See a Social Security Number? Say Something!
Report Privacy Problems to https://public.resource.org/privacy
Or call the IRS Identity Theft Hotline at 1-800-908-4490

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493318036712

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
COMMUNITY HOSPITAL OF THE MONTEREY PENINSULA

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
PO BOX HH

City or town, state or country, and ZIP + 4
MONTEREY, CA 93942

D Employer identification number
94-0760193

E Telephone number
(831)624-5311

G Gross receipts $ 423,475,280

F Name and address of principal officer
STEVEN PACKER
PO BOX HH
MONTEREY,CA 93942

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 CHOMP ORG

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

L Year of formation 1928

M State of legal domicile CA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
TO PROVIDE HEALTHCARE SERVICES TO THE COMMUNITY

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	16
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**	2,057
6	Total number of volunteers (estimate if necessary)	**6**	1,040
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	2,246,321
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-37,709

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	12,042,180	11,626,028
	9 Program service revenue (Part VIII, line 2g)	429,145,305	418,783,647
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	47,448	67,249
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-621,053	-7,001,644
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	440,613,880	423,475,280
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	29,846,568	31,109,543
	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)	233,022,428	240,581,480
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	177,501,540	157,125,250
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	440,370,536	428,816,273
	19 Revenue less expenses Subtract line 18 from line 12	243,344	-5,340,993

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	489,136,798	506,668,102
	21 Total liabilities (Part X, line 26)	329,326,294	376,012,562
	22 Net assets or fund balances Subtract line 21 from line 20	159,810,504	130,655,540

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

****** 2012-11-06
Signature of officer — Date

LAURA ZEHM VP AND CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ MICHAEL P WALTON | Date | Check if self-employed ▶☐ | Preparer's taxpayer identification number (see instructions) P00017550

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ DELOITTE TAX LLP
555 MISSION STREET
SAN FRANCISCO, CA 94105

EIN ▶ 86-1065772

Phone no ▶ (415) 783-4000

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

TO PROVIDE HEALTHCARE SERVICES TO THE COMMUNITY

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 $ 313,481,321 including grants of $ 31,109,543) (Revenue $ 417,630,967)

PROVIDE HEALTHCARE FOR THE GENERAL PUBLIC 12,698 ADMISSIONS, 52,849 ADULT PATIENT DAYS, 9,642 OUTPATIENT VISITS, 7,046 SURGERIES, 47,973 EMERGENCY ROOM VISITS, 13,476 HOSPICE BENEFIT DAYS AND 1,288 BIRTHS (SEE ALSO STMT PART VIII)

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** ▶ $ 313,481,321

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7	Yes	
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8	Yes	
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	Yes	
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		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, 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		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more 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**		No
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**		No
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**		No
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**		No
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**		No
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**	485		
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**	2,057			
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**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	Yes	
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**	Yes	
b	If "Yes," enter the name of the foreign country ▶ CJ 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**		
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	16		
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		No
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		
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	Yes	

Section C. Disclosure

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

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 ▶

CHOMP FINANCIAL SERVICES
23845 WR HOLMAN HWY SUITE 105
MONTEREY,CA 939405902
(831)624-5311

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) FRANK C AMATO CHAIR	14 00	X						0	0	0
(2) SHELLEY POST TRUSTEE	5 00	X						0	0	0
(3) JAMES J DIDION TRUSTEE	5 00	X						0	0	0
(4) CARSBIA W ANDERSON JR TRUSTEE	3 00	X						0	0	0
(5) LAURIE M BENJAMIN SECRETARY	4 00	X						0	0	0
(6) H JAMES GRIGGS TRUSTEE	3 00	X						0	0	0
(7) ROBERT KAVNER VICE CHAIR	6 00	X						0	0	0
(8) GLEN HINER TRUSTEE	3 00	X						0	0	0
(9) STEVEN PACKER MD PRESIDENT/CEO/TRUSTEE	55 00	X		X				837,446	0	76,446
(10) WILLIAM W LEWIS TRUSTEE	5 00	X						0	0	0
(11) RICHARD KANAK TRUSTEE	3 00	X						50,565	1,163	0
(12) STEPHEN SCHULTE TRUSTEE	6 00	X						0	0	0
(13) JOHN MAHONEY TRUSTEE	3 00	X						0	0	0
(14) ANN O'NEILL TRUSTEE	2 00	X						0	0	0
(15) JANE PANATTONI TRUSTEE	2 00	X						0	0	0
(16) DONALD GOLDMAN MD TRUSTEE	2 00	X						761	51,200	0
(17) LAURA ZEHM VICE PRESIDENT/CFO	55 00			X				465,440	0	44,236

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) ANTHONY CHAVIS MD VICE PRESIDENT	55 00			X				437,858	0	36,663
(19) TERRIL LOWE VICE PRESIDENT	55 00			X				323,805	0	28,445
(20) CYNTHIA PECK VICE PRESIDENT	55 00			X				355,900	0	29,065
(21) TIM NYLEN VICE PRESIDENT	55 00			X				319,310	0	17,003
(22) JARED STIVER SUPERVISOR	47 00					X		269,402	0	10,911
(23) RICHARD GRAY MEDICAL DIRECTOR THI	50 00					X		241,834	0	44,203
(24) DAVID MISISCO PHYSICIST MASTERS	40 00					X		240,656	0	22,059
(25) WILLIAM JUNG PHARMACIST	42 00					X		233,955	0	39,517
(26) THOMAS MCNAMARA DIRECTOR HIT	50 00					X		224,848	0	36,619
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								4,001,780	52,363	385,167

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 ▶ 565

			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**		No
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
MONTEREY PENINSULA RADIOLOGIST MED GRP PO BOX HH MONTEREY, CA 93942	RADIOLOGISTS	8,121,424
MONTEREY BAY EMERG PHYSICIANS MED GRP I PO BOX HH MONTEREY, CA 93942	E R PHYSICIANS	5,158,213
EMERGENCY ACUTE CARE MEDICAL CORP PO BOX HH MONTEREY, CA 93942	E R PHYS BACK-UP	2,939,141
MONTEREY PATHOLOGISTS PO BOX HH MONTEREY, CA 93942	PATHOLOGISTS	1,899,106
MONTEREY HOSPITALISTS MEDICAL GROUP PO BOX HH MONTEREY, CA 93942	HOSPITALISTS	1,565,889

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 ▶ 41

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 11,626,028				
	e	Government grants (contributions) 1e				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f				
	g	Noncash contributions included in lines 1a-1f $				
	h	**Total.** Add lines 1a-1f . . . . . ▶	11,626,028			
Program Service Revenue			Business Code			
	2a	OTHER PATIENT REVENUE	900099	332,950,790	330,704,469	2,246,321
	b	MEDICARE / MEDICAID	900099	58,747,979	58,747,979	
	c	OTHER OPERATING REVENU	900099	27,084,878	27,084,878	
	d					
	e					
	f	All other program service revenue				
	g	**Total.** Add lines 2a–2f . . . . . ▶		418,783,647		
	3	Investment income (including dividends, interest and other similar amounts) . . . . . ▶		67,249		67,249
	4	Income from investment of tax-exempt bond proceeds . . ▶				
	5	Royalties . . . . . ▶				
			(i) Real	(ii) Personal		
	6a	Gross rents				
	b	Less rental expenses				
	c	Rental income or (loss)				
	d	Net rental income or (loss) . . . . . ▶				
			(i) Securities	(ii) Other		
	7a	Gross amount from sales of assets other than inventory				
	b	Less cost or other basis and sales expenses				
	c	Gain or (loss)				
	d	Net gain or (loss) . . . . . ▶				
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				
	b	Less direct expenses . . . b				
	c	Net income or (loss) from gaming activities . . ▶				
	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	OTHER OPERATING INCOME	900099	1,093,641	1,093,641	
	b	OTHER INCOME	900099	282,007		282,007
	c	INTEREST RATE SWAP	900099	-8,377,292		-8,377,292
	d	All other revenue				
	e	**Total.** Add lines 11a–11d . . . . . ▶		-7,001,644		
	12	**Total revenue.** See Instructions . . . ▶		423,475,280	417,630,967	2,246,321 -8,028,036

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	31,109,543	31,109,543		
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
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				
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	140,012,474	99,408,857	40,603,617	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)				
9	Other employee benefits	100,569,006	71,403,994	29,165,012	
10	Payroll taxes				
11	Fees for services (non-employees)				
a	Management				
b	Legal				
c	Accounting				
d	Lobbying				
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees				
g	Other				
12	Advertising and promotion				
13	Office expenses				
14	Information technology				
15	Royalties . .				
16	Occupancy				
17	Travel				
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	5,868,976	4,166,973	1,702,003	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	32,495,672	23,071,927	9,423,745	
23	Insurance				
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	SUPPLIES	77,369,326	54,932,221	22,437,105	
b	PURCHASED SERVICES	17,205,752	12,216,084	4,989,668	
c	PROFESSIONAL FEES	14,511,296	10,303,020	4,208,276	
d	SPONSORED CARE EXPENSE	5,363,947	3,808,402	1,555,545	
e					
f	All other expenses	4,310,281	3,060,300	1,249,981	
25	**Total functional expenses.** Add lines 1 through 24f	428,816,273	313,481,321	115,334,952	0
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		0	1	1
	2	Savings and temporary cash investments		28,781,400	2	42,870,463
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		72,199,837	4	71,290,451
	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			7	
	8	Inventories for sale or use		1,888,201	8	2,081,205
	9	Prepaid expenses and deferred charges		4,264,458	9	5,292,558
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 666,052,305			
	b	Less accumulated depreciation	10b 352,395,055	326,839,143	10c	313,657,250
	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	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		55,163,759	15	71,476,174
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		489,136,798	16	506,668,102
Liabilities	17	Accounts payable and accrued expenses		73,057,941	17	65,743,004
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		97,077,217	20	123,972,596
	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		159,191,136	25	186,296,962
	26	**Total liabilities.** Add lines 17 through 25		329,326,294	26	376,012,562
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		159,810,504	27	130,655,540
	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		159,810,504	33	130,655,540
	34	Total liabilities and net assets/fund balances		489,136,798	34	506,668,102

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	423,475,280
2	Total expenses (must equal Part IX, column (A), line 25)	2	428,816,273
3	Revenue less expenses Subtract line 2 from line 1	3	-5,340,993
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	159,810,504
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-23,813,971
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	130,655,540

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		

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493318036712

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
COMMUNITY HOSPITAL OF THE MONTEREY PENINSULA

Employer identification number
94-0760193

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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493318036712

