	525,302	273,332	
15	Royalties				
16	Occupancy	689,359	635,762	53,597	
17	Travel	292,626	97,440	195,186	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	219,379	217,726	1,653	
20	Interest	176,522	135,039	41,483	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	2,676,919	2,385,529	291,390	
23	Insurance	603,464	167,772	435,692	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	BAD DEBT EXPENSE	4,838,794	4,838,794		
b	REPAIRS AND MAINTENANCE	895,021	892,292	2,729	
c	RECRUITMENT FEES	203,489	193,606	9,883	
d					
e					
f	All other expenses	488,828	270,412	218,539	-123
25	**Total functional expenses.** Add lines 1 through 24f	64,390,551	56,907,729	7,203,838	278,984
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		3,863,253	2	4,219,237
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		11,870,113	4	11,558,704
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	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			6	
	7	Notes and loans receivable, net		279,430	7	271,616
	8	Inventories for sale or use		1,000,582	8	1,055,965
	9	Prepaid expenses and deferred charges		1,120,305	9	1,167,278
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 52,240,968			
	b	Less accumulated depreciation	10b 25,297,149	27,489,579	10c	26,943,819
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11		13,820,037	13	14,048,998
	14	Intangible assets		208,315	14	216,193
	15	Other assets See Part IV, line 11		2,421,890	15	5,328,297
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		62,073,504	16	64,810,107
Liabilities	17	Accounts payable and accrued expenses		7,408,383	17	7,083,599
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		20,342,972	20	19,169,761
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		7,318,638	25	9,923,199
	26	**Total liabilities.** Add lines 17 through 25		35,069,993	26	36,176,559
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		27,003,511	27	28,633,548
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		27,003,511	33	28,633,548
	34	Total liabilities and net assets/fund balances		62,073,504	34	64,810,107

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI . . . . . ☑

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	68,787,316
2	Total expenses (must equal Part IX, column (A), line 25)	2	64,390,551
3	Revenue less expenses Subtract line 2 from line 1	3	4,396,765
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	27,003,511
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-2,766,728
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	28,633,548

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII . . . . . ☑

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? . .	2a		No
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	Yes	
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 separate basis, consolidated basis, or both ☐ Separate basis ☑ Consolidated basis ☐ Both consolidated and separated 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		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . .	3b		

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
COLUMBIA LUTHERAN CHARITIES

Employer identification number
93-0583856

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 **section 170(b)(1)(A)(i).**

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

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

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

_____

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

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

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

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

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

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

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

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - 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 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? Yes	(iv) No	(v) Did you notify the organization in col (i) of your support? Yes	(v) No	(vi) Is the organization in col (i) organized in the U S ? Yes	(vi) No	(vii) Amount of support?
Total									

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

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public Support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11 **Total support** (Add lines 7 through 10)						

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

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

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2010 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2011.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

b **33 1/3% support test—2010.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

17a **10%-facts-and-circumstances test—2011.** 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—2010.** 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 IRC 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public Support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

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

Section C. Computation of Public Support Percentage

15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2011** (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from **2010** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2011.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

Part IV **Supplemental Information.** Supplemental Information. Complete this part to provide the explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

Additional Data

Software ID:
Software Version:
EIN: 93-0583856
Name: COLUMBIA LUTHERAN CHARITIES

Form 990, Special Condition Description:

Special Condition Description

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
COLUMBIA LUTHERAN CHARITIES

Employer identification number
93-0583856

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 may 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 importantly land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

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

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

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable 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 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 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 Investment earnings or 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 Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		788,734		788,734
b Buildings		21,337,358	9,873,328	11,464,030
c Leasehold improvements		705,549	54,242	651,307
d Equipment		28,949,563	15,369,579	13,579,984
e Other		459,764		459,764
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				26,943,819

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
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) should 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
(1) BOARD DESIGNATED - FUNDED DEPRECIATION	11,689,051	F
(2) HELD BY TRUSTEE UNDER BOND INDENTURE AGR	1,834,731	F
(3) BOARD DESIGNATED - HOSPICE	521,566	F
(4) BOARD DESIGNATED - CHAPLIANCY	3,650	F
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶	14,048,998	

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

(a) Description	(b) Book value
(1) ESTIMATED THIRD-PARTY PAYOR SETTLEMENT RECEIVABLE	543,000
(2) RENTAL AND OTHER PROPERTY HELD FOR FUTURE DEVELOPMENT	2,584,179
(3) OTHER ASSETS	2,201,118
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	5,328,297

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
DEFERRED COMPENSATION	48,180
UNEARNED GRANT REVENUE	300,000
MEDICAL MALPRACTICE CLAIMS	432,607
RETIREMENT PLAN LIABILITY	9,142,412
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	9,923,199

2. Fin 48 (ASC 740) 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 (ASC740)

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	68,787,316
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	64,390,551
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	4,396,765
4	Net unrealized gains (losses) on investments	4	-237,304
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-2,529,424
9	Total adjustments (net) Add lines 4 - 8	9	-2,766,728
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	1,630,037

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	68,709,300
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	-229,080		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	525,326		
e	Add lines **2a** through **2d**			2e	296,246
3	Subtract line **2e** from line **1**			3	68,413,054
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b	374,262		
c	Add lines **4a** and **4b**			4c	374,262
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	68,787,316

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

1	Total expenses and losses per audited financial statements			1	64,549,839
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIV)	2d	525,326		
e	Add lines **2a** through **2d**			2e	525,326
3	Subtract line **2e** from line **1**			3	64,024,513
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b	366,038		
c	Add lines **4a** and **4b**			4c	366,038
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	64,390,551

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, 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

Identifier	Return Reference	Explanation
PART XI, LINE 8 - OTHER ADJUSTMENTS		DEFINED BENEFIT RETIREMENT PLAN ADJUSTMENT - 2,537,648 NET ASSETS RELEASED FROM RESTRICTION 8,224 TOTAL TO SCHEDULE D, PART XI, LINE 8 - 2,529,424
PART XII, LINE 2D - OTHER ADJUSTMENTS		RENTAL EXPENSE 525,326
PART XII, LINE 4B - OTHER ADJUSTMENTS		RECLASS OTHER INCOME 366,038 CONTRIBUTION FROM CMH FOUNDATION 8,224
PART XIII, LINE 2D - OTHER ADJUSTMENTS		RENTAL EXPENSE 525,326
PART XIII, LINE 4B - OTHER ADJUSTMENTS		RECLASS FROM OTHER INCOME 366,038

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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

2011

Open to Public Inspection

Name of the organization
COLUMBIA LUTHERAN CHARITIES

Employer identification number
93-0583856

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

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

a ☐ Mail solicitations
b ☐ Internet and e-mail 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 Form 990-EZ filers are not required to complete this table

(i) Name and address of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions? Yes	**(iii)** 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
HILLARY LYONS ASSOCIATES PO BOX 99 DIMONDALE, MI 48821	CONSULTING		No	0	27,000	0
Total . . . . . ▶					27,000	

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 (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				
	2 Less Charitable contributions				
	3 Gross income (line 1 minus line 2)				
Direct Expenses	4 Cash prizes				
	5 Non-cash prizes				
	6 Rent/facility costs				
	7 Food and beverages				
	8 Entertainment				
	9 Other direct expenses				
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				( )
	11 Net income summary Combine lines 3 and 10 in column (d) ▶				

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 Non-cash 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 lines 1 and 7 in column (d) ▶				

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? ☐ Yes ☐ No

b If "No," Explain _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," Explain _____

11 Does the organization operate gaming activities with nonmembers? . . . . . ☐ Yes ☐ No

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? . . . . . ☐ Yes ☐ No

13 Indicate the percentage of gaming activity operated in

a The organization's facility	**13a**	
b An outside facility	**13b**	

14 Provide 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? . . . . . ☐ Yes ☐ No

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

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? . . . . . ☐ Yes ☐ No

b Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ $

Part IV Complete this part to provide additional information for responses to question on Schedule G (see instructions.)

Identifier	ReturnReference	Explanation
		FUNDRAISING IS DONE THROUGH THE COLUMBIA MEMORIAL HOSPITAL FOUNDATION, EIN #93-1091701 COLUMBIA LUTHERAN CHARITIES PAID $27,000 TO HILLARY LYONS ASSOCIATES FOR CONSULTING SERVICES PROVIDED TO THE COLUMBIA MEMORIAL HOSPITAL FOUNDATION COLUMBIA MEMORIAL HOSPITAL FOUNDATION ALSO PAID $27,000 TO HILLARY LYONS FOR CONSULTING UNDER THE SAME CONTRACT

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
COLUMBIA LUTHERAN CHARITIES

Employer identification number
93-0583856

Part I Charity Care and Certain Other Community Benefits at Cost

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

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			1,175,194		1,175,194	1 830 %
b Medicaid (from Worksheet 3, column a)			7,801,071	7,086,400	714,671	1 110 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			8,976,265	7,086,400	1,889,865	2 940 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			157,257		157,257	0 240 %
f Health professions education (from Worksheet 5)			13,161	3,700	9,461	0 010 %
g Subsidized health services (from Worksheet 6)			1,437,624	604,693	832,931	1 290 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			110,162		110,162	0 170 %
j **Total** Other Benefits			1,718,204	608,393	1,109,811	1 710 %
k **Total.** Add lines 7d and 7j			10,694,469	7,694,793	2,999,676	4 650 %

Part II Community Building Activities Complete this table if the organization conducted any community building activities.

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development						
3	Community support			32,852		32,852	0 050 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development						
9	Other						
10	**Total**			32,852		32,852	0 050 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense	2	2,514,702		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

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

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1	1 COASTAL HEALTH ASSURANCE	PHYSICIAN ASSC MEDICAL CONTRACTS	50 000 %		50 000 %
2	2 ASTORIA IMAGING LLC	MRI JOINT VENTURE	51 000 %		49 000 %
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 3

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	COLUMBIA MEMORIAL HOSPITAL 2111 EXCHANGE STREET ASTORIA,OR 97103	X	X			X		X		OTHER
2	ASTORIA IMAGING LLC 2111 EXCHANGE STREET ASTORIA,OR 97103									MRI JOINT VENTURE
3	CMH HOME HEALTH AND HOSPICE 486 12TH STREET ASTORIA,OR 97103	X								HOME SERVICES

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

COLUMBIA MEMORIAL HOSPITAL

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 1

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☐ Asset level			
	c ☐ Medical indigency			
	d ☐ Insurance status			
	e ☐ Uninsured discount			
	f ☑ Medicaid/Medicare			
	g ☐ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☐ The policy was posted at all times on the hospital facility's web site			
	b ☑ The policy was attached to all billing invoices			
	c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☑ The policy was posted in the hospital facility's admissions offices			
	e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon request			
	g ☐ Other (describe in Part VI)			

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
	a ☑ Reporting to credit agency			
	b ☑ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments or arrests			
	e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16	Yes	
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☑ Reporting to credit agency			
	b ☑ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments			
	e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☐ Notified patients of the financial assistance policy upon admission			
	b ☐ Notified patients of the financial assistance policy prior to discharge			
	c ☑ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☑ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**18**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**20**		No
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?	**21**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? 1

	Name and address	Type of Facility (Describe)
1	CMH PROFESSIONAL OFFICE BUILDING 2055 EXCHANGE STREET ASTORIA,OR 97103	OFFICE SPACE LEASED TO PRIVATE HEALTHCARE PROVIDERS
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		PART III, LINE 4 THE COLLECTION OF RECEIVABLES FROM THIRD-PARTY PAYERS 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 THE PATIENT'S ACCOUNT, 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

Identifier	ReturnReference	Explanation
		PART III, LINE 8 AS A MISSION-DRIVEN HOSPITAL, HEALTHCARE SERVICES ARE OFFERED TO THE COMMUNITY EVEN WHEN THE COST OF THAT CARE IS KNOWN TO BE MORE THAN THE REVENUE THAT WILL BE RECEIVED AS THE HOSPITAL ABSORBS THESE LOSSES FROM MEDICARE (DETERMINED BY THE RATIOS USED IN THE MEDICARE COST REPORT), THE ENTIRE COMMUNITY BENEFITS BECAUSE MANY OF THESE PROGRAMS/SERVICES WOULD NOT EXIST WITHOUT HOSPITAL SUPPORT

Identifier	ReturnReference	Explanation
		PART III, LINE 9B PERSONAL PAY ACCOUNTS AND THE BALANCE AFTER INSURANCE ARE SUBJECT TO A MINIMUM PAYMENT SCHEDULE IF THE PATIENT OR GUARANTOR IS UNABLE TO MEET THIS PAYMENT SCHEDULE, APPLICATION MAY BE MADE THROUGH PATIENT FINANCIAL SERVICES CREDIT AND COLLECTION CLERK'(S) AND OR THE PATIENT FINANCIAL SERVICES MANAGER FOR CHARITY, FINANCIAL ASSISTANCE, OR REDUCED PAYMENTS

Identifier	ReturnReference	Explanation
COLUMBIA MEMORIAL HOSPITAL		PART V, SECTION B, LINE 19D A UNIFORM PERCENTAGE REDUCTION IN CHARGES IS ITEMIZED IN THE BILL FOR INDIVIDUALS WHO DO NOT HAVE INSURANCE

Identifier	ReturnReference	Explanation
REPORTS FILED WITH STATES	PART VI, LINE 7	OR

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
COLUMBIA LUTHERAN CHARITIES

Employer identification number
93-0583856

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . ☐ Yes ☑ No

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

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed . . . ▶ ☐

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) CLATSOP COMMUNITY COLLEGE6540 LIBERTY LANE ASTORIA,OR 97103	93-0505508		58,936				SPONSORSHIPS
(2) ASTORIA BICENTENNIAL101 15TH ST ASTORIA,OR 97103	93-0453858		7,500				SPONSORSHIP
(3) CITY OF ASTORIA1095 DUANE ST ASTORIA,OR 97103	93-6002118		7,500				SPONSORSHIPS
(4) CLATSOP CARE CENTER HEALTH DISTRICT947 OLNEY AVE ASTORIA,OR 97103	93-0725041		5,760				HOSPICE HOUSE
(5)							SPONSORSHIP

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

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

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) if additional space is needed.

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

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

Identifier	Return Reference	Explanation
		SHCEDULE I, PART I, LINE 2 A CMH EMPLOYEE IS ASSIGNED TO MANAGE THE GRANT REVENUE PROGRAM PER THE TERMS OF EACH GRANT AGREEMENT THE ACCOUNTING DEPARTMENT KEEPS COPIES OF ALL GRANT AGREEMENTS, MAINTAINS DETAILED REVENUE AND EXPENDITURE RECORDS FOR EACH GRANT, AND ASSISTS IN THE PREPARATION OF ANY REQUIRED FINANCIAL REPORTING

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
COLUMBIA LUTHERAN CHARITIES

Employer identification number
93-0583856

Part I Questions Regarding Compensation

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

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space needed.

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) ROBERT HOLLAND	(i)	275,745	10,000	0	0	37,580	323,325	0
	(ii)	0	0	0	0	0	0	0
(2) ERIK THORSEN	(i)	247,274	24,000	33,246	23,685	1,635	329,840	0
	(ii)	0	0	0	0	0	0	0
(3) WILLIAM G RIVERS	(i)	154,708	10,000	5,190	8,244	29,400	207,542	0
	(ii)	0	0	0	0	0	0	0
(4) RICHARD CRASS	(i)	342,418	833	0	327	28,835	372,413	0
	(ii)	0	0	0	0	0	0	0
(5) EDOUARD DURET	(i)	333,752	0	0	6,145	32,319	372,216	0
	(ii)	0	0	0	0	0	0	0
(6) RANDALL JOHNSON	(i)	276,286	0	0	250	16,965	293,501	0
	(ii)	0	0	0	0	0	0	0
(7) WILLIAM LACOST	(i)	477,020	0	38,906	34,990	35,790	586,706	0
	(ii)	0	0	0	0	0	0	0
(8) LESLIE BLASEWITZ	(i)	133,880	5,000	101,586	17,028	15,640	273,134	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8 Also complete this part for any additional information

Identifier	Return Reference	Explanation
	PART I, LINE 1A	ASTORIA GOLF AND COUNTRY CLUB DUES FOR OFFICER ERIK THORSEN WERE PAID BY THE ORGANIZATION
	PART I, LINE 6	MANAGEMENT BONUSES ARE CONTINGENT ON THE NET EARNINGS OF THE ORGANIZATION

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).**
▶ **Attach to Form 990.** ▶ **See separate instructions.**

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
COLUMBIA LUTHERAN CHARITIES

Employer identification number
93-0583856

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	THE HOSPITAL FACILITIES AUTHORITY	27-0034718	046279BD6	08-16-2007	18,880,000	CONSTRUCTION & EQUIPMENT		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds defeased				
3	Total proceeds of issue	18,880,000			
4	Gross proceeds in reserve funds	219,791			
5	Capitalized interest from proceeds	774,925			
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	546,140			
8	Credit enhancement from proceeds	226,835			
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	18,373,574			
11	Other spent proceeds	63,564			
12	Other unspent proceeds	3			
13	Year of substantial completion	2010			

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X						
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?	X							
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?		X						
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶								
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶								
6	Total of lines 4 and 5								
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X							

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X						
2	Is the bond issue a variable rate issue?	X							
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X						
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X						
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X						
6	Did the bond issue qualify for an exception to rebate?		X						

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations . . . . . ☐ Yes ☑ No

Part VI Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule K (see instructions)

Identifier	Return Reference	Explanation

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
COLUMBIA LUTHERAN CHARITIES

Employer identification number
93-0583856

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1 (a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	(c) Corrected? No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 . . . . . ▶ $

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . . ▶ $

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	(b) From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) No	(f) Approved by board or committee? Yes	(f) No	(g) Written agreement? Yes	(g) No
(1) WILLIAM C LACOST EDUCATION AND HOUSING ASSISTANCE		X	120,000			No		No	Yes	
Total . . . . . ▶ $										

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of grant or type of assistance

Part IV Business Transactions Involving Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues? Yes	(e) Sharing of organization's revenues? No
(1) RANDY STEMPER	CMH BOARD MEMBER	2,186	OWNER OF ASTORIA BUILDER'S SUPPLY COMPETITIVELY BID AGAINST OTHER SUPPLIERS FOR RICKENBACH CONSTRUCTION RICHKENBACH CONSTRUCTION CONTRACTED WITH CMH FOR VARIOUS CONSTURCTION IN 2011		No
(2) HEATHER SEPPA	CMH BOARD MEMBER	10,206	PRESIDENT OF BANK OF ASTORIA WHERE THE HOSPITAL HAS SEVERAL BANK ACCOUNTS AND PAYS ROUTINE BANKING TRANSACTION FEES		No
(3) KEVIN BAXTER DO	CMH BOARD MEMBER	72,000	HOSPICE MEDICAL DIRECTOR - BAXTER FAMILY MEDICINE, MEDICAL DIRECTOR FOR LOWER COLUMBIA HOSPICE (PART OF COLUMBIA MEMORIAL HOSPITAL)		No

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule L (see instructions)

Identifier	Return Reference	Explanation

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
COLUMBIA LUTHERAN CHARITIES