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ **Complete if the organization is described below.**

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

OMB No 1545-0047

2011

Open to Public Inspection

If the organization answered "Yes," to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered "Yes," to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes," to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of the organization	Employer identification number
COMMUNITY HOSPITAL OF THE MONTEREY PENINSULA	94-0760193

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

1 Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities ▶ $ _____

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $ _____

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

(a) Name	**(b)** Address	**(c)** EIN	**(d)** Amount paid from filing organization's funds If none, enter -0-	**(e)** Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-

Part II-A **Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).**

A Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

B Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)	186,453	
c Total lobbying expenditures (add lines 1a and 1b)	186,453	
d Other exempt purpose expenditures	427,455,060	
e Total exempt purpose expenditures (add lines 1c and 1d)	427,641,513	
f Lobbying nontaxable amount Enter the amount from the following table in both columns	1,000,000	
g Grassroots nontaxable amount (enter 25% of line 1f)	250,000	
h Subtract line 1g from line 1a If zero or less, enter -0-	0	
i Subtract line 1f from line 1c If zero or less, enter -0-	0	

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ **Yes** ☐ **No**

4-Year Averaging Period Under Section 501(h)
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
b Lobbying ceiling amount (150% of line 2a, column(e))					6,000,000
c Total lobbying expenditures	166,181	173,625	179,109	186,453	705,368
d Grassroots non-taxable amount	250,000	250,000	250,000	250,000	1,000,000
e Grassroots ceiling amount (150% of line 2d, column (e))					1,500,000
f Grassroots lobbying expenditures					

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?			
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			
c	Media advertisements?			
d	Mailings to members, legislators, or the public?			
e	Publications, or published or broadcast statements?			
f	Grants to other organizations for lobbying purposes?			
g	Direct contact with legislators, their staffs, government officials, or a legislative body?			
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?			
i	Other activities? If "Yes," describe in Part IV			
j	Total lines 1c through 1i			
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493318036712

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
COMMUNITY HOSPITAL OF THE MONTEREY PENINSULA

Employer identification number
94-0760193

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 1
b	Total acreage restricted by conservation easements	2b 2 76
c	Number of conservation easements on a certified historic structure included in (a)	2c 0
d	Number of conservation easements included in (c) acquired after 8/17/06	2d 1

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ 0

4 Number of states where property subject to conservation easement is located ▶ 1

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 ▶ 0 00

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $ 0

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 ▶ $ 2,467,970

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	117,576,149	117,153,996	103,891,764	167,622,787	
b Contributions	1,159,479	743,319	884,235	696,323	
c Investment earnings or losses	-2,633,812	10,992,799	16,500,441	-57,735,467	
d Grants or scholarships	587,712	592,593	434,917	591,500	
e Other expenditures for facilities and programs	7,938,734	10,168,730	3,063,403	5,396,154	
f Administrative expenses	508,337	552,641	624,124	704,225	
g End of year balance	107,067,033	117,576,149	117,153,996	103,891,764	

2 Provide the estimated percentage of the year end balance held as

- a Board designated or quasi-endowment ▶ 1 000 %
- b Permanent endowment ▶ 36 000 %
- c Term endowment ▶ 63 000 %

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

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		5,520,450		5,520,450
b Buildings		377,606,743	127,720,008	249,886,735
c Leasehold improvements				
d Equipment		262,233,233	218,677,191	43,556,042
e Other		20,691,879	5,997,856	14,694,023
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				313,657,250

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
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶		

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

(a) Description	(b) Book value
(1) OTHER INVESTMENTS	11,057,198
(2) DEFERRED FINANCING	2,622,086
(3) DUE FROM RELATED PARTIES	56,120,136
(4) PENSION INTANGIBLE ASSET	-257,058
(5) CURRENT PORTION OF ASSETS LIMITED AS TO USE	1,933,812
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	71,476,174

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
ACCRUED PROFESSIONAL LIABILITY	3,764,198
ACCRUED PENSION LIABILITY	117,863,260
POST-RETIREMENT HEALTH BENEFIT LIABILITY	39,615,308
WORKERS' COMPENSATION LIABILITY	10,847,625
INTEREST RATE SWAP	14,206,571
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	186,296,962

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	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	

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

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

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

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
DESCRIPTION OF HOW ORGANIZATION REPORTS CONSERVATION EASEMENTS	PART II, LINE 9	REPORTED ON BALANCE SHEET AS PART OF PROPERTY, PLANT AND EQUIPMENT
	PART III, LINE 4	ART COLLECTIONS PROMOTE THE HEALING ENVIRONMENT OF THE HOSPITAL
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	IMPROVEMENT OF PATIENT CARE, SPONSORED CARE UNDER CIRCUMSTANCES, OTHER COSTS TO IMPROVE THE AESTHETIC ENVIRONMENT, HOSPICE CARE, SCHOLARSHIPS, COMMUNITY BENEFIT GRANTS, AND EMPLOYEE WELLNESS AND INCENTIVE PROGRAMS

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493318036712

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
COMMUNITY HOSPITAL OF THE MONTEREY PENINSULA

Employer identification number
94-0760193

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)			9,579,960		9,579,960	2 230 %
b Medicaid (from Worksheet 3, column a)			40,159,889	12,513,846	27,646,043	6 450 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			49,739,849	12,513,846	37,226,003	8 680 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			6,919,909	2,304,033	4,615,876	1 080 %
f Health professions education (from Worksheet 5)			523,547		523,547	0 120 %
g Subsidized health services (from Worksheet 6)			33,700,579	16,015,387	17,685,192	4 120 %
h Research (from Worksheet 7)			246,195		246,195	0 060 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j **Total** Other Benefits			41,390,230	18,319,420	23,070,810	5 380 %
k **Total.** Add lines 7d and 7j			91,130,079	30,833,266	60,296,813	14 060 %

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			22,588		22,588	0 010 %
4	Environmental improvements			651,585		651,585	0 150 %
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development			10,228,223		10,228,223	2 390 %
9	Other			612,416		612,416	0 140 %
10	**Total**			11,514,812		11,514,812	2 690 %

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	9,427,472		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	1,885,494		
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	97,645,724
6	Enter Medicare allowable costs of care relating to payments on line 5	6	141,456,586
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-43,810,862
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					
2					
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? 1

	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	COMMUNITY HOSP OF THE MONTEREY PENINSULA 23625 HOLMAN HIGHWAY MONTEREY,CA 93940	X	X					X		

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)

COMMUNITY HOSPITAL OF THE MONTEREY PENIN

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 350 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		No
	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**	Yes	
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**	Yes	
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? _____

	Name and address	Type of Facility (Describe)
1		
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 I, LINE 7 A RATIO OF COST TO CHARGES FROM WORKSHEET 2 WAS USED ON LINE (A) ALL OTHER LINES IN THIS SECTION EITHER USE DIRECTLY ATTRIBUTABLE EXPENSES FROM THE GENERAL LEDGER OR RELY ON ESTIMATES FROM OUR COST ACCOUNTING SYSTEM THE COST ACCOUNTING SYSTEM ADDRESSES ALL PATIENT SEGMENTS

Identifier	ReturnReference	Explanation
	PART II -	COMMUNITY BUILDING ACTIVITIES ARE OFFERED IN DIRECT RESPONSE TO COMMUNITY NEED COMMUNITY HEALTH IS PROMOTED BY ENSURING ADEQUATE PHYSICIAN AVAILABILITY IN THE AREA, MAKING HEALTH INFORMATION AVAILABLE TO PARTICIPATING PHYSICIANS AND ENSURING PROPER EMERGENCY PREPAREDNESS ON THE PENINSULA

Identifier	ReturnReference	Explanation
		PART III, LINE 4 BAD DEBT EXPENSE IS CALCULATED AT BILLED CHARGES THE ADJUSTMENT TO COST IS BASED ON THE RATIO OF COST TO CHARGES AS DEVELOPED IN WORKSHEET 2 THE AMOUNT ATTRIBUTABLE TO INDIVIDUALS WHO MAY QUALIFY FOR CHARITY CARE IS BASED ON AN INTERNAL ESTIMATE FINANCIAL STATEMENT FOOTNOTE CHOMP'S ALLOWANCE FOR DOUBTFUL ACCOUNTS INCREASED FROM 57% OF SELF-PAY ACCOUNTS RECEIVABLE AT DECEMBER 31, 2010 TO 76% OF SELF-PAY ACCOUNTS AT DECEMBER 31, 2011 WHILE THE ORGANIZATION'S NET BAD DEBT WRITE OFFS DECREASED FROM $25,200,000 TO $24,800,000 IN 2011 THE VALUATION MODEL USED TO NET SELF PAY ACCOUNTS RECEIVABLE HAS BEEN UPDATED TO REFLECT A NEGATIVE TREND IN SELF PAY PATIENT COLLECTIONS CHOMP HAS NOT CHANGED ITS CHARITY CARE, SELF PAY DISCOUNT, OR BAD DEBT COLLECTION POLICIES DURING FISCAL YEAR 2010 OR 2011 WHILE CHOMP DOES MAINTAIN AN ALLOWANCE FOR DOUBTFUL ACCOUNTS FROM THIRD PARTY PAYERS, IT IS IMMATERIAL TO THE TOTAL ASSOCIATED WITH SELF-PAY PATIENTS

Identifier	ReturnReference	Explanation
		PART III, LINE 8 COSTS ASSIGNED TO MEDICARE PATIENTS ARE BASED ON THE REPORTED AMOUNTS FOUND IN THE 2011 HOSPITAL COST REPORT THOSE COSTS ARE ALLOCATED TO MEDICARE PATIENTS BASED ON THE RATIOS DEVELOPED WITHIN THAT COST REPORT THE MEDICARE SHORTFALL AT THE HOSPITAL IS A SUBSTANTIAL FIGURE OUR COMMUNITY HAS A SIGNIFICANT MEDICARE POPULATION AND WE EXIST TO SERVE THAT COMMUNITY IN OUR OPINION, 100% OF THE MEDICARE SHORTFALL MEETS COMMUNITY BENEFIT CRITERIA BASED ON THE DEFINITION OF "COMMUNITY HEALTH IMPROVEMENT SERVICES" AS DEFINED IN THE 990 INSTRUCTIONS THAT IS, "ACTIVITIES OR PROGRAMS CARRIED OUT OR SUPPORTED FOR THE EXPRESS PURPOSE OF IMPROVING COMMUNITY HEALTH THAT ARE SUBSIDIZED BY THE HEALTH CARE ORGANIZATION "