Employer identification number
93-0583856

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	A DRAFT OF THE 990 IS MAILED TO THE BOARD OF TRUSTEES PRIOR TO THE BOARD MEETING THE 990 IS REVIEWED AND DISCUSSED AT THE BOARD FINANCE COMMITTEE MEETING 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 THE BOARD MEETING ACTUAL CONFLICTS OF INTEREST ARE ADDRESSED, DOCUMENTED, AND FILED IN THE CONFIDENTIAL PERSONNEL FILE
	FORM 990, PART VI, SECTION B, LINE 15	COMPENSATION OF ALL OFFICERS WAS REVIEWED WITH COMPARABILITY DATA BY A THIRD PARTY CONSULTANT THE RESULTS OF THE STUDY WERE 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 THE HOSPITAL
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -237,304 DEFINED BENEFIT RETIREMENT PLAN ADJUSTMENT -2,537,648 NET ASSETS RELEASED FROM RESTRICTION 8,224 TOTAL TO FORM 990, PART XI, LINE 5 -2,766,728
	FROM 990, PART XI LINE 2C	THE BOARD OF TRUSTEE 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, 4A STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	KEY STATISTICS FOR 2011 INPATIENT ADMISSION INCLUDING NEWBORNS 1,994 INPATIENT DAYS INCLUDING NEWBORNS 5,221 SURGERY PATIENTS 2,788 ANCILLARY VISITS 38,492 LABORATORY TESTS 129,090 IMAGING TOTALS 33,806 CLINIC VISITS 24,538 EMERGENCY & TRAUMA VISITIS 12,613 URGENT CARE CLINIC VISITS 5,870 HOME HEALTH VISITS 3,245 HOSPICE PATIENT DAYS 6,200 THE FOLLOWING ARE HIGHLIGHTS OF THE ACHIEVEMENTS IN EACH CATEGORY OF COLUMBIA MEMORIAL HOSPITAL'S MISSION STATEMENT LEADERSHIP IN THE PAST THREE YEARS, COLUMBIA MEMORIAL HOSPITAL (CMH) HAS REALIZED A 26% INCREASE IN THE NUMBER OF OUTPATIENT VISITS DUE TO THE ADDITION OF SEVERAL NEW CLINICS AND SERVICES INCLUDING URGENT CARE, ORTHOPEDICS, UROLOGY, GENERAL SURGERY, PEDIATRICS, CARDIOLOGY, AND ONCOLOGY CONSTRUCTION CONCLUDED IN 2010 ON THE REMODEL OF SURGERY, RECOVERY, ENDOSCOPY SUITE, SAME DAY SURGERY ROOMS, EMERGENCY ROOM, AND LABORATORY ALL OF THE CONSTRUCTION CONTRACTS FOR THE CMH BUILDING AND REMODELING PROJECTS REQUIRE THE USE OF LOCAL CONTRACTORS AND BUSINESSES TO PROMOTE EMPLOYMENT AND STIMULATE THE LOCAL ECONOMY CMH'S PATTERN OF GROWTH HAS ALSO BOOSTED EMPLOYMENT REALIZING AN 18% INCREASE IN FULL TIME EQUIVALENTS (FTES) SINCE 2008 SUCCESSFUL RECRUITMENT OF NEW PHYSICIANS PLAYED A CRITICAL PART IN INCREASING ACCESS TO HEALTHCARE LOCALLY IN 2009 THROUGH 2011, TEN PHYSICIANS WERE RECRUITED INTO THE COMMUNITY CARDIOLOGY SERVICES WHICH STARTED IN LATE 2010, WERE IN PLACE FOR THE ENTIRE YEAR OF 2011 CMH CONTINUES TO PLAY A CRUCIAL LEADERSHIP ROLE CONDUCTING NEEDS ASSESSMENTS, NETWORKING WITH OTHER LOCAL HEALTHCARE PROVIDERS AND COMMUNITY LEADERS, INCORPORATING NEEDS INTO LONG-TERM STRATEGIC PLANNING GOALS, AND ENSURING GOALS ARE REALIZED TO ENHANCE BOTH THE QUALITY AND QUANTITY OF HEALTHCARE SERVICES PROVIDED EXCELLENCE QUALITY IS THE NUMBER ONE PRIORITY AT CMH THE HOSPITAL HAS A COMPREHENSIVE STRATEGIC PLANNING AND QUALITY IMPROVEMENT PROCESS THE BOARD IS ACTIVELY ENGAGED AND RESPONSIBLE FOR THE OVERSIGHT OF BOTH INITIATIVES, MONITORED BY THE BOARD'S MULTI-DISCIPLINARY QUALITY OVERSIGHT COMMITTEE EACH DEPARTMENT MANAGER ALSO HAS ACCOUNTABILITY IN THE PROCESS PATIENT OUTCOMES AND OTHER QUALITY MEASURES ARE TRACKED AT THE DEPARTMENT LEVEL AND REPORTED ON A MONTHLY AND QUARTERLY BASIS TO THE ADMINISTRATIVE TEAM IN COMPARISON TO INTERNAL GOALS AND EXTERNAL BENCHMARKS THE HOSPITAL PARTICIPATES IN THE HOSPITAL CONSUMER ASSESSMENT OF HEALTHCARE PROVIDERS AND SYSTEMS (HCAHPS) SURVEY EVEN THOUGH HCAHPS PARTICIPATION IS NOT MANDATORY FOR CAHS CMH BECAME ACCREDITED BY THE HEALTHCARE FACILITIES ACCREDITATION PROGRAM (HFAP) EFFECTIVE FROM JULY 2011 THROUGH JUNE 2014 PRIOR TO THIS, CMH HAD BEEN ACCREDITED BY THE JOINT COMMISSION (JCAHO) SINCE NOVEMBER 2008 THIS IS NO SMALL TASK WITH THE INCREASED REQUIREMENTS TO PASS RIGOROUS QUALITY, SAFETY, AND COMPLIANCE AUDITS SURVEYORS ARRIVE UNANNOUNCED TO VERIFY COMPLIANCE WITH INTERNAL POLICIES AS WELL AS WITH EXTERNAL REGULATIONS PROVIDING AND PARTICIPATING IN EDUCATION OF PHYSICIANS, CMH EMPLOYEES, PATIENTS, VISITORS, AND COMMUNITY MEMBERS IS ANOTHER VITALLY IMPORTANT GOAL FOR CMH SOME EXAMPLES OF EDUCATIONAL ACTIVITIES PROVIDED BY CMH INCLUDE HEALTH OCCUPATIONS COURSES IN LOCAL HIGH SCHOOLS, JOB SHADOWING OPPORTUNITIES FOR STUDENTS, CLINIC SETTING FOR COLLEGE AND JOB CORPS CNA/CMA TRAINING, HEALTH FAIRS AND HEALTH SCREENING OPPORTUNITIES, EDUCATIONAL ARTICLES IN THE QUARTERLY NEWSLETTERS, "WIREDMD" ACCESS ON CAMPUS FOR PATIENTS AND VISITORS, EDUCATIONAL BROCHURES, AND COMMUNITY "DOC TALKS" ON VARIOUS MEDICAL CONDITIONS CMH ENCOURAGES AND SUPPORTS EMPLOYEES IN OBTAINING HIGHER LEVEL CERTIFICATIONS AND ADVANCED DEGREES TO PROMOTE EXCELLENCE THROUGH EDUCATION IN THE YEARS TO COME COMPASSION CMH HAS ADOPTED THE "PLANETREE" PATIENT-CENTERED PHILOSOPHY TO PERSONALIZE, HUMANIZE, AND DEMYSTIFY THE HEALTHCARE EXPERIENCE FOR PATIENTS AND THEIR FAMILIES CMH AND PLANETREE PROMOTE THE DEVELOPMENT AND IMPLEMENTATION OF INNOVATIVE MODELS OF HEALTHCARE THAT FOCUS ON HEALING AND NURTURING THE BODY, MIND, AND SPIRIT CMH HAS IMPLEMENTED THE FOLLOWING INNOVATIVE SOLUTIONS TO ENHANCE THE HEALTHCARE EXPERIENCE AT OUR HOSPITAL, CARE PARTNERS, PET THERAPY, MASSAGE, REIKI, TAI CHI, MUSIC, ARTWORK, AROMATHERAPY, HEALING GARDEN, ROOM SERVICE, AND A FAMILY ROOM SEVERAL TEAMS OF STAFF MEMBERS MEET REGULARLY TO EXPLORE AND DEVELOP NEW WAYS TO ENHANCE THE HEALING ENVIRONMENT AND OFFER COMPASSION AND SUPPORT TO PATIENTS AND THEIR FAMILIES A PATIENT ADVISORY COMMITTEE CONSISTING OF LOCAL CITIZENS MEETS REGULARLY TO HELP EMBED THE PATIENTS PERSPECTIVE INTO DECISIONS MADE TO IMPROVE THE PATIENT-CENTERED DIRECTION OF CMH

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
COLUMBIA LUTHERAN CHARITIES

Employer identification number
93-0583856

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" on 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" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) COLUMBIA MEMORIAL HOSPITAL FOUNDATION 2111 EXCHANGE STREET ASTORIA, OR 97103 93-1091701	FUNDRAISING FOR THE HOSPITAL	OR	501(C)3			Yes	
(2) COLUMBIA MEMORIAL HOSPITAL AUXILIARY 2111 EXCHANGE STREET ASTORIA, OR 97103 93-1306211	PROVIDE VOLUNTEERS	OR	501(C)3				No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) 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	(k) Percentage ownership
(1) ASTORIA IMAGING LLC 2111 EXCHANGE STREET ASTORIA, OR 97103 80-0240381	MRI JOINT VENTURE	OR		RELATED	517,671	1,737,628		No			No	51 000 %
(2) COASTAL HEALTH ASSURANCE 2111 EXCHANGE STREET ASTORIA, OR 97103 91-1818894	PHO	OR			-175	21,145		No			No	49 000 %

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

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

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

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

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

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) COLUMBIA MEMORIAL HOSPITAL FOUNDATION (IN-KIND CONTRIBUTION)	B	132,324	ACTUAL
(2) COLUMBIA MEMORIAL HOSPITAL FOUNDATION (IN-KIND CONTRIBUTION SALARY EXP)	N	154,709	ACTUAL
(3) ASTORIA IMAGING LLC (SALARY EXPENSE FOR MRI MNGMT TECHS & REGISTRATION)	N	266,704	ACTUAL
(4) COLUMBIA MEMORIAL HOSPITAL FOUNDATION	C	8,224	ACTUAL
(5) COLUMBIA MEMORIAL HOSPITAL FOUNDATION	P	113,075	ACTUAL
(6)			

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

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

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

Schedule R (Form 990) 2011

Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

Identifier	Return Reference	Explanation	

Columbia Lutheran Charities
dba Columbia Memorial Hospital
and Subsidiaries

Consolidated
Financial Statements and
Supplementary Information

Years Ended
December 31, 2011
and 2010

Columbia Lutheran Charities
dba Columbia Memorial Hospital
and Subsidiaries

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Independent Auditors' Report

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

We have audited the accompanying consolidated balance sheets of Columbia Lutheran Charities, dba Columbia Memorial Hospital, and subsidiaries (collectively, "Charities") as of December 31, 2011 and 2010, and the related consolidated statements of operations, changes in net assets, and cash flows for the years 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 audits

We conducted our audits in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free 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 audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Columbia Lutheran Charities, dba Columbia Memorial Hospital, and subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

DELAP LLP

April 27, 2012

Columbia Lutheran Charities
dba Columbia Memorial Hospital
and Subsidiaries

Consolidated Balance Sheets

December 31, 2011 and 2010

	2011	2010
Assets		
Current assets		
Cash and cash equivalents	$ 4,943,131	$ 4,271,820
Assets limited as to use	9,490,064	9,748,643
Patient accounts receivable - net of allowance for doubtful accounts of $2,052,000 ($1,718,000 in 2010)	11,558,704	11,870,113
Estimated third-party payor settlements receivable - net	543,000	-
Supplies inventory	1,055,965	1,000,582
Prepaid expenses and other current assets	1,543,262	1,599,478
Total current assets	29,134,126	28,490,636
Assets limited as to use - net of current portion	4,947,416	4,609,202
Property and equipment - net	28,751,804	27,614,974
Rental and other property held for future development - net of accumulated depreciation and amortization of $1,842,166 ($1,602,760 in 2010)	2,933,212	2,709,137
Goodwill	2,400,000	2,400,000
Other assets - net	840,254	980,407
Total Assets	$ 69,006,812	$ 66,804,356

The accompanying notes are an integral part of the consolidated financial statements

Columbia Lutheran Charities
dba Columbia Memorial Hospital
and Subsidiaries

Consolidated Balance Sheets (Continued)

December 31, 2011 and 2010

	2011	2010
Liabilities and Net Assets		
Current liabilities		
Outstanding checks in excess of funds on deposit	$ 475,794	$ -
Accounts payable	2,044,246	1,927,166
Accrued liabilities		
Payroll, payroll taxes, and withholdings	942,157	892,938
Earned leave	1,694,986	1,471,806
Other	1,635,555	2,484,110
Estimated third-party payor settlements payable - net	-	375,000
Current portion of long-term debt due to short-term remarketing arrangements (Note 5)	8,482,647	8,767,353
Other current portion of long-term debt	1,850,000	1,795,000
Total current liabilities	17,125,385	17,713,373
Long-term debt - net of current portion	10,187,114	11,730,619
Accrued retirement plan liability	9,142,412	6,791,718
Other liabilities	1,112,267	887,526
Total liabilities	37,567,178	37,123,236
Net assets		
Unrestricted		
Controlling interest	29,195,847	27,466,801
Noncontrolling interests in Astoria Imaging, LLC (Astoria Imaging)	1,751,495	1,710,638
Total unrestricted	30,947,342	29,177,439
Temporarily restricted	492,292	503,681
Total net assets	31,439,634	29,681,120
Total Liabilities and Net Assets	$ 69,006,812	$ 66,804,356

The accompanying notes are an integral part of the consolidated financial statements

Columbia Lutheran Charities
dba Columbia Memorial Hospital
and Subsidiaries

Consolidated Statements of Operations

Years Ended December 31, 2011 and 2010

	2011	2010
Unrestricted revenue		
Net patient service revenue	$ 69,049,745	$ 60,527,019
Other revenue	1,640,502	695,030
Total unrestricted revenue	70,690,247	61,222,049
Expenses		
Salaries and benefits	36,646,825	32,937,561
Medical and other supplies	8,187,579	6,418,843
Provision for bad debts	4,838,794	4,777,989
Professional fees	4,334,049	3,552,238
Depreciation and amortization related to health care operations	3,364,285	3,139,714
Interest	176,522	222,607
Purchased services and other	8,121,756	6,780,604
Total expenses	65,669,810	57,829,556
Operating Income	5,020,437	3,392,493
Other income (expenses)		
Investment income - net	279,931	1,324,619
Noncontrolling interests in Astoria Imaging	(552,931)	(319,885)
Other - net	(488,967)	(449,594)
Total other income (expenses) - net	(761,967)	555,140
Excess of Revenue Over Expenses	4,258,470	3,947,633
Change in net unrealized gains and losses on other than trading securities	-	(39)
Net assets released from restrictions used for equipment acquisitions	8,224	75,497
Increase in Unrestricted Net Assets Before Defined Benefit Retirement Plan Adjustment	4,266,694	4,023,091
Adjustment for net loss on defined benefit retirement plan	(2,537,648)	(453,740)
Increase in Unrestricted Net Assets	$ 1,729,046	$ 3,569,351

The accompanying notes are an integral part of the consolidated financial statements

Columbia Lutheran Charities
dba Columbia Memorial Hospital
and Subsidiaries

Consolidated Statements of Changes in Net Assets

Years Ended December 31, 2011 and 2010

	Unrestricted				
	Controlling Interest	Noncontrolling Interests in Astoria Imaging	Total	Temporarily Restricted	Total Net Assets
Net Assets - December 31, 2009	$23,897,450	$ -	$23,897,450	$ 365,690	$ 24,263,140
Excess of revenue over expenses	3,947,633	-	3,947,633	-	3,947,633
Change in net unrealized gains and losses on other than trading securities	(39)	-	(39)	-	(39)
Net assets released from restrictions used for equipment acquisitions	75,497	-	75,497	(75,497)	-
Adjustment for net loss on defined benefit retirement plan	(453,740)	-	(453,740)	-	(453,740)
Restricted contributions and grants	-	-	-	195,092	195,092
Restricted other gains - net	-	-	-	18,396	18,396
Noncontrolling interests in net assets	-	1,390,753	1,390,753	-	1,390,753
Noncontrolling interests earnings	-	319,885	319,885	-	319,885
Increase in net assets	3,569,351	1,710,638	5,279,989	137,991	5,417,980
Net Assets - December 31, 2010	27,466,801	1,710,638	29,177,439	503,681	29,681,120
Excess of revenue over expenses	4,258,470	-	4,258,470	-	4,258,470
Net assets released from restrictions used for equipment acquisitions	8,224	-	8,224	(8,224)	-
Adjustment for net loss on defined benefit retirement plan	(2,537,648)	-	(2,537,648)	-	(2,537,648)
Restricted contributions and grants	-	-	-	48,176	48,176
Restricted other losses - net	-	-	-	(51,341)	(51,341)
Distributions to noncontrolling interests	-	(512,074)	(512,074)	-	(512,074)
Noncontrolling interests earnings	-	552,931	552,931	-	552,931
Increase (decrease) in net assets	1,729,046	40,857	1,769,903	(11,389)	1,758,514
Net Assets - December 31, 2011	$29,195,847	$ 1,751,495	$30,947,342	$ 492,292	$ 31,439,634

The accompanying notes are an integral part of the consolidated financial statements

Columbia Lutheran Charities
dba Columbia Memorial Hospital
and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended December 31, 2011 and 2010

	2011	2010
Cash Flows From Operating Activities		
Increase in net assets	$ 1,758,514	$ 5,417,980
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Provision for bad debts	4,838,794	4,777,989
Depreciation and amortization	3,593,347	3,325,516
Losses (gains) on disposals of property and equipment - net	(1,900)	36,283
Increase in cash and cash equivalents from change in accounting for Astoria Imaging	-	152,906
Recognition of noncontrolling interests from change in accounting for Astoria Imaging	-	(730,632)
Restricted contributions, grants, and other gains and losses - net	(296,835)	(213,488)
Changes in certain operating assets and liabilities		
Patient accounts receivable	(4,527,385)	(5,033,398)
Assets limited as to use classified as trading securities	(121,738)	(357,789)
Estimated third-party payor settlements receivable - net	(543,000)	-
Supplies inventory	(55,383)	(308,198)
Prepaid expenses and other current assets	56,216	(206,459)
Other assets	90,275	59,325
Outstanding checks in excess of funds on deposit	475,794	-
Accounts payable	117,080	1,005,781
Accrued liabilities	(576,156)	1,292,030
Estimated third-party payor settlements payable - net	(375,000)	(288,000)
Accrued retirement plan liability	2,350,694	138,862
Other liabilities	224,741	113,897
Net cash provided by operating activities	7,008,058	9,182,605

The accompanying notes are an integral part of the consolidated financial statements

Columbia Lutheran Charities
dba Columbia Memorial Hospital
and Subsidiaries

Consolidated Statements of Cash Flows (Continued)

Years Ended December 31, 2011 and 2010

	2011	2010
Cash Flows From Investing Activities		
Decrease in assets limited as to use classified as other than trading securities - net	$ 42,103	$ 4,765,471
Net cash paid for acquisition of Siker Imaging, LLC	-	(2,338,000)
Purchases of property and equipment and rental and other property	(4,882,585)	(7,298,045)
Proceeds from sales of property and equipment	1,900	181,440
Net cash used by investing activities	(4,838,582)	(4,689,134)
Cash Flows From Financing Activities		
Payments on long-term debt	(1,795,000)	(1,305,000)
Proceeds from temporarily restricted contributions, grants, and other gains and losses - net	296,835	213,488
Net cash used by financing activities	(1,498,165)	(1,091,512)
Net Increase in Cash and Cash Equivalents	671,311	3,401,959
Cash and cash equivalents - beginning of year	4,271,820	869,861
Cash and Cash Equivalents - End of Year	$ 4,943,131	$ 4,271,820
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 172,662	$ 234,342