Identifier	ReturnReference	Explanation
		PART III, LINE 9B COMMUNITY HOSPITAL OF THE MONTEREY PENINSULA PURSUES A COLLECTION POLIC Y IN KEEPING WITH BEST PRACTICES IN THE INDUSTRY, CALIFORNIA HOSPITAL ASSOCIATION (CHA) RE COMMENDATIONS, THE HOSPITAL FAIR PRICING POLICIES ACT, AND ALL FEDERAL, STATE AND LOCAL LA WS GOVERNING THE COLLECTION OF A PATIENT DEBT THE HOSPITAL WILL CLEARLY AND CONSPICUOUSLY POST AND MAINTAIN SIGNS NOTIFYING PATIENTS OF THE HOSPITAL'S SPONSORED CARE AND DISCOUNT PAYMENT PROGRAMS, AND THE AVAILABILITY OF FUNDS FROM OTHER PROGRAMS TO ASSIST WITH PAYMENT OF BILLS THE SIGNS ARE PLACED IN EVERY REGISTRATION SITE, THE PATIENT BUSINESS OFFICE, T HE EMERGENCY DEPARTMENT, THE BILLING OFFICE, THE ADMISSIONS OFFICE, AND OTHER OUTPATIENT S ETTINGS PATIENT BUSINESS SERVICES SHALL ADHERE TO THE FOLLOWING GUIDELINES IN THE COLLECT ION OF ANY PATIENT DEBT TO THE HOSPITAL STEMMING FROM MEDICAL SERVICES RENDERED AT ANY SIT E OR IN ANY DEPARTMENT EVERY PATIENT WILL BE ACCORDED RESPECT AND TREATED WITH DIGNITY AT ALL TIMES THESE COLLECTION GUIDELINES ARE ESTABLISHED UNDER THE AUTHORITY OF THE PATIENT BUSINESS SERVICES DEPARTMENT, AND DEBTS WILL NOT BE ADVANCED FOR COLLECTION WITHOUT REVIE W BASED ON THE AUTHORIZATION PROCESS BY DOLLAR THRESHOLD THE DECISION TO ADVANCE A DEBT F OR COLLECTION WILL BE MADE ON A CASE-BY-CASE BASIS, FOLLOWING THE POLICY AND PROCESSES SET FORTH BELOW THE COLLECTION PROCESS MAY BE AUTOMATED IF CERTAIN CRITERIA ARE MET THE DEC ISION TO ADVANCE A DEBT FOR COLLECTION WILL BE BASED ON SUCH FACTORS AS LACK OF PAYMENT, F AILURE TO APPLY FOR AVAILABLE PROGRAMS, FAILURE TO RESPOND TO HOSPITAL REQUESTS, OR FAILUR E TO CONTACT THE HOSPITAL IN RESPONSE TO A BILL AT THE DISCRETION OF THE PATIENT BUSINESS SERVICES AND FOLLOWING THE AUTHORIZATION PROCESS BY DOLLAR THRESHOLD BELOW, A DEBT MAY BE ADVANCED FOR COLLECTION IF PAYMENT IN FULL IS NOT RECEIVED WITHIN 30 DAYS OF THE INITIAL BILL, SUBJECT TO THE LIMITATIONS STATED BELOW REGARDLESS OF THE AGE OF A BILL, THE HOSPIT AL WILL ALWAYS BE OPEN TO COMPROMISE REGARDING A DEBT COLLECTION IS INITIALLY CONDUCTED B Y THE HOSPITAL BUT MAY BE ADVANCED FOR COLLECTION BY AN EXTERNAL COLLECTION AGENCY OR LEGA L ACTION AS SET FORTH BELOW THIS COLLECTION POLICY GOVERNS ALL COMMUNICATIONS BETWEEN THE HOSPITAL AND A PATIENT CONCERNING COLLECTION OF AMOUNTS OWED TO THE HOSPITAL POLICY APPL IES TO ALL PATIENT TYPES AND ALL VISIT TYPES COLLECTION PROCEDURES WILL VARY DEPENDING ON THE TYPE OF VISIT, WITH SPONSORED CARE/DISCOUNT ELIGIBLE PATIENTS OUTLINED BELOW 1 PATIENT HAS APPLIED OR QUALIFIED FOR THE HOSPITALS SPONSORED CARE OR DISCOUNT PAYMENT PROGRAM - P ATIENTS WHO MEET INCOME AND/OR ASSET REQUIREMENTS MAY QUALIFY FOR THE HOSPITAL'S SPONSORED CARE OR DISCOUNT PAYMENT PROGRAM ALL EFFORTS SHOULD BE MADE TO DETERMINE ELIGIBILITY FOR THESE PROGRAMS PRE-SERVICE IF POSSIBLE, OR AS SOON AS PRACTICABLE AFTER SERVICES ARE PROV IDED THE HOSPITAL'S SOCIAL SERVICES DEPARTMENT OR THE PATIENT BUSINESS SERVICES DEPARTMEN T WILL REVIEW APPLICATIONS FOR SPONSORED CARE OR DISCOUNT PAYMENT PROGRAM ELIGIBILITY IN A CCORDANCE WITH HOSPITAL POLICY WHILE THE PATIENT'S APPLICATION IS PENDING, THE HOSPITAL M AY SEND BILLING STATEMENTS, BUT WILL NOT COMMENCE ANY COLLECTION ACTIVITY 2 COLLECTING FO R A VISIT FROM A PATIENT WHO IS ELIGIBLE FOR THE HOSPITAL'S SPONSORED CARE OR DISCOUNT PAY MENT PROGRAM - UPON REACHING A DETERMINATION THAT THE PATIENT IS ELIGIBLE FOR THE SPONSORED CARE OR DISCOUNT PAYMENT PROGRAM, THE HOSPITAL WILL DETERMINE THE AMOUNT OWED BY THE PATI ENT IN ACCORDANCE WITH THE HOSPITAL'S SPONSORED CARE & DISCOUNT PAYMENT PROGRAM POLICY IF THE PATIENT IS NOT ABLE TO PAY THE AMOUNT DUE IN A LUMP SUM, THE PATIENT WILL BE OFFERED THE OPPORTUNITY TO NEGOTIATE AND AGREE TO A PAYMENT PLAN THE PATIENT WILL BE ADVISED THAT THE PAYMENTS WILL BE INTEREST FREE PROVIDED THEY ARE TIMELY MADE, BUT IF THE PATIENT FAIL S TO MAKE ALL SCHEDULED PAYMENTS DURING ANY 90-DAY PERIOD, THE HOSPITAL MAY TERMINATE THE EXTENDED PAYMENT PLAN AND THE ENTIRE OUTSTANDING BALANCE WILL BE DUE, TOGETHER WITH INTERE ST ON THE REMAINING BALANCE AT THE MAXIMUM LEGAL RATE IF THE PATIENT CHOOSES TO ENTER INT O A PAYMENT PLAN, THE SPONSORED CARE & DISCOUNT PAYMENT PROGRAM PAYMENT PLAN SHOULD BE COM PLETED AND THE PATIENT SHOULD SIGN THAT PLAN IF THE PATIENT HAS SIGNED A SPONSORED CARE & DISCOUNT PAYMENT PROGRAM PAYMENT PLAN, AND THE PATIENT FAILS TO TIMELY MAKE ALL SCHEDULED PAYMENTS DURING ANY 90-DAY PERIOD, THE HOSPITAL MAY TERMINATE THE PAYMENT PLAN BEFORE TER MINATING THE PAYMENT PLAN, THE HOSPITAL WILL CONTACT THE PATIENT BY TELEPHONE AND IN WRITI NG AND INFORM THE PATIENT THAT THE PAYMENT PLAN MAY BE TERMINATED DUE TO DEFAULT IN SCHEDU LED PAYMENTS IF THE PATIENT REQUESTS, THE HOSPITAL WILL RENEGOTIATE THE PAYMENT PLAN THE HOSPITAL WILL NOT REPORT ADVERSE INFORMATION TO A CONSUMER CREDIT REPORTING AGENCY OR BEGI N A CIVIL ACTION AGAINST THE PATIENT FOR NONPAYMENT BEFORE THE PAYMENT PLAN IS TERMINATED THE HOSPITAL WILL NOT USE THE MONETARY ASSET INFO

Identifier	ReturnReference	Explanation
		RMATION IT OBTAINED IN DETERMINING ELIGIBILITY FOR THE SPONSORED CARE PROGRAM FOR COLLECTI ON ACTIVITIES INFORMATION CONCERNING INCOME AND MONETARY ASSETS THAT ARE OBTAINED AS PART OF THE ELIGIBILITY DETERMINATION ARE MAINTAINED SEPARATELY FROM THE PATIENT'S COLLECTION FILE FOR A PERIOD OF 150 DAYS AFTER THE INITIAL BILLING TO THE PATIENT, THE HOSPITAL WILL NOT REPORT ADVERSE INFORMATION TO A CONSUMER CREDIT REPORTING AGENCY CONCERNING, OR COMMEN CE A CIVIL ACTION AGAINST, A PATIENT WHO LACKS COVERAGE OR PROVIDES INFORMATION THAT HE OR SHE MAY BE ELIGIBLE FOR THE SPONSORED CARE OR DISCOUNT PAYMENT PROGRAM IF A PATIENT IS A TTEMPTING TO QUALIFY FOR THE DISCOUNT PAYMENT OR SPONSORED CARE PROGRAM AND IS ATTEMPTING IN GOOD FAITH TO SETTLE AN OUTSTANDING BILL BY NEGOTIATING A PAYMENT PLAN OR MAKING REASON ABLE, REGULAR PAYMENTS ON HIS/HER BILL, THE HOSPITAL WILL NOT SEND THE PATIENT'S VISIT TO A COLLECTION AGENCY UNLESS THE AGENCY AGREES TO COMPLY WITH THE HOSPITAL'S COLLECTION POLI CY AND THE HOSPITAL FAIR PRICING POLICIES ACT THE HOSPITAL WILL NOT USE WAGE GARNISHMENTS OR LIENS ON PRIMARY RESIDENCES AS A MEANS OF COLLECTING UNPAID HOSPITAL BILLS FROM PATIENT S WHO ARE ELIGIBLE FOR THE DISCOUNT PAYMENT OR SPONSORED CARE PROGRAM IF A PATIENT APPEAL S THE HOSPITAL'S DECISION CONCERNING ELIGIBILITY OR LEVEL OF BENEFITS OF THE PATIENT FOR E ITHER THE SPONSORED CARE OR DISCOUNT PAYMENT PROGRAM, OR APPEALS A COVERAGE OF DETERMINATI ON OF A THIRD PARTY, THE HOSPITAL WILL NOT REPORT ADVERSE INFORMATION TO A CONSUMER CREDIT REPORTING AGENCY CONCERNING, OR COMMENCE A CIVIL ACTION AGAINST, THE PATIENT PROVIDED THE PATIENT HAS FILED AN APPEAL IN COMPLIANCE WITH THE HOSPITAL'S SPONSORED CARE & DISCOUNT P AYMENT PROGRAM POLICY, OR MAKES A REASONABLE EFFORT TO COMMUNICATE WITH THE HOSPITAL ABOUT THE PROGRESS OF ANY COVERAGE APPEAL PENDING WITH A THIRD PARTY THE HOSPITAL WILL NOT BEG IN THE 150-DAY PERIOD REFERENCED ABOVE UNTIL AFTER THE RESOLUTION OF THE PATIENT'S APPEAL IS COMPLETED TO AFFORD THE PATIENT THE FULL 150 DAYS TO MAKE PAYMENT BEFORE BEGINNING ANY COLLECTION ACTIVITY AGAINST ANY PATIENT, INCLUDING THOSE WHO ARE NOT ELIGIBLE FOR THE SPON SORED CARE OR DISCOUNT PAYMENT PROGRAMS, THE HOSPITAL WILL PROVIDE THE PATIENT WITH A CLEA R AND CONSPICUOUS NOTICE OF THE PATIENT'S RIGHTS UNDER THE FAIR PRICING POLICIES ACT, THE ROSENTHAL FAIR DEBT COLLECTION PRACTICES ACT, AND THE FEDERAL FAIR DEBT COLLECTION PRACTIC ES ACT THE NOTICE WILL STATE "STATE AND FEDERAL LAW REQUIRE DEBT COLLECTORS TO TREAT YOU FAIRLY AND PROHIBIT DEBT COLLECTORS FROM MAKING FALSE STATEMENTS OR THREATS OF VIOLENCE, U SING OBSCENE OR PROFANE LANGUAGE, AND MAKING IMPROPER COMMUNICATIONS WITH THIRD PARTIES, I NCLUDING YOUR EMPLOYER EXCEPT UNDER UNUSUAL CIRCUMSTANCES, DEBT COLLECTORS MAY NOT CONTAC T YOU BEFORE 8 00 A M OR AFTER 9 00 P M IN GENERAL, A DEBT COLLECTOR MAY NOT GIVE INFORM ATION ABOUT YOUR DEBT TO ANOTHER PERSON, OTHER THAN YOUR ATTORNEY OR SPOUSE A DEBT COLLEC TOR MAY CONTACT ANOTHER PERSON TO CONFIRM YOUR LOCATION OR ENFORCE A JUDGMENT FOR MORE IN FORMATION ABOUT DEBT COLLECTION ACTIVITIES, YOU MAY CONTACT THE FEDERAL TRADE COMMISSION B Y TELEPHONE AT 877-FTC-HELP (382-4357) OR ONLINE AT WWW FTC GOV NONPROFIT CREDIT COUNSELI NG SERVICES MAY BE AVAILABLE IN THE AREA IF YOU ARE UNINSURED OR HAVE HIGH MEDICAL COSTS, PLEASE CONTACT COMMUNITY HOSPITAL'S PATIENT BUSINESS SERVICES DEPARTMENT AT (831) 625-4922 OR (888) 625-4922 FOR INFORMATION ON DISCOUNTS AND PROGRAMS FOR WHICH YOU MAY BE ELIGIBLE , INCLUDING THE MEDI-CAL PROGRAM IF YOU HAVE COVERAGE, PLEASE TELL US SO THAT WE MAY BILL YOUR PLAN " THIS NOTICE WILL ALSO BE GIVEN IN ANY DOCUMENT INDICATING THAT THE COMMENCEME NT OF COLLECTION ACTIVITIES MAY OCCUR ANY AMOUNT COLLECTED FROM A PATIENT IN EXCESS OF TH E AMOUNT DUE UNDER THE HOSPITAL'S SPONSORED CARE OR DISCOUNT PAYMENT POLICY WILL BE REFUND ED TO THE PATIENT, TOGETHER WITH INTEREST THEREON AT THE CURRENT RATE(REFER TO REFUND PROC EDURE)

Identifier	ReturnReference	Explanation
COMMUNITY HOSPITAL OF THE MONTEREY PENIN		PART V, SECTION B, LINE 19D FULL BILLED CHARGES THIS IS THE AMOUNT REQUIRED OF MANY COMMERCIAL INSURANCE COMPANIES DURING 2011 SO WE HAVE SIMILAR EXPECTATIONS OF SELF PAY PATIENTS HOWEVER, THERE IS A ROBUST DISCOUNTED PAY PROGRAM WHICH IS APPLIED TO ALL SELF PAY PATIENTS THAT MEET THE INCOME CRITERIA THIS PRACTICE WAS CHANGED IN 2012 WHERE THE PROCESS NOW ALIGNS WITH 19A

Identifier	ReturnReference	Explanation
COMMUNITY HOSPITAL OF THE MONTEREY PENIN		PART V, SECTION B, LINE 20 FULL BILLED CHARGES SOME INSURANCE COMPANIES HAVE MODEST DISCOUNTS FROM FULL BILLED CHARGES, BEGINNING IN TAX YEAR 2011 HOWEVER, THERE IS A ROBUST DISCOUNTED PAY PROGRAM WHICH IS APPLIED TO ALL SELF PAY PATIENTS THAT MEET THE INCOME CRITERIA OR PAY IN A TIMELY FASHION THIS PRACTICE WAS CHANGED IN 2012 WHERE THE PROCESS NOW ALIGNS WITH 19A

Identifier	ReturnReference	Explanation
COMMUNITY HOSPITAL OF THE MONTEREY PENIN		PART V, SECTION B, LINE 21 FULL BILLED CHARGES SEE ABOVE RESPONSES

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 IN 2010, COMMUNITY HOSPITAL COMPLETED AN UPDATED AND COMPREHENSIVE ASSESSMENT OF OUR COMMUNITY'S UNMET HEALTHCARE NEEDS PROFESSIONAL RESEARCH CONSULTANTS (PRC) WAS RETAINED TO CONDUCT A STATISTICALLY VALID TELEPHONE SURVEY OF 1,000 RANDOMLY SELECTED LOCAL ADULTS THE SURVEY WAS BASED LARGELY ON THE CENTERS FOR DISEASE CONTROL AND PREVENTION BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM (BRFSS) IN ADDITION, WE COLLECTED AND ANALYZED SECONDARY COUNTY-LEVEL DATA FROM NATIONAL, STATE, AND LOCAL SOURCES SUCH AS INCIDENCE RATES OF DISEASE, CAUSES OF DEATH, ETC ALL OF THE DATA WAS THEN COMPILED AND BENCHMARKED AGAINST THE GOALS OF THE NATIONAL HEALTHY PEOPLE 2010 INITIATIVE SPONSORED BY THE U S DEPARTMENT OF HEALTH AND HUMAN SERVICES

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 PATIENT BUSINESS SERVICES AND THE SOCIAL SERVICES DEPARTMENT SCREEN APPLICANTS FOR THE SPONSORED CARE AND DISCOUNT PROGRAMS COMPLETED APPLICATIONS, INCLUDING REQUIRED DOCUMENTATION, ARE SUBMITTED TO PATIENT BUSINESS SERVICES OR SOCIAL SERVICES FOR INITIAL REVIEW AND FOLLOW UP THE PATIENT/RESPONSIBLE PARTY, AND/OR SERVICE DEPARTMENT ARE NOTIFIED OF THE FINAL ELIGIBILITY DECISION IN WRITING SHOULD THERE BE ANY DISPUTE AS TO THE DECISION MADE BY THE HOSPITAL ON THE ELIGIBILITY OR LEVEL OF ELIGIBILITY OF THE PATIENT FOR EITHER THE SPONSORED CARE OR DISCOUNT PAYMENT PROGRAM, AN APPEAL OF THE DECISION MAY BE MADE TO THE DIRECTOR OF PATIENT BUSINESS SERVICES FOR PATIENTS IN THE OUTPATIENT IMMUNOLOGY SERVICES CLINIC, A NURSE CASE MANAGER MAY PROVIDE INITIAL FINANCIAL SCREENING EACH PATIENT ROOM INCLUDES A BROCHURE "WELCOME TO COMMUNITY HOSPITAL" THIS BROCHURE INCLUDES INFORMATION REGARDING OUR FINANCIAL ASSISTANCE PROGRAM IN ADDITION, COMMUNITY HOSPITAL PUBLICLY DISPLAYS INFORMATION ON THE GENERAL PROGRAM IN KEY SERVICE LOCATIONS AND PROVIDES INFORMATION TO EVERY PATIENT AT THE TIME OF REGISTRATION FOR SERVICES AND ENCLOSED WITH BILLING STATEMENTS INFORMATION ON SPECIALTY PROGRAMS (E G , FREE BASELINE MAMMOGRAPHY THROUGH THE SHERRY COCKLE FUND AND REHABILITATION SERVICES THROUGH THE THOMAS A WORK, JR , FUND) ARE PROVIDED TO PATIENTS WHO REGISTER FOR THESE SPECIFIC SERVICES THROUGH ITS PUBLIC WEB SITE, COMMUNITY HOSPITAL ALSO PUBLICIZES THE SPONSORED CARE AND DISCOUNT PROGRAMS AND ILLUSTRATES THE BENEFITS OF THE PROGRAM A FORMAL PRESENTATION ABOUT HOSPITAL BILLING PRACTICES AND SPONSORED CARE REQUIREMENTS IS PROVIDED TO COMMUNITY GROUPS ON REQUEST BY OUR PATIENT BUSINESS SERVICES DEPARTMENT IN ADDITION, THE HOSPITAL PUBLICIZES SPONSORED CARE FOR HIV/AIDS PATIENTS THROUGH REGULAR REPORTS TO COLLABORATING COMMUNITY ORGANIZATIONS ON THE PROGRAM USAGE AND THE POPULATION SERVED FINANCIAL COUNSELORS WORK IN CONJUNCTION WITH A PRIVATE VENDOR (DIVERSIFIED HEALTH RESOURCES) TO GUIDE UNINSURED PATIENTS THROUGH THE PROCESS OF OBTAINING AVAILABLE GOVERNMENT BENEFITS, SUCH AS MEDI-CAL OR OTHER STATE PROGRAMS THESE COUNSELORS ALSO ASSIST THOSE PATIENTS THROUGH THE QUALIFICATION PROCESS