The accompanying notes are an integral part of the consolidated financial statements

Columbia Lutheran Charities
dba Columbia Memorial Hospital
and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended December 31, 2011 and 2010

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 health care and health care 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

The Hospital also has a controlling interest in a joint venture, Astoria Imaging, LLC (Astoria Imaging) Astoria Imaging is a limited liability company 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) Astoria Imaging 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

The Hospital, the Foundation, and Astoria Imaging are collectively referred to as "Charities "

Principles of consolidation

The accompanying consolidated financial statements include the accounts and transactions of the Hospital and its subsidiary, the Foundation Also, effective for the year ended December 31, 2010, Charities changed its method of accounting for its interest in Astoria Imaging from the equity method to consolidating this joint venture In accordance with accounting principles generally accepted in the United States of America (U S) (GAAP), the noncontrolling interests in Astoria Imaging are reported as a separate component of unrestricted net assets in the accompanying consolidated financial statements All significant intercompany accounts and transactions have been eliminated in consolidation

Method of accounting

The accompanying consolidated financial statements are prepared in conformity with 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

1. Business, Organization, and Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents (continued)

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 December 31, 2012 Charities' interest bearing accounts at this financial institution are insured by the FDIC up to $250,000 As of December 31, 2011, Charities' bank balances exceeded FDIC coverage by approximately $200,000, however, Management believes that its credit risk with respect to these bank balances is minimal due to the financial strength of the financial institution

In addition, cash and cash equivalents as of December 31, 2011 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 3 and 5)

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 (see Note 11) Investment income or loss (including interest, dividends, and realized gains and losses on sales of investments) is included in the excess 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 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 As of December 31, 2011 and 2010, 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 as of December 31, 2011 and 2010

As of December 31, 2011, Charities had investments in mutual and exchange-traded funds and cash and cash equivalents (see Note 3) 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 entities which have issued the securities or instruments However, due to changes in economic conditions, interest 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

1. **Business, Organization, and Summary of Significant Accounting Policies (Continued)**

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 its patients' 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 collectability 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 health care 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, 2011 and 2010 were approximately as follows

	2011	2010
Medicare	34%	31%
Oregon Health Plan (OHP) and Medicaid	13	13
Other third-party payors	7	5
Self-pay and commercial insurance	46	51
	100%	100%

Supplies inventory

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

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

1. **Business, Organization, and Summary of Significant Accounting Policies (Continued)**

Property and equipment (continued)

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

Goodwill

Goodwill represents the excess of the purchase price and related costs over the estimated fair value of net assets acquired in Astoria Imaging's acquisition of Siker Imaging, LLC (Siker) in September 2010 (see Note 2) In accordance with GAAP, goodwill cannot be amortized, however, it must be tested for impairment at least annually This impairment test is calculated at the reporting unit level by comparing the estimated fair value of the reporting unit with its net book value, including goodwill An impairment loss will be recorded for any goodwill determined to be impaired Goodwill would be tested for impairment between annual tests if an event occurs or circumstances change that would "more-likely-than-not" reduce the fair value of a reporting unit below its carrying amount Differences in the identification of reporting units and the use of valuation techniques could result in materially different evaluations of impairment Such differences could result in future impairment of goodwill that would, in turn, negatively impact Charities' consolidated results of operations For purposes of this test, Charities has identified a single reporting unit Based on the results of Charities' annual goodwill impairment tests, in the opinion of Management, Charities has not experienced any goodwill impairment during the years ended December 31, 2011 and 2010

Unamortized bond discounts

Unamortized bond discounts are amortized over the terms 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 or the terms of grants to a specific purpose As of December 31, 2011 and 2010, all of Charities' temporarily restricted net assets were held by the Foundation

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

1. **Business, Organization, and Summary of Significant Accounting Policies (Continued)**

Net patient service revenue (continued)

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 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, 2009 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, 2009

The laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation In addition, the Recovery Audit Contractors program requires 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 receivable (payable) - net, will change by a material amount in the near-term Net patient service revenue was increased by approximately $540,000 and $955,000 during the years ended December 31, 2011 and 2010, 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 $63,419,000 and $54,851,000 for the years ended December 31, 2011 and 2010, 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

Electronic health records incentives

Under certain provisions of the American Recovery and Reinvestment Act of 2009 (ARRA), federal incentive payments are available to hospitals, physicians, and certain other professionals (collectively, "health care providers") when they adopt, implement, or upgrade (AIU) certified electronic health record (EHR) technology or become "meaningful users" – as defined under ARRA – of EHR technology in ways that demonstrate improved quality, safety, and effectiveness of care Health care providers can become eligible for annual Medicare incentive payments by demonstrating meaningful use of EHR technology in

1. **Business, Organization, and Summary of Significant Accounting Policies (Continued)**

Electronic health records incentives (continued)

each federal fiscal year over four federal fiscal years Medicaid providers can receive their initial incentive payment by satisfying AIU criteria but must demonstrate meaningful use of EHR technology in subsequent federal fiscal years in order to qualify for additional payments Hospitals may be eligible for both Medicare and Medicaid EHR incentive payments, however, physicians and other professionals may be eligible for either Medicare or Medicaid incentive payments but not both Hospitals that are meaningful users under the Medicare EHR incentive payment program are deemed meaningful users under the Medicaid EHR incentive payment program and do not need to meet additional criteria imposed by Medicaid Medicaid EHR incentive payments to health care providers are 100% federally funded and administered by individual states The Centers for Medicare and Medicaid Services (CMS) established federal fiscal year 2011 as the first year states could offer EHR incentive payments Before a state may offer EHR incentive payments, the state must submit – and CMS must approve – the state's incentive plan Charities recognizes estimated Medicare and Medicaid EHR incentive payments on a ratable basis when it is reasonably assured that Charities will demonstrate compliance with the meaningful use criteria for receiving EHR incentive payments During the year ended December 31, 2011, Charities satisfied certain of the CMS AIU and meaningful use criteria As a result, Charities recognized approximately $627,000 of estimated Medicare and Medicaid EHR incentive payments as other operating revenue in the accompanying 2011 consolidated statement of operations Such estimates are subject to audit and/or final approval by CMS and Medicaid As a result, there is at least a reasonable possibility that estimated Medicare and Medicaid EHR incentive payments will change by a material amount in the near-term

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 the 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 6)

Consolidated statements of operations

For purposes of presentation, transactions deemed by Management to be ongoing, major, or central to the provision of health care services are reported as operating revenue and expenses Peripheral or incidental transactions are reported as other income and expense The accompanying consolidated statements of operations include the excess of revenue over expenses Changes in unrestricted net assets which are excluded from the excess 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 loss on the defined benefit retirement plan (see Note 8)

1. **Business, Organization, and Summary of Significant Accounting Policies (Continued)**

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 and grants are reported as temporarily or permanently restricted support if they are received with donor or grantor stipulations that limit the use of the donated assets When a donor or grantor 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 Charities' consolidated statements of operations as net assets released from restrictions Donor-restricted and grantor-restricted contributions whose restrictions are met within the same year as received are included in other unrestricted revenue in Charities' 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 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 and grants 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 Astoria Imaging is a limited liability corporation, and, accordingly, under the provisions of the IRC, is not subject to federal or state corporate income taxes on its taxable income Instead, the members of Astoria Imaging report their proportionate shares of the income tax effects of Astoria Imaging's operations on their respective income tax or informational returns 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

Income tax positions that meet a "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 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 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, 2011 and 2010

Charities files federal information and income tax returns in the U S and state information and income tax returns in Oregon Charities is no longer subject to examinations by the related tax authorities for its U S federal and Oregon information and income tax returns for years prior to 2008

1. Business, Organization, and Summary of Significant Accounting Policies (Continued)

Recently issued accounting standards

In August 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No 2010-23, *Health Care Entities (Topic 954) – Measuring Charity Care for Disclosure* (ASU 2010-23) ASU 2010-23 requires that cost be used as the measurement basis for charity care disclosure purposes and that cost be identified as the direct and indirect costs of providing the charity care As a result of the amendments in ASU 2010-23, various techniques will likely be used to determine how the direct and indirect costs are identified, such as obtaining the information directly from a costing system or through reasonable estimation techniques Therefore, the amendments in ASU 2010-23 also require disclosure of the method used to identify or determine such costs In the opinion of the FASB, ASU 2010-23 will improve current GAAP by requiring all entities to use the same measurement basis of charity care, therefore, enhancing comparability between entities' consolidated financial statements A health care entity does not recognize revenue when charity care is provided, accordingly, the amendments in ASU 2010-23 had no effect on the amounts reported in the primary consolidated financial statements ASU 2010-23 was effective for Charities beginning in 2011 The adoption of ASU 2010-23 did not have a significant effect on Charities' consolidated financial statements (see Note 6)

In August 2010, the FASB issued ASU No 2010-24, H*ealth Care Entities (Topic 954) – Presentation of Insurance Claims and Related Insurance Recoveries* (ASU 2010-24) ASU 2010-24 was issued to provide additional guidance to health care entities regarding accounting for medical malpractice and other similar claims subject to anticipated insurance recoveries ASU 2010-24 clarifies that a health care entity should not net insurance recoveries against a related claim liability, and requires that a health care entity estimate the amount of the claim liability without consideration of any anticipated insurance recoveries ASU 2010-24 eliminates an industry exception by requiring health care entities to conform to existing GAAP which generally does not permit offsetting of conditional or unconditional liabilities with anticipated insurance recoveries from third-parties Upon initial application, the difference between the change in the amount of the liability recognized for claims and the change in the amount of receivables recognized for anticipated insurance recoveries was to be recognized as a cumulative-effect adjustment to opening unrestricted net assets as of the beginning of the period of adoption ASU 2010-24 was effective for Charities beginning in 2011 and did not have a significant effect on Charities' consolidated financial statements