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 COMMUNITY HOSPITAL'S PRIMARY SERVICE AREA IS THE MONTEREY PENINSULA, HEALTH FACILITY PLANNING AREA (HFPA) #707 THE MONTEREY PENINSULA INCLUDES CARMEL, CARMEL VALLEY, DEL REY OAKS, MARINA, MONTEREY, PACIFIC GROVE, PEBBLE BEACH, SAND CITY, SEASIDE, BIG SUR, AND UNINCORPORATED AREAS OF MONTEREY COUNTY APPROXIMATELY 140,000 RESIDENTS EXIST IN THE PRIMARY SERVICE AREA FACTORS USED IN DEFINING THE COMMUNITY FOR COMMUNITY BENEFIT PLANNING PURPOSES INCLUDE 1 COMMUNITY RELIANCE ON COMMUNITY HOSPITAL'S SERVICES THE HOSPITAL'S MARKET SHARE OF PENINSULA RESIDENT DISCHARGES WAS APPROXIMATELY 78 PERCENT IN 2010 2 HOSPITAL RELIANCE ON THE COMMUNITY RESIDENTS OF THE PENINSULA ACCOUNTED FOR APPROXIMATELY 80 PERCENT OF THE HOSPITAL' PATIENTS IN 2010 3 COMMUNITY BENEFIT HISTORY AND COLLABORATIVE RELATIONSHIPS WITH COMMUNITY ORGANIZATIONS 4 DESIRES AND PERSPECTIVES OF COMMUNITY GROUPS WITH WHICH THE HOSPITAL COLLABORATES THE SOCIOECONOMIC CHARACTERISTICS OF THE MONTEREY PENINSULA SPAN A BROAD SPECTRUM CARMEL AND PEBBLE BEACH ARE RELATIVELY AFFLUENT COMMUNITIES WITH SUBSTANTIAL RETIRED AND SENIOR POPULATIONS BIG SUR AND OTHER UNINCORPORATED PARTS OF THE COUNTY ARE LARGELY RURAL IN CHARACTER THE COMMUNITIES SURROUNDING THE FORMER FORT ORD ARMY BASE (SEASIDE, MARINA, AND SAND CITY) ARE LESS AFFLUENT AND CONTINUING TO GROW, WITH A YOUNGER POPULATION, MORE CHILDREN, AND SIGNIFICANT RACIAL AND ETHNIC DIVERSITY IN SPITE OF THE SOCIOECONOMIC VARIATIONS, THE MONTEREY PENINSULA IS A DISTINCT SUB-REGION OF MONTEREY COUNTY WITH A WELL-DEFINED SENSE OF COMMUNITY NO FEDERALLY-DESIGNATED MEDICALLY UNDERSERVED AREAS OR POPULATIONS ARE PRESENT

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 THE HOSPITAL GOES ABOVE AND BEYOND REQUIREMENTS AS IT RELATES TO DISASTER PLANNING INCLUDED ON PART II LINE 3 ARE A BASE HOSPITAL COORDINATOR AND EMERGENCY PREPAREDNESS EXPENSES THE HOSPITAL SERVES AS THE KEY RESOURCE IN AREA DISASTER SUPPORT THE HOSPITAL PROVIDES NUMEROUS INCENTIVES TO REDUCE TRAFFIC ON THE PENINSULA, AS FOUND ON LINE 4 IN PART II FULL EMPLOYEE SHUTTLE SERVICE TO SURROUNDING COMMUNITIES AS WELL AS CARPOOL INCENTIVES COMPRISE A KEY BENEFIT TO THE LOCAL COMMUNITY PART II, LINE 5 INCLUDES THE HOSPITAL'S PHYSICIAN RECRUITMENT PROGRAM WHICH IS FURTHER DESCRIBED BELOW SINCE 1999, COMMUNITY HOSPITAL HAS ENGAGED IN PERIODIC ASSESSMENT OF THE ADEQUACY OF PHYSICIAN RESOURCES NEEDED TO MEET COMMUNITY HEALTHCARE NEEDS THE FIRST STUDY DEMONSTRATED THAT THERE WERE UNMET NEEDS IN CERTAIN PHYSICIAN SPECIALTIES, AND THAT THE PROBLEM WOULD LIKELY WORSEN OVER THE NEXT SEVERAL YEARS BECAUSE THE SHORTAGES DID, IN FACT, WORSEN IN THE INTERVENING YEARS, THE BOARD OF TRUSTEES ESTABLISHED A FORMAL PHYSICIAN RECRUITMENT PROGRAM IN 2001 TO PROVIDE SIGNIFICANT FINANCIAL SUPPORT AND A MORE AGGRESSIVE ORGANIZATIONAL COMMITMENT TO MEETING THESE COMMUNITY NEEDS AND IMPROVING ACCESS TO CARE FOR LOCAL RESIDENTS THE PHYSICIAN RECRUITMENT PROGRAM INCLUDES ONGOING ASSESSMENT OF THE CHANGING NEEDS AND DEMOGRAPHICS OF THE HOSPITAL'S SERVICE AREA, CHANGING MARKET CONDITIONS, AND ACTIVE MEDICAL STAFF DEMOGRAPHICS AND PRACTICE PATTERNS THE PROGRAM IS REGULARLY UPDATED TO REFLECT THIS ASSESSMENT DATA (AS WELL AS CHANGES IN APPLICABLE LAWS GOVERNING SUCH PROGRAMS), AND RECRUITMENT PRIORITIES ARE ESTABLISHED ANNUALLY BY HOSPITAL ADMINISTRATION AND MEDICAL STAFF LEADERSHIP THE PROGRAM IS DESIGNED TO PROVIDE THE ASSISTANCE NECESSARY TO BRING PHYSICIANS IN SPECIALTIES WITH DEMONSTRATED LOCAL SHORTAGES TO THE HOSPITAL'S PRIMARY SERVICE AREA THROUGH 2010, THE HOSPITAL HAD SUCCESSFULLY RECRUITED OVER 52 PHYSICIANS TO THE MONTEREY PENINSULA UNDER THE PROGRAM ALL ARE REQUIRED TO PARTICIPATE IN THE MEDICARE, MEDI-CAL, AND CHAMPUS/TRICARE PROGRAMS, BECAUSE THE SHORTAGE OF PHYSICIANS ON THE MONTEREY PENINSULA WILLING TO DO SO IS PARTICULARLY ACUTE CURRENT RECRUITMENT PRIORITIES INCLUDE ADULT PRIMARY CARE (FAMILY AND INTERNAL MEDICINE), PEDIATRICS, ENDOCRINOLOGY, NEUROLOGY, PULMONARY MEDICINE/CRITICAL CARE, GENERAL AND VASCULAR SURGERY AS WELL AS OBSTETRICS BECAUSE THE SHORTAGE OF PRIMARY CARE PHYSICIANS IS THE MOST ACUTE PHYSICIAN MANPOWER ISSUE AND UNMET HEALTHCARE NEED FACING THE HOSPITAL'S COMMUNITY, IN 2008 THE BOARD OF TRUSTEES TOOK OFFICIAL ACTION TO CREATE PENINSULA PRIMARY CARE, A NEW NONPROFIT SUBSIDIARY OF COMMUNITY HOSPITAL FOUNDATION PENINSULA PRIMARY CARE (PPC) OPENED ITS INITIAL SITE AT THE CROSSROADS IN CARMEL IN SEPTEMBER 2009 THIS SITE WAS SELECTED TO HELP ADDRESS A SIGNIFICANT UNMET NEED AMONG THE MEDICARE POPULATION IN THAT COMMUNITY A SECOND SITE IS PLANNED FOR 2011 IN MARINA NOT ONLY IS THIS COMMUNITY UNDERSERVED IN PRIMARY CARE, BUT MARINA RESIDENTS ALSO VISIT AN EMERGENCY ROOM AT A MUCH HIGHER RATE THAN RESIDENTS OF OTHER LOCAL COMMUNITIES AS A RESULT, THE SITE WILL INCLUDE AN URGENT CARE CENTER AS WELL AS X-RAY AND LABORATORY SERVICES THE GOAL IS TO RECRUIT ADDITIONAL PHYSICIANS TO PRACTICE IN OUR COMMUNITY, AS WELL AS PROVIDE A STABLE PRACTICE ENVIRONMENT FOR SOME EXISTING PHYSICIANS TO PREVENT THEIR LEAVING THE COMMUNITY WE ANTICIPATE THAT EACH PPC SITE WILL REQUIRE AN ANNUAL SUBSIDY FROM COMMUNITY HOSPITAL OF APPROXIMATELY $1 MILLION WHEN FULLY OPERATIONAL A MAJORITY OF THE HOSPITAL'S GOVERNING BODY IS COMPRISED OF PERSONS WHO RESIDE IN THE PRIMARY SERVICE AREA AND ARE INDEPENDENT THE HOSPITAL EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY THE ORGANIZATION INVESTS ALL SURPLUS FUNDS THAT ARE NOT PRESERVED FOR THE FUTURE INTO PHYSICAL PLANT UPGRADES, SERVICE AND FACILITY EXPANSION AND ENHANCED MEDICAL TECHNOLOGIES, ALL OF WHICH ARE INTENDED TO FURTHER BENEFIT THE COMMUNITY NOT INCLUDED ANYWHERE ARE THE NEARLY 25,000 UNPAID HOURS CONTRIBUTED TO COMMUNITY BENEFIT ACTIVITIES KEY CONTRIBUTORS INCLUDE AUXILIARY VOLUNTEERS, BOARD MEMBERS, PHYSICIANS AND HOSPITAL STAFF PART II, LINE 6 INCLUDES THE ORGANIZATION'S DEVELOPMENT & SUPPORT OF PENINSULA HEALTH INFORMATION LINK, A HEALTH INFORMATION EXCHANGE DESIGNED TO NETWORK LOCAL PHYSICIANS WITH THE HOSPITAL, SHARING INFORMATION & IMPROVING CARE COORDINATION

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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493318036712

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
COMMUNITY HOSPITAL OF THE MONTEREY PENINSULA

Employer identification number
94-0760193

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
See Additional Data Table							

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . ▶ 11

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

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
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 GRANT AMOUNTS ARE REVIEWED AND APPROVED BY AN EXECUTIVE FOR COMMUNITY HOSPITAL FOUNDATION, ACTUAL EXPENDITURES ARE REVIEWED AND APPROVED BEFORE TRANSFERRING THE GRANT PROCEEDS

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 94-0760193
Name: COMMUNITY HOSPITAL OF THE MONTEREY PENINSULA

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
COMMUNITY HOSPITAL FOUNDATIONPO BOX HH MONTEREY,CA 93942	94-2789696	501(C)(3)	30,128,492		CASH VALUE		GENERAL OPERATIONS
AMERICAN CANCER SOCIETY 945 SOUTH MAIN STREET SUITE 201 SALINAS,CA 93901	94-1170350	501(C)(3)	10,000		CASH VALUE		RELAY FOR LIFE RACES

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
AMERICAN HEART ASSOCIATION1514 MOFFETT STREET SUITE J SALINAS,CA 93905	13-5613797	501(C)(3)	20,000		CASH VALUE		GO FOR RED WOMEN LUNCHEON, 911 HEART MEDIA CAMPAIGN, CENTRAL COAST HEART WALK
AMERICAN RED CROSSPO BOX AR CARMEL BY THE SEA,CA 93921	94-1156320	501(C)(3)	5,000		CASH VALUE		HEALTH AND SAFETY SERVICES

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
BIG SUR HEALTH CENTER46896 HIGHWAY ONE BIG SUR,CA 93920	77-0077112	501(C)(3)	8,925		CASH VALUE		PENINSULA HEALTH INFORMATION LINK INTERFACE FEE
BOYS AND GIRLS CLUBS OF MONTEREY COUNTYPO BOX 97 SEASIDE,CA 93955	94-1702753	501(C)(3)	10,000		CASH VALUE		COMICS FOR KIDS GALA HEALTHY LIFESTYLES INITIATIVE

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
CABRILLO COLLEGE FOUNDATION6500 SOQUEL DRIVE APTOS,CA 95003	94-6121953	501(C)(3)	25,000		CASH VALUE		RADIOLOGIC TECH LAB PLEDGE
JUVENILE DIABETES FOUNDATION121 SECOND STREET SUITE 800 SAN FRANCISCO, CA 94105	23-1907729	501(C)(3)	10,000		CASH VALUE		WALK TO CURE DIABETES

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
MONTEREY HEART SYMPOSIUMC/O CHOMP MEDICAL STAFF PO BOX HH MONTEREY,CA 93942	94-0760193	501(C)(3)	7,500		CASH VALUE		HEART SYMPOSIUM
MONTEREY COUNTY HEALTH DEPARTMENT 1615 BUNKER HILL WAY SUITE 101 SALINAS,CA 93906	94-6000524	GOVERNMENT	75,000		CASH VALUE		SEASIDE/MARINA CLINIC

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
MONTEREY PENINSULA UNIFIED SCHOOL DISTRICTPO BOX 1031 MONTEREY,CA 93942	77-0320712	115(1)	60,000		CASH VALUE		PART TIME SCHOOL NURSE
COMMUNITY PARTNERSHIP FOR YOUTHPO BOX 42 MONTEREY,CA 94942	77-0310237	501(C)(3)	7,500		CASH VALUE		HEALTHY INITATIVE

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
MONTEREY RAPE CRISIS CENTERPO BOX 2630 MONTEREY, CA 93942	94-2389889	501(C)(3)	5,000		CASH VALUE		TITLE SPONOSRSHIP TOGETHER WITH LOVE 2011
THE CARMEL FOUNDATIONPO BOX 3424 CARMEL, CA 93923	94-1225368	509(A)(1)	5,000		CASH VALUE		HEALTH RELATED PROGRAMS

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
PENINSULA PRIMARY CARE275 THE CROSSROADS STE A CARMEL,CA 93923	26-4826604	501(C)(3)	732,126		CASH VALUE		GENERAL OPERATIONS

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493318036712

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
COMMUNITY HOSPITAL OF THE MONTEREY PENINSULA

Employer identification number
94-0760193

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**		No
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**		No
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) STEVEN PACKER MD	(i)	593,483	197,102	46,861	76,446	0	913,892	0
	(ii)	0	0	0	0	0	0	0
(2) LAURA ZEHM	(i)	362,434	73,510	29,496	44,236	0	509,676	0
	(ii)	0	0	0	0	0	0	0
(3) ANTHONY CHAVIS MD	(i)	368,182	47,357	22,319	36,663	0	474,521	0
	(ii)	0	0	0	0	0	0	0
(4) TERRIL LOWE	(i)	260,979	41,795	21,031	28,445	0	352,250	0
	(ii)	0	0	0	0	0	0	0
(5) CYNTHIA PECK	(i)	291,879	52,735	11,286	29,065	0	384,965	0
	(ii)	0	0	0	0	0	0	0
(6) TIM NYLEN	(i)	257,042	36,050	26,218	17,003	0	336,313	0
	(ii)	0	0	0	0	0	0	0
(7) JARED STIVER	(i)	269,402	0	0	10,911	0	280,313	0
	(ii)	0	0	0	0	0	0	0
(8) RICHARD GRAY	(i)	241,834	0	0	44,203	0	286,037	0
	(ii)	0	0	0	0	0	0	0
(9) DAVID MISISCO	(i)	240,656	0	0	22,059	0	262,715	0
	(ii)	0	0	0	0	0	0	0
(10) WILLIAM JUNG	(i)	219,981	0	13,974	39,517	0	273,472	0
	(ii)	0	0	0	0	0	0	0
(11) THOMAS MCNAMARA	(i)	159,306	13,382	52,160	36,619	0	261,467	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	PART 1, LINE 1A TRAVEL FOR COMPANIONS - EXECUTIVES ARE REIMBURSED FOR COMPANION TRAVEL WHEN APPLICABLE COACH AIRFARE AND MEALS ARE REIMBURSABLE THE VALUE IS REPORTED AS TAXABLE INCOME ON THE EMPLOYEE'S W-2 TAX INDEMNIFICATION AND GROSS UP PAYMENTS - CERTAIN EXECUTIVE FRINGE BENEFITS ARE GROSSED UP THE VALUE IS REPORTED AS TAXABLE INCOME ON THE EMPLOYEE'S W-2 HOUSING ALLOWANCE OR RESIDENCE FOR PERSONAL USE - CERTAIN EXECUTIVES ARE OFFERED AN EQUITY HOME SHARE OPTION WHEREBY THE HOSPITAL OWNS HALF OF THE EXECUTIVE'S RESIDENCE THE PURPOSE OF THIS IS TO ASSIST THE EXECUTIVE WITH BUYING A HOME IN THIS EXPENSIVE AREA THE COST OF REAL ESTATE IS OFTEN A BARRIER TO RECRUITMENT IN MONTEREY THE VALUE IS REPORTED AS TAXABLE INCOME ON THE EMPLOYEE'S W-2 HEALTH OR SOCIAL CLUB DUES OR INITIATION FEES - CERTAIN CLUB DUES ARE PAID ON BEHALF OF CERTAIN EXECUTIVES THE VALUE IS REPORTED AS TAXABLE INCOME ON THE EMPLOYEE'S W-2 PART II, COLUMN (B)(III) AMOUNTS INCLUDE OTHER REPORTABLE COMPENSATION RELATED TO BENEFIT CASH OUTS AND SEVERANCE PAY

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493318036712

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
COMMUNITY HOSPITAL OF THE MONTEREY PENINSULA

Employer identification number
94-0760193

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	CA STATEWIDE COMMUNITIES DEVELOP AUTHORITY	52-1598225	130911RK8	07-10-2003	103,353,228	SOUTH PAVILION CONSTRUCTION		X		X		X
B	CA STATEWIDE COMMUNITIES DEVELOP AUTHORITY	68-0164610	1307953L9	05-12-2011	86,414,265	WELLNESS CENTER / HOSPITAL ADMIN SERVICES/REFUND BONDS ISSUED 7/10/03		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	65,670,000			
2	Amount of bonds defeased				
3	Total proceeds of issue	106,474,662	86,415,173		
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	1,534,093	1,418,224		
8	Credit enhancement from proceeds	3,087,475			
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	84,838,330	29,202,001		
11	Other spent proceeds	17,014,757	54,968,924		
12	Other unspent proceeds	7	826,024		
13	Year of substantial completion	2006	2011		

		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		X					
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X			X				
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?	X		X					
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X		X					
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶								
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		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		X				
2	Is the bond issue a variable rate issue?	X		X					
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?	X		X					
b	Name of provider	SEE PART VI		SEE PART VI					
c	Term of hedge	5 200000000000		22 100000000000					
d	Was the hedge superintegrated?		X		X				
e	Was a hedge terminated?	X			X				
4a	Were gross proceeds invested in a GIC?		X		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			X				
6	Did the bond issue qualify for an exception to rebate?	X		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
PART I, ROW A,B - ISSUER		CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY (CSDCA)
PART II, LINE 3		DIFFERENCES BETWEEN THE ISSUE PRICE (PART I) AND TOTAL PROCEEDS (PART II, LINE 3) ARE DUE TO INVESTMENT EARNINGS
PART IV, LINE 3B, COLUMN A		MARCH 2006 CHOMP ENTERED INTO TWO INTEREST RATE SWAPS MORGAN STANLEY AND GOLDMAN SACHS ARE PARTIES TO THE HEDGE
PART IV, LINE 3B, COLUMN B		MAY 2011 CHOMP RESTRUCTED SWAPS FROM 2006 AND ATTACHED THEM TO 2011 VARIABLE RATE BOND ISSUE - SAME PARTIES AND TERMS APPLY
PART IV, LINE 5, COLUMN A		SUCH AMOUNTS WERE APPROPRIATELY YIELD RESTRICTED

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493318036712

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
COMMUNITY HOSPITAL OF THE MONTEREY PENINSULA

Employer identification number
94-0760193

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	THE AUDIT COMMITTEE REVIEWS FORM 990 AND ELECTRONIC COPIES ARE SENT TO ALL BOARD OF TRUSTEES PRIOR TO FILING
	FORM 990, PART VI, SECTION B, LINE 12C	THE ORGANIZATION USES SELF DISCLOSURE TO REGULARLY AND CONSISTENTLY MONITORS AND ENFORCES COMPLIANCE WITH THE CONFLICT OF INTEREST POLICY
	FORM 990, PART VI, SECTION B, LINE 15	THE COMPENSATION COMMITTEE OF THE BOARD OF TRUSTEES REVIEWS AND APPROVES THE OFFICERS' COMPENSATION A CONSULTING FIRM IS ENGAGED TO PROVIDE COMPARABLE DATA
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST IT ALSO MAKES ITS FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC ON ITS OWN WEBSITE AND ANOTHER'S WEBSITE
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	DECREASE IN MINIMUM PENSION LIABILITY -23,813,971 TOTAL TO FORM 990, PART XI, LINE 5 -23,813,971
	FORM 990, PART XI, LINE 2	THE FINANCIAL STATEMENTS OF THE ORGANIZATION WERE AUDITED BY AN INDEPENDENT ACCOUNTANT AND WERE INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF COMMUNITY HOSPITAL FOUNDATION AS REQUIRED BY GAAP