In May 2011, the FASB issued ASU No 2011-04, *Fair Value Measurement (Topic 820) – Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U S GAAP and IFRSs* (ASU 2011-04) The provisions of ASU 2011-04 clarify the FASB's intent regarding application of existing fair value measurement guidance and revise certain measurement and disclosure requirements to achieve convergence of GAAP and International Financial Reporting Standards (IFRS) ASU 2011-04 clarifies the FASB's intent about the application of the highest-and-best-use and valuation premise and with respect to the measurement of fair value of an instrument classified as equity ASU 2011-04 also expands the information required to be disclosed with respect to fair value measurements categorized in Level 3 fair value measurements and the items not measured at fair value but for which fair value must be disclosed ASU 2011-04 will be effective for Charities in 2012 Management does not expect that ASU 2011-04 will have a significant effect on Charities' future consolidated financial statements

1. **Business, Organization, and Summary of Significant Accounting Policies (Continued)**

Recently issued accounting standards (continued)

In July 2011, the FASB issued ASU No 2011-07, *Health Care Entities (Topic 954) – Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* (ASU 2011-07) ASU 2011-07 was issued to provide financial statement users with greater transparency about a health care entity's net patient service revenue and the related allowance for doubtful accounts ASU 2011-07 requires health care entities that recognize significant amounts of patient service revenue at the time the services are rendered – even though they do not assess the patient's ability to pay – to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) on their consolidated statements of operations ASU 2011-07 will require certain health care entities to change the presentation of their consolidated statements of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts) Additionally, those health care entities are required to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts ASU 2011-07 also requires disclosures of patient service revenue (net of contractual allowances and discounts), as well as certain qualitative and quantitative information about changes in the allowance for doubtful accounts ASU 2011-07 will be effective for Charities in 2012 Management is currently evaluating the effect that ASU 2011-07 will have on Charities' future consolidated financial statements

In September 2011, the FASB issued ASU No 2011-08, *Intangibles – Goodwill and Other (Topic 350) – Testing Goodwill for Impairment* (ASU 2011-08) ASU 2011-08 was issued to simplify how entities, both public and nonpublic, test goodwill for impairment Prior to the issuance of ASU 2011-08, all entities with goodwill were required to perform an annual two-step goodwill impairment test ASU 2011-08 provides an entity with the option to first assess qualitative factors to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in existing GAAP The more-likely-than-not threshold is defined as having a likelihood of more than 50 percent ASU 2011-08 states that an entity is not required to perform the first step of the two-step impairment test by calculating the fair value of a reporting unit unless the entity determines that it is more-likely-than-not that its fair value is less than its carrying amount ASU 2011-08 will be effective for Charities in 2012 Management is currently evaluating the effect that ASU 2011-08 will have on Charities' future consolidated financial statements

Reclassifications

Certain amounts in 2010 have been reclassified to conform with the 2011 presentation

Subsequent events

Management has evaluated, for potential recognition or disclosure in the consolidated financial statements, subsequent events that have occurred through April 27, 2012, which is the date that the consolidated financial statements were available to be issued

2. Business Acquisition

Effective September 30, 2010, Astoria Imaging acquired substantially all assets and operations of Siker Siker was a limited liability company which was primarily engaged in providing medical diagnostic imaging services to patients in the Hospital's operating region The acquisition expanded Astoria Imaging's operations in this market The aggregate consideration paid to Siker for the acquisition was $4,288,000, comprised of cash payments aggregating $2,338,000 and a long-term note payable of $1,950,000 (see Note 5) The purchase price was allocated to the estimated fair values of the assets acquired, and the excess of the purchase price over the estimated fair value of the assets acquired was allocated to goodwill The estimated fair values of such assets at the acquisition date were approximately as follows

Property and equipment	$ 1,688,000
Covenant not-to-compete	200,000
Goodwill	2,400,000
Purchase price	$ 4,288,000

Goodwill resulted from the synergies and efficiencies of the combination of operations, increased name recognition, and the continuation of established operations in the Hospital's market area

3. Assets Limited as to Use

Assets limited as to use consisted of the following as of December 31, 2011 and 2010

	2011	2010
Internally designated for capital acquisitions		
Equity mutual funds	$ 4,523,663	$ 4,694,511
Fixed income mutual funds	7,165,387	6,751,315
Total internally designated for capital acquisitions	11,689,050	11,445,826
Internally designated for hospice and chaplaincy		
Cash and cash equivalents	77,277	73,513
Equity mutual and exchange-traded funds	246,649	245,119
Fixed income mutual and exchange-traded funds	201,290	224,243
Total internally designated for hospice and chaplaincy	525,216	542,875
Total internally designated	12,214,266	11,988,701
Less portion reported as current	(8,482,647)	(8,767,353)
Total internally designated - net of current portion	3,731,619	3,221,348

3. Assets Limited as to Use (Continued)

	2011	2010
Held by the Foundation		
Assets held in charitable gift annuity trust		
Cash and cash equivalents	$ 16,391	$ 2,367
Equity mutual funds	233,961	253,023
Fixed income mutual funds	138,130	178,592
Total assets held in charitable gift annuity trust	388,482	433,982
Other investments	-	103,827
Total assets limited as to use held by the Foundation	388,482	537,809
Held by trustee		
Bond fund - cash and cash equivalents	787,625	770,048
Bond sinking fund - cash and cash equivalents	219,792	211,242
Debt service reserve fund - cash and cash equivalents	827,315	850,045
Total held by trustee	1,834,732	1,831,335
Less portion reported as current	(1,007,417)	(981,290)
Total held by trustee - net of current portion	827,315	850,045
Total assets limited as to use - net of current portion	$ 4,947,416	$ 4,609,202

As of December 31, 2011 and 2010, Charities classified $8,482,647 and $8,767,353, 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 5)

Investment income consisted of the following for the years ended December 31, 2011 and 2010

	2011	2010
Interest and dividend income	$ 436,941	$ 428,509
Realized gains on sales of securities - net	80,294	331,747
Net unrealized gains (losses) on trading securities	(237,304)	564,363
Investment income - net	$ 279,931	$ 1,324,619

4. Property and Equipment

Property and equipment consisted of the following as of December 31, 2011 and 2010

	2011	2010
Land	$ 788,735	$ 788,735
Land improvements	3,405,458	3,370,016
Buildings and improvements	18,637,449	17,243,232
Equipment	32,384,932	27,639,474
	55,216,574	49,041,457
Less accumulated depreciation and amortization	(26,924,534)	(23,659,163)
	28,292,040	25,382,294
Construction in progress	459,764	2,232,680
Property and equipment - net	$ 28,751,804	$ 27,614,974

Construction in progress as of December 31, 2011 includes costs incurred in connection with the construction of new cardiology and obstetrics units, additional imaging capabilities on the third floor of the CMH Health & Wellness Pavilion (the Pavilion), and certain hospital corridor renovations, which are being financed with Charities' internally designated funds (see Note 3) As of December 31, 2011, Management estimates that the cost to complete these projects is approximately $1,600,000

5. Long-Term Debt

Long-term debt consisted of the following as of December 31, 2011 and 2010

	2011	2010
Adjustable Rate Demand Hospital Revenue Bonds, Series 2007	$ 17,005,000	$ 17,505,000
Hospital Revenue and Refunding Bonds, Series 2002	2,305,000	3,000,000
Note payable	1,350,000	1,950,000
Less unamortized bond discounts	(140,239)	(162,028)
Total	20,519,761	22,292,972
Less current portion due to short-term remarketing arrangements	(8,482,647)	(8,767,353)
Less other current portion	(1,850,000)	(1,795,000)
Long-term debt - net of current portion	$ 10,187,114	$ 11,730,619

5. Long-Term Debt (Continued)

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 was originally scheduled to terminate on August 16, 2012, unless extended under the terms of a reimbursement agreement (the Reimbursement Agreement) with the Bank On April 18, 2012, the Bank agreed to extend the Letter of Credit to August 31, 2013 The proceeds from the 2007 Bonds were primarily used to finance the construction of the Pavilion, a new 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 13% as of December 31, 2011) – and is payable monthly 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 $520,000 in 2012 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 – as extended to August 31, 2013 – 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

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 5 00% payable semi-annually each January 1 and July 1 The 2002 Bonds require annual principal payments (including mandatory redemptions) ranging from $730,000 in 2012 to $805,000 in 2014 Effective January 1, 2012, the 2002 Bonds maturing on and after January 1, 2013 became 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 3), and meet certain financial ratios on a quarterly, semi-annual, or annual basis (depending on the bond issue and specific financial ratio covenant)

5. Long-Term Debt (Continued)

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, 2011 and 2010, the Hospital was in compliance with this ratio by maintaining debt service coverage ratios of approximately 5 47 and 2 80, respectively

In September 2010, Astoria Imaging purchased substantially all assets of Siker for $4,288,000 (see Note 2) In connection with this purchase, Astoria Imaging entered into an unsecured note payable agreement with the sellers of Siker for $1,950,000 The note payable is non-interest bearing, and the remaining unpaid principal balance of $1,350,000 as of December 31, 2011 is due in principal payments of $600,000 on December 31, 2012 and $750,000 on December 31, 2013 The imputation of interest on this note payable would not have a significant effect on the accompanying 2011 and 2010 consolidated financial statements

Required principal payments on the Bonds and note payable for the five years subsequent to December 31, 2011, and thereafter (assuming that the Bonds are not "put back" to the Hospital), are approximately as follows