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493318036712

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
COMMUNITY HOSPITAL OF THE MONTEREY PENINSULA

Employer identification number
94-0760193

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
(1) PENINSULA WELLNESS CENTER LLC 23625 HOLMAN HIGHWAY MONTEREY, CA 93940 27-3554386	HEALTH SERVICES	CA	-44,329	627,989	N/A

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) COMMUNITY HOSPITAL PROPERTIES PO BOX HH MONTEREY, CA 93942 94-2795922	SUPPORT SERVICES	CA	501(C)(3)	11 TYPE I	N/A		No
(2) COMMUNITY HOSPITAL ENDOWMENTS PO BOX HH MONTEREY, CA 93942 94-2795423	SUPPORT SERVICES	CA	501(C)(3)	11 TYPE I	N/A		No
(3) COMMUNITY HOSPITAL FOUNDATION PO BOX HH MONTEREY, CA 93942 94-2789696	SUPPORT SERVICES	CA	501(C)(3)	9	N/A		No
(4) PENINSULA PRIMARY CARE PO BOX HH MONTEREY, CA 93942 26-4826604	HEALTHCARE SERVICES	CA	501(C)(3)	3	N/A		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

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
(1) CYPRESS MEDICAL NETWORK INC PO BOX HH MONTEREY, CA 93942 77-0438780	MEDICAL SERVICES	CA	N/A	C	2,443,682	1,693,162	100 000 %

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		No
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	Yes	
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		No
p Reimbursement paid by related organization(s) for expenses	1p		No
q Other transfer of cash or property to related organization(s)	1q	Yes	
r Other transfer of cash or property from related organization(s)	1r	Yes	

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) CYPRESS MEDICAL NETWORK INC	L	2,443,682	CASH VALUE
(2)			
(3)			
(4)			
(5)			
(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	

Report of Independent Auditors and
Combined Financial Statements with
Supplemental Information

Community Hospital Foundation and Related Corporations

December 31, 2011 and 2010

MOSS-ADAMS LLP

CONTENTS

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees
Community Hospital Foundation and Related Corporations

We have audited the accompanying combined balance sheets of Community Hospital Foundation and Related Corporations (the "Organization") as of December 31, 2011 and 2010, and the related combined statements of operations, changes in net assets, and cash flows for the years then ended These combined financial statements are the responsibility of the Organization's management Our responsibility is to express an opinion on these combined 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 combined 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 the Organization's internal controls over financial reporting Accordingly, we express no such opinion An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation We believe our audits provide a reasonable basis for our opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Community Hospital Foundation and Related Corporations as of December 31, 2011 and 2010, and the combined results of their operations and cash flows and changes in net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America

Our audit was conducted for the purpose of forming an opinion on the combined financial statements of Community Hospital Foundation and Related Corporations, taken as a whole The accompanying supplemental schedules of combining balance sheets and combining statements of operations for the year ended December 31, 2011, are presented for the purpose of additional analysis and are not a required part of the basic combined financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements Such information has been subjected to the auditing procedures applied to the audit of the basic combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole

The accompanying supplemental information – community benefit cost is not a required part of the basic financial statements but is presented for purposes of additional analysis This schedule is the responsibility of the Organization's management We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information However, we did not audit such information and we do not express an opinion on it

Moss Adams LLP

San Francisco, California
April 17, 2012

COMBINED FINANCIAL STATEMENTS

COMMUNITY HOSPITAL FOUNDATION AND RELATED CORPORATIONS
COMBINED BALANCE SHEETS
December 31, 2011 and 2010
(In Thousands)

	2011	2010
ASSETS		
Current assets		
Cash and cash equivalents	$ 44,946	$ 30,990
Patient accounts receivable, less allowance for uncollectible accounts of $21,472 in 2011 and $15,349 in 2010	71,344	72,695
Accrued interest and other receivables	762	687
Supply inventories	2,081	1,888
Prepaid expenses and deposits	5,411	4,337
Current portion of assets limited as to use (Note 4)	1,934	1,139
Pledges receivable	3,738	5,437
Total current assets	130,216	117,173
Assets limited as to use (Note 4)		
For capital replacement and expansion	170,743	162,636
Donor restricted	116,915	118,425
Auxiliary	478	359
Beneficial interest in Hospice Foundation	11,703	12,188
Total assets limited as to use, net of current portion	299,839	293,608
Other assets		
Other investments and receivables	20,248	16,386
Real property	2,071	2,071
Annuity investments	2,034	1,220
Assets held in remainder trusts	2,903	3,835
Beneficial interest in remainder trusts	804	782
Deferred financing costs	2,622	3,661
Intangible assets	-	299
Total other assets	30,682	28,254
Property, plant, and equipment, net (Note 6)	375,821	380,655
Total assets	$ 836,558	$ 819,690

See accompanying notes

(In Thousands)

	2011	2010
LIABILITIES AND NET ASSETS		
Current liabilities		
Current maturities of long-term debt (Note 9)	$ 4,611	$ 3,791
Line of credit	-	13,113
Accounts payable	6,992	8,594
Accrued liabilities		
Payroll and payroll taxes	15,485	14,169
Vacation	15,348	14,689
Current portion of workers' compensation and professional liabilities (Note 7)	2,756	3,010
Interest and other	2,200	2,309
Payable to governmental agencies	-	575
Total current liabilities	47,392	60,250
Long-term debt, net of current maturities (Note 9)	123,788	97,106
Annuity payment liability	1,456	919
Liabilities under trust agreements	1,729	2,214
Accrued professional liability, net of current portion (Note 7)	3,764	3,833
Workers' compensation liability, net of current portion	10,848	8,024
Pension benefit obligation (Note 8)	117,863	103,289
Postretirement health benefit liability (Note 8)	39,615	38,216
Interest rate swaps	14,207	5,829
Community Hospital Auxiliary net assets	478	359
Total liabilities	361,140	320,039
Commitments and contingencies (Note 10)		
Net assets (Note 11)		
Unrestricted	346,800	369,037
Temporarily restricted	89,193	91,227
Permanently restricted - endowment funds	39,425	39,387
Total net assets	475,418	499,651
Total liabilities and net assets	$ 836,558	$ 819,690

See accompanying notes

COMMUNITY HOSPITAL FOUNDATION AND RELATED CORPORATIONS
COMBINED STATEMENTS OF OPERATIONS
Years Ended December 31, 2011 and 2010
(In Thousands)

	2011	2010
Unrestricted revenues, gains, and other support		
Net patient revenue	$ 422,659	$ 406,863
Provision for bad debts	(30,960)	(22,601)
Net patient revenue less provision for bad debts	391,699	384,262
Other revenue	25,078	28,216
Unrestricted contributions	1,273	3,269
Net assets released from restrictions used for operations	11,624	12,492
Total unrestricted revenues, gains, and other support	429,674	428,239
Operating expenses		
Salaries and wages	146,088	148,266
Employee benefits	103,194	92,873
Supplies and services	113,785	121,380
Depreciation and amortization	34,632	34,917
Interest	5,869	4,545
Total operating expenses	403,568	401,981
Operating income	26,106	26,258
Other income (loss)		
Net investment gains	2,934	3,107
Loss on interest rate swaps	(937)	(889)
Other	695	225
Total other income	2,692	2,443
Excess of revenues over expenses	28,798	28,701
Net change in unrealized gains and losses on investments	(9,704)	3,065
Transfers of net assets released from restrictions used for purchase of property, plant, and equipment	1,703	447
Inter-fund transfers, net	(11,431)	(592)
Change in pension benefit obligation	(23,814)	(5,556)
Interest rate swaps	(7,440)	(1,578)
Other	(349)	-
(Decrease) increase in unrestricted net assets	$ (22,237)	$ 24,487

See accompanying notes

COMMUNITY HOSPITAL FOUNDATION AND RELATED CORPORATIONS
COMBINED STATEMENTS OF CHANGES IN NET ASSETS
Years Ended December 31, 2011 and 2010
(In Thousands)

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
Balance at December 31, 2009	$ 344,550	$ 89,447	$ 39,323	$ 473,320
Change in net assets				
Excess of revenues over expenses	28,701	-	-	28,701
Net change in unrealized gains and losses on investments	3,065	10,813	-	13,878
Restricted fund transactions				
Contributions and bequests	-	3,693	64	3,757
Net realized losses on investments (including other than temporary investment impairment)	-	(1,124)	-	(1,124)
Net assets released from restrictions used for operations	-	(12,492)	-	(12,492)
Transfers for net assets released from restrictions used for purchase of property, plant, and equipment, net	447	(447)	-	-
Inter-fund transfers, net	(592)	592	-	-
Beneficial interest in Hospice Foundation	-	1,056	-	1,056
Increase in pension benefit obligation	(5,556)	-	-	(5,556)
Interest rate swap	(1,578)	-	-	(1,578)
Other	-	(311)	-	(311)
Total change in net assets	24,487	1,780	64	26,331
Balance at December 31, 2010	369,037	91,227	39,387	499,651
Change in net assets				
Excess of revenues over expenses	28,798	-	-	28,798
Net change in unrealized gains and losses on investments	(9,704)	(5,434)	-	(15,138)
Restricted fund transactions				
Contributions and bequests	-	3,565	38	3,603
Net realized losses on investments (including other than temporary investment impairment)	-	2,510	-	2,510
Net assets released from restrictions used for operations	-	(11,624)	-	(11,624)
Transfers for net assets released from restrictions used for purchase of property, plant, and equipment, net	1,703	(1,703)	-	-
Inter-fund transfers, net	(11,431)	11,431	-	-
Beneficial interest in Hospice Foundation	-	(485)	-	(485)
Increase in pension benefit obligation	(23,814)	-	-	(23,814)
Interest rate swap	(7,440)	-	-	(7,440)
Other	(349)	(294)	-	(643)
Total change in net assets	(22,237)	(2,034)	38	(24,233)
Balance at December 31, 2011	$ 346,800	$ 89,193	$ 39,425	$ 475,418