2012	$ 1,850,000
2013	2,060,000
2014	1,370,000
2015	590,000
2016	610,000
Thereafter	14,180,000
Total	$ 20,660,000

6. Net Patient Service Revenue

Net patient service revenue for the years ended December 31, 2011 and 2010 was comprised of the following

	2011	2010
Charges at established rates		
Inpatient	$ 25,127,851	$ 25,686,948
Outpatient	91,160,560	75,688,267
Total charges at established rates	116,288,411	101,375,215
Deductions		
Medicare, OHP, and Medicaid contractual allowances	35,242,992	28,327,661
Other contractual allowances	9,734,364	10,517,952
Charity allowances	2,261,310	2,002,583
Total deductions	47,238,666	40,848,196
Net patient service revenue	$ 69,049,745	$ 60,527,019

Management estimates that the net cost of charity care provided was approximately $1,201,000 and $1,056,000 for the years ended December 31, 2011 and 2010, respectively These estimates were based on the Hospital's overall ratio of cost to charges in each year For the years ended December 31, 2011 and 2010, approximately 5 5% and 4 6%, respectively, of all inpatient admissions were classified as charity care, and approximately 1 7% 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

7. Commitments and Contingencies

Operating leases

Charities leases certain office space and equipment under operating lease agreements which expire at various dates through 2020 Some of the lease agreements contain renewal options As of December 31, 2011, future minimum lease commitments for the five years subsequent to December 31, 2011, and thereafter, under noncancelable operating lease agreements that have initial or remaining lease terms in excess of one year were approximately as follows

2012	$ 544,000
2013	400,000
2014	260,000
2015	260,000
2016	241,000
Thereafter	369,000
Total minimum lease payments	$ 2,074,000

Rent expense totaled approximately $639,000 and $510,000 for the years ended December 31, 2011 and 2010, respectively

7. **Commitments and Contingencies (Continued)**

Other commitments

The Hospital has entered into agreements related to various magnetic resonance imaging equipment which require the Hospital to pay annual service and maintenance fees of approximately $347,000 in 2012 through 2015, and approximately $229,000 in 2016 and 2017 Such fees are ultimately the responsibility of Astoria Imaging (see Notes 2 and 9)

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 $433,000 as of both December 31, 2011 and 2010, and are included in other non-current liabilities in the accompanying consolidated balance sheets Management 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, "health care 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 health care claims Charities has recorded estimated liabilities for reported and IBNR employee health care claims aggregating approximately $792,000 and $882,000 as of December 31, 2011 and 2010, respectively, which are included in other accrued liabilities in the accompanying consolidated balance sheets Management believes that these estimated liabilities are adequate to cover any related potential losses, however, the establishment of estimated liabilities for IBNR employee health care 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

7. Commitments and Contingencies (Continued)

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, 2011 and 2010

Collective bargaining agreement

As of December 31, 2011, approximately 56% of the Hospital's employees are covered under a collective bargaining agreement (CBA) with the Service Employees International Union (the SEIU), which expired on March 9, 2012 and was extended to March 31, 2012 Although the Hospital is operating without an SEIU contract as of April 27, 2012, Management believes that a new CBA will be reached with the SEIU in the near term In addition, as of December 31, 2011, approximately 27% of the Hospital's employees are covered under a CBA with the Oregon Nurses Association, which expires on May 31, 2013

Regulation and litigation

The health care 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 health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse Government activity has remained strong with respect to investigations and allegations concerning possible violations by health care providers of regulations which could result in the expulsion from government health care 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 Charities 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 connection with the 2007 Bonds, Charities entered into an interest rate swap agreement (the Swap Agreement) with Lehman Brothers Special Financing, Inc (Lehman) on August 8, 2007 in order to hedge the interest rate on a portion of the variable rate bonds The Swap Agreement was effective September 1, 2007 and 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 Management believed that this resulted in a loss of zero under the terms of the Swap Agreement However, a representative of Lehman contested that the loss was zero and pursued a claim against Charities alleging that an amount was due under the Swap Agreement As of December 31, 2010, Charities accrued an estimate of the amount expected to be paid to settle this claim, and in April 2011, the claim was settled for an amount approximating this estimate

7. Commitments and Contingencies (Continued)

Regulation and litigation (continued)

In addition, Charities 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

Health care reform legislation

Health care reform legislation was passed in 2010 that is expected to dramatically impact the delivery of, and payment for, health care services as various provisions are phased in over approximately the next decade This legislation had minimal impact on the accompanying consolidated financial statements, however, Management cannot presently determine the impact of such legislation on Charities' future consolidated financial position or results of operations

8. 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

8. **Retirement Plans (Continued)**

Defined benefit retirement plan (continued)

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, 2011 and 2010 were as follows

	2011	2010
Change in benefit obligation		
Benefit obligation - beginning of year	$ 27,933,099	$ 23,806,390
Service cost	1,020,362	999,251
Interest cost	1,516,245	1,410,383
Benefits paid	(656,898)	(568,882)
Net actuarial loss	1,955,503	2,285,957
Benefit obligation - end of year	$ 31,768,311	$ 27,933,099

	2011	2010
Change in Defined Benefit Plan assets		
Fair value of Defined Benefit Plan assets - beginning of year	$ 21,141,381	$ 17,153,534
Actual return on Defined Benefit Plan assets	216,416	2,456,729
Contributions	1,925,000	2,100,000
Benefits paid	(656,898)	(568,882)
Fair value of Defined Benefit Plan assets - end of year	$ 22,625,899	$ 21,141,381
Funded status and net amounts recognized in the accompanying consolidated balance sheets	$ (9,142,412)	$ (6,791,718)

As of December 31, 2011 and 2010, Charities had unrecognized losses of $11,197,610 and $8,659,962, 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 $29,226,746 and $25,298,417 as of December 31, 2011 and 2010, respectively

8. **Retirement Plans (Continued)**

Defined benefit retirement plan (continued)

The components of net periodic pension cost for the years ended December 31, 2011 and 2010 were as follows

	2011	2010
Service cost	$ 1,020,362	$ 999,251
Interest cost	1,516,245	1,410,383
Expected return on Defined Benefit Plan assets	(1,622,529)	(1,324,702)
Recognized net actuarial loss	823,968	700,190
Net periodic pension cost	$ 1,738,046	$ 1,785,122

The weighted-average assumptions used to determine the benefit obligation as of December 31, 2011 and 2010 were as follows

	2011	2010
Discount rate	5 00%	5 50%
Rate of compensation increase	4 50	5 00

During 2011, the discount rate used to determine the benefit obligation was decreased from 5 50% to 5 00%, and the mortality table was updated to reflect annual changes prescribed by the Internal Revenue Service The effect of these changes was to increase the benefit obligation as of December 31, 2011 by approximately $2,064,000, which is included in the 2011 net actuarial loss, as previously disclosed During 2010, the discount rate used to determine the benefit obligation was decreased from 6 00% to 5 50%, and the mortality table was updated to reflect annual changes prescribed by the Internal Revenue Service The effect of these changes was to increase the benefit obligation as of December 31, 2010 by approximately $1,947,958, which is included in the 2010 net actuarial loss, as previously disclosed

The weighted-average assumptions used to determine the net periodic pension cost for the years ended December 31, 2011 and 2010 were as follows

	2011	2010
Discount rate	5 50%	6 00%
Expected long-term rate of return on Defined Benefit Plan assets	7 50	7 50
Rate of compensation increase	5 00	5 00

8. Retirement Plans (Continued)

Defined benefit retirement plan (continued)

Charities developed the expected long-term rate of return on assets assumption as a weighted average rate based on the target asset allocation of the Defined Benefit Plan and long-term capital market assumptions The overall return for each asset class was developed by combining a long-term inflation component and the associated expected real rates of return The development of the capital market assumptions utilized a variety of methodologies, including, but not limited to, historical analysis, stock valuation models such as dividend discount models and earnings yield models, expected economic growth outlook, and market yield analysis This analysis resulted in the selection of the 7 50% expected long-term rate of return on Defined Benefit Plan assets for the years ended December 31, 2011 and 2010

The composition of the Defined Benefit Plan's assets as of December 31, 2011 and 2010 was as follows

	2011	2010
Asset category		
Pooled separate accounts – equity securities	49%	60%
Pooled separate accounts – debt securities	45	35
Pooled separate accounts – real estate	6	5
Total	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

As of December 31, 2011 and 2010, 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 11) 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 were classified within Level 3 of the valuation hierarchy during 2010 During 2011, the classification of this investment was changed to Level 2

All other pooled separate accounts – These instruments invest in mutual funds or equity securities which are valued at publicly quoted market prices The fair values of the underlying mutual funds or equity securities are used in determining the net asset value (NAV) of all other pooled separate accounts, which are not publicly quoted The NAV is divided by the number of shares outstanding The fair value of the Defined Benefit Plan's investments in all other pooled separate accounts is classified within Level 2 of the valuation hierarchy

8. **Retirement Plans (Continued)**

Defined benefit retirement plan (continued)

The following are the Defined Benefit Plan's assets measured at fair value on a recurring basis as of December 31, 2011 and 2010

2011	Level 1	Level 2	Level 3	Total
Investments				
Pooled separate accounts	$ -	$ 22,625,899	$ -	$ 22,625,899
2010				
Investments				
Principal U S property separate account - R6	$ -	$ -	$ 680,848	$ 680,848
All other pooled separate accounts	-	20,460,533	-	20,460,533
Total	$ -	$ 20,460,533	$ 680,848	$ 21,141,381

The changes in the Plan's investments categorized as Level 3 during the years ended December 31, 2011 and 2010 were as follows

	Principal U.S. Property Separate Account - R6
Balance - December 31, 2009	$ 587,272
Gains	93,576
Balance - December 31, 2010	680,848
Gains	18,957
Transfers to Level 2	(699,805)
Balance - December 31, 2011	$ -

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

8. Retirement Plans (Continued)

Defined benefit retirement plan (continued)

Charities' expects to contribute approximately $2,275,000 to the Defined Benefit Plan in 2012 The estimated net actuarial loss expected to be recognized as a component of net periodic pension cost during the year ending December 31, 2012 is approximately $1,164,000 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 2012

As of December 31, 2011, 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

2012	$ 840,000
2013	950,000
2014	1,080,000
2015	1,220,000
2016	1,390,000
2017 - 2021	10,000,000
Total	$ 15,480,000

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, 2011 and 2010, contributions recorded as expense by Charities totaled approximately $703,000 and $529,000, respectively

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

9. Related Parties

Astoria Imaging

As discussed in Note 1, the Hospital holds a 51.0% ownership interest in Astoria Imaging, which is consolidated into the financial statements of Charities. Accordingly, all significant intercompany accounts and transactions between the Hospital and Astoria Imaging have been eliminated in consolidation.

During the year ended December 31, 2011, the Hospital made no contributions to Astoria Imaging. During the year ended December 31, 2010, the Hospital contributed approximately $1,155,000 to Astoria Imaging. During the years ended December 31, 2011 and 2010, the Hospital received member distributions of approximately $488,000 and $429,000, respectively, from Astoria Imaging.

Bank accounts

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

Contributions receivable

Included in prepaid expenses and other current assets in the accompanying consolidated balance sheets are contributions receivable to the Foundation from certain Board members and employees aggregating approximately $179,000 and $140,000 as of December 31, 2011 and 2010, respectively.

10. Functional Classification of Expenses

Expenses on a functional basis for the years ended December 31, 2011 and 2010 were approximately as follows:

	2011	2010
Health care services	$ 57,009,000	$ 50,235,000
General and administrative	8,661,000	7,595,000
	$ 65,670,000	$ 57,830,000

11. Fair Value Measurements

GAAP defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements The hierarchy of fair value valuation techniques under GAAP provides for three levels 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	Fair value of the asset or liability is determined using observable inputs such as quoted unadjusted prices in active markets for identical assets or liabilities,
Level 2	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	Fair value of the asset or liability is determined using unobservable inputs that are significant to the fair value measurement and reflect the organization's own assumptions regarding the applicable asset or liability

As of December 31, 2011 and 2010, Charities' financial assets measured at fair value on a recurring basis consisted of the following

2011	Level 1	Level 2	Level 3	Total
Assets limited as to use	$ 14,437,480	$ -	$ -	$ 14,437,480
2010				
Assets limited as to use	$ 14,357,845	$ -	$ -	$ 14,357,845

Certain non-financial assets may also be measured at fair value on a non-recurring basis These assets primarily consist of intangible assets (including goodwill) and other non-financial long-lived assets which are measured at fair value for periodic impairment assessments As of December 31, 2011 and 2010, Charities had no financial liabilities – and no nonfinancial assets or liabilities – measured at fair value on a recurring basis and had no assets or liabilities measured at fair value on a nonrecurring basis In addition, there were no transfers of assets or liabilities between Levels 1, 2, and 3 during 2011 or 2010

As of December 31, 2011 and 2010, the carrying value of on-balance sheet financial instruments such as cash and cash equivalents, patient accounts receivable, estimated third-party payor settlements receivable - net, accounts payable, accrued liabilities, and estimated third-party payor settlements payable - net, 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 $20,638,000 and $22,421,000 as of December 31, 2011 and 2010, respectively (the carrying amount was approximately $20,520,000 and $22,293,000 as of December 31, 2011 and 2010, respectively)

Independent Auditors' Report on Supplementary Information

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

We have audited the consolidated financial statements of Columbia Lutheran Charities, dba Columbia Memorial Hospital, and subsidiaries as of and for the years ended December 31, 2011 and 2010, and our report thereon dated April 27, 2012, which expressed an unqualified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information as of and for the year ended December 31, 2011, as listed in the accompanying table of contents, is presented for purposes of additional analysis of the 2011 consolidated financial statements rather than to present the financial position and results of operations of the individual organizations, and it is not a required part of the 2011 consolidated financial statements Accordingly, we do not express an opinion on the financial position, results of operations, and cash flows of the individual organizations.

The 2011 consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2011 consolidated financial statements Such information has been subjected to the auditing procedures applied in the audit of the 2011 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2011 consolidated financial statements or to the 2011 consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2011 consolidating information is fairly stated in all material respects in relation to the 2011 consolidated financial statements as a whole.

DELAP LLP

April 27, 2012

Columbia Lutheran Charities
dba Columbia Memorial Hospital
and Subsidiaries

Consolidating Balance Sheet

December 31, 2011

	Columbia Memorial Hospital	Columbia Memorial Hospital Foundation	Astoria Imaging, LLC	Consolidating Entries	Consolidated
Assets					
Current assets					
Cash and cash equivalents	$ 4,219,237	$ 449,447	$ 274,447	$ -	$ 4,943,131
Assets limited as to use	9,490,064	-	-	-	9,490,064
Patient accounts receivable - net	11,558,704	-	-	-	11,558,704
Estimated third-party payor settlements receivable - net	543,000	-	-	-	543,000
Supplies inventory	1,055,965	-	-	-	1,055,965
Prepaid expenses and other current assets	1,666,529	6,522	375,632	(505,421)	1,543,262
Total current assets	28,533,499	455,969	650,079	(505,421)	29,134,126
Assets limited as to use - net of current portion	4,558,934	388,482	-	-	4,947,416
Property and equipment - net	26,943,819	-	1,807,985	-	28,751,804
Rental and other property held for future development - net	2,584,179	349,033	-	-	2,933,212
Goodwill	-	-	2,400,000	-	2,400,000
Other assets - net	2,189,676	306,896	166,667	(1,822,985)	840,254
Total Assets	$ 64,810,107	$ 1,500,380	$ 5,024,731	$ (2,328,406)	$ 69,006,812

The accompanying notes and independent auditors' report on supplementary information should be read with the supplementary schedules

Columbia Lutheran Charities
dba Columbia Memorial Hospital
and Subsidiaries

Consolidating Balance Sheet (Continued)

December 31, 2011

	Columbia Memorial Hospital	Columbia Memorial Hospital Foundation	Astoria Imaging, LLC	Consolidating Entries	Consolidated
Liabilities and Net Assets					
Current liabilities					
Outstanding checks in excess of funds on deposit	$ 475,794	$ -	$ -	$ -	$ 475,794
Accounts payable	2,335,107	114,309	100,251	(505,421)	2,044,246
Accrued liabilities					
Payroll, payroll taxes, and withholdings	942,157	-	-	-	942,157
Earned leave	1,694,986	-	-	-	1,694,986
Other	1,635,555	-	-	-	1,635,555
Current portion of long-term debt due to short-term remarketing arrangements	8,482,647	-	-	-	8,482,647
Other current portion of long-term debt	1,250,000	-	600,000	-	1,850,000
Total current liabilities	16,816,246	114,309	700,251	(505,421)	17,125,385
Long-term debt - net of current portion	9,437,114	-	750,000	-	10,187,114
Accrued retirement plan liability	9,142,412	-	-	-	9,142,412
Other liabilities	780,787	331,480	-	-	1,112,267
Total liabilities	36,176,559	445,789	1,450,251	(505,421)	37,567,178
Net assets					
Unrestricted					
Controlling interest	28,633,548	562,299	3,574,480	(3,574,480)	29,195,847
Noncontrolling interests in Astoria Imaging, LLC	-	-	-	1,751,495	1,751,495
Total unrestricted	28,633,548	562,299	3,574,480	(1,822,985)	30,947,342
Temporarily restricted	-	492,292	-	-	492,292
Total net assets	28,633,548	1,054,591	3,574,480	(1,822,985)	31,439,634
Total Liabilities and Net Assets	$ 64,810,107	$ 1,500,380	$ 5,024,731	$ (2,328,406)	$ 69,006,812

The accompanying notes and independent auditors' report on supplementary information should be read with the supplementary schedules

Columbia Lutheran Charities
dba Columbia Memorial Hospital
and Subsidiaries

Consolidating Statement of Operations

Year Ended December 31, 2011

	Columbia Memorial Hospital	Columbia Memorial Hospital Foundation	Astoria Imaging, LLC	Consolidating Entries	Consolidated
Unrestricted revenue					
Net patient service revenue	$ 66,254,871	$ -	$ 2,794,874	$ -	$ 69,049,745
Other revenue	2,179,987	506,351	-	(1,045,836)	1,640,502
Total unrestricted revenue	68,434,858	506,351	2,794,874	(1,045,836)	70,690,247
Expenses					
Salaries and benefits	36,307,979	242,772	338,846	(242,772)	36,646,825
Medical and other supplies	8,151,371	-	36,208	-	8,187,579
Provision for bad debts	4,838,794	-	-	-	4,838,794
Professional fees	4,334,049	-	-	-	4,334,049
Depreciation and amortization related to health care operations	2,673,006	-	691,279	-	3,364,285
Interest	176,522	-	-	-	176,522
Purchased services and other	7,579,151	169,741	642,010	(269,146)	8,121,756
Total expenses	64,060,872	412,513	1,708,343	(511,918)	65,669,810
Operating Income	4,373,986	93,838	1,086,531	(533,918)	5,020,437
Other income (expenses)					
Investment income - net	274,442	5,171	318	-	279,931
Noncontrolling interests in Astoria Imaging, LLC	-	-	-	(552,931)	(552,931)
Other - net	(488,967)	-	41,580	(41,580)	(488,967)
Total other income (expenses) - net	(214,525)	5,171	41,898	(594,511)	(761,967)
Excess of Revenue Over Expenses	$ 4,159,461	$ 99,009	$ 1,128,429	$ (1,128,429)	$ 4,258,470

The accompanying notes and independent auditors' report on supplementary information should be read with the supplementary schedules