See accompanying notes

COMMUNITY HOSPITAL FOUNDATION AND RELATED CORPORATIONS
COMBINED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2011 and 2010
(In Thousands)

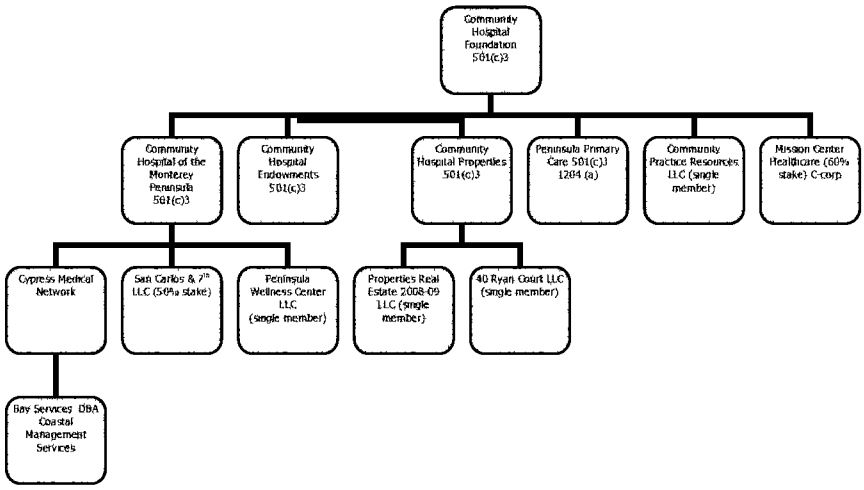
	2011	2010
Cash flows from operating activities		
Change in net assets	$ (24,233)	$ 26,331
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net unrealized and realized gains and losses on investments	12,628	(10,373)
Donor restricted contributions	(3,603)	(3,757)
Provision for uncollectible accounts	30,960	22,601
Depreciation and amortization	34,632	34,917
Loss on sale of fixed assets	9	1,097
Interest rate swap	8,378	2,467
Change in split interest agreements	148	(107)
Changes in operating assets and liabilities		
Patient accounts receivable, net	(29,609)	(14,639)
Supplies, prepaid expenses and deposits, accrued interest, and other	(1,342)	4,332
Pledges receivable	1,699	34
Payable to governmental agencies	(575)	(630)
Accounts payable and accrued liabilities	264	(9,137)
Accrued workers' compensation	2,834	(841)
Accrued professional liability	(333)	(538)
Pension benefit obligation	14,574	(1,965)
Postretirement health benefit liability	1,399	358
Net cash provided by operating activities	47,830	50,150
Cash flows from investing activities		
Purchase of fixed assets	(29,860)	(37,627)
Proceeds on sale of fixed assets	53	20
Sales of marketable securities	8,199	56,057
Purchases of marketable securities	(28,219)	(68,171)
Decrease in other investments and receivables	(594)	(3,336)
Net cash used in investing activities	(50,421)	(53,057)
Cash flows from financing activities		
Contributions restricted by donors	3,603	3,757
Proceeds from issuance of new debt	86,423	-
Cash paid for debt issuance costs	(1,445)	-
Repayments of debt	(58,921)	(4,671)
Line of credit, net	(13,113)	13,113
Net cash provided by financing activities	16,547	12,199
Net increase in cash and cash equivalents	13,956	9,292
Cash and cash equivalents at beginning of year	30,990	21,698
Cash and cash equivalents at end of year	$ 44,946	$ 30,990
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 5,273	$ 4,356
Acquisition of equipment financed with a capital lease	$ -	$ 1,848

See accompanying notes

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Community Hospital Foundation ("CHF") is a California corporation exempt from income taxes located in Monterey, California It is the sole member (parent) of four exempt organizations Community Hospital of the Monterey Peninsula ("CHOMP"), Community Hospital Endowments ("CHE"), Community Hospital Properties ("CHP"), and Peninsula Primary Care ("PPC") CHF is also the sole corporate member (parent) of Community Practice Resources, LLC ("CPR") CHF has a 60% ownership in Mission Center Healthcare ("MCH") CHOMP is the sole member (parent) of Cypress Medical Network ("CMN") and Peninsula Wellness Center, LLC ("PWC") CMN is the sole member (parent) of Coastal HealthCare/Bay Services ("Coastal"), both of which are taxable entities CHOMP has a 50% ownership stake in San Carlos & 7th LLC CHP is the sole member (parent) of Properties Real Estate 2008-09 LLC and 40 Ryan Court LLC

CHF coordinates the healthcare and planning objectives of the four exempt organizations, all of which are nonprofit California corporations, and engages in charitable and educational activities



Combination – The accompanying combined financial statements include the accounts of CHF, CHOMP, CHE, CHP, PPC, CPR, MCH, PWC, and CMN All significant transactions among the entities have been eliminated

Use of estimates in the preparation of financial statements – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates The Organization's key estimates are contractual allowances, bad debt reserves, valuation of investments included in assets limited as to use, workers' compensation liability, professional and general liability, pension liability, retiree health liability and liabilities under split interest agreements

Cash and cash equivalents – Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less, or in money-market funds that invest in highly liquid debt instruments Cash and cash equivalents are carried at their approximate fair value

Net patient accounts receivable – CHOMP provides for estimated losses on accounts receivable based on prior bad debt experience and generally does not charge interest on past due balances Past due status is based upon the date of services provided Uncollectible receivables are charged off when deemed uncollectible Recoveries from previously charged-off accounts are recorded when received

Assets limited as to use – The Board of Trustees has a policy of setting aside certain assets to be used for replacement and expansion of property, plant, and equipment, as well as for future development of the Organization Such assets are included in assets limited as to use in the accompanying combined balance sheets In addition, investments restricted by donor and bond agreements are recorded as assets limited as to use

Assets limited as to use are generally stated at fair value, with the related unrealized appreciation or depreciation recorded in the combined statements of changes in net assets Realized gains and losses from sales of unrestricted assets limited as to use are recorded as other income in the combined statements of operations Purchases and sales of assets limited as to use are recorded on a trade-date basis Interest income is recorded on the accrual basis Dividends are recorded on the ex-dividend date

The Organization owns units in various investment funds All funds are valued in accordance with applicable fair value standards, with additional detail found in Note 5 The underlying investments in the funds are valued as follows

1 Short-term investments are valued as amortized cost, which approximates fair market value

2 The fair values of publicly traded investments are based upon quoted market prices

3 Investments for which exchange quotations are not readily available are valued at their fair value as determined by the investment manager in good faith based on information deemed appropriate by the investment manager, such as valuations of the underlying private investment funds or financial statements or underlying partnerships, or valuation of the real estate of the underlying partnerships

4 Certain investments with nonreadily available prices are valued at their original U S dollar costs, with potential adjustments justified by certain events or circumstances, which may impact the valuation of the investment

5 Declines in market value identified as other than temporary are charged to investment losses in the combined statements of operations for unrestricted investments or to net assets for temporarily and permanently restricted net assets

6 Forward currency contracts are valued at the mean of their representative quoted bid and asked prices Assets initially expressed in terms of non-U S currencies are translated into U S dollars at the prevailing market rates at the end of the reporting period

Unless otherwise indicated the fair values of all reported assets and liabilities, which represent financial instruments, approximate their carrying values The Organization's policy is to recognize transfers in and transfers out of Level 1 and Level 2 as of the end of the reporting period

Supply inventories – Supply inventories are stated at cost, determined on the average cost method that approximates the first-in, first-out method of accounting

Deferred financing costs – Financing costs incurred with the issuance of bonds are amortized over the term of the bonds using a method that approximates the effective interest rate method Amortization of these costs is included in interest expense

Property, plant, and equipment – Property, plant, and equipment acquisitions are recorded at cost Gifts of long-lived assets, such as land, buildings, or equipment, are reported at estimated fair value at the date of donation

The Organization periodically evaluates the carrying value of its long-lived assets for impairment The evaluations address the estimated recoverability of the assets' carrying value, which is principally determined based on projected undiscounted cash flows generated by the underlying tangible assets When the carrying value of an asset exceeds estimated recoverability, an asset impairment is recognized No impairment was recognized for the years ended December 31, 2011 and 2010

Maintenance, repairs, and acquisition of minor equipment are charged to operations as incurred

Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment Leasehold improvements are amortized over the shorter of the estimated useful life of the improvement or the lease term Estimated useful lives are as follows

Land improvements	10 - 20 years
Buildings and building service equipment	15 - 40 years
Professional office building	30 years
Equipment	5 - 15 years

Interest costs incurred on borrowed funds and investment income on unspent proceeds of tax-exempt borrowings during the period of construction of capital assets are netted and capitalized as a component of acquiring those assets

Other investments and receivables – Includes long-term notes receivable, investments in unconsolidated joint ventures, receivables for insured liabilities, and other miscellaneous investments

Workers' compensation benefits – The Organization is self-insured for workers' compensation benefits up to $500,000 The Organization has contracted with an independent organization to administer the program An actuarially determined liability, recorded at 70% confidence level, discounted at 3 75% for both 2011 and 2010, has been recorded and includes the unpaid portion of claims that have been reported and the estimates of amounts for claims that have been incurred but have not been reported Estimated liabilities for amounts below the Organization's self insured threshold of $10,222,000 and $10,014,000 as of December 31, 2011 and 2010, respectively, are allocated between current and noncurrent liabilities in the accompanying combined balance sheets The Organization participates in the California Self Insurers' Security Fund's alternative security deposit program Participation in this program satisfies the security deposit requirement of $6,853,000 for workers' compensation claims

Health benefits for active employees – The Organization is self-insured for its health benefits for active employees and plan beneficiaries with a maximum per claim specific limit of $225,000, and an annual aggregate limit of $125,000 The Organization purchases reinsurance to cover claim expenses in excess of stated limits This reinsurance is purchased annually in the month of June Liabilities of $3,210,000 and $2,539,000 for estimates of incurred but not reported claims are recorded in accrued payroll and payroll taxes at December 31, 2011 and 2010, respectively

Interest rate swap agreements – The Organization uses derivative instruments in the form of two interest rate swaps to hedge the risk of overall changes in cash flows attributable to changes in interest rates initially related to the Series 2003A bonds, and subsequently related to the Series 2011B bonds, using a method that approximates the effective interest rate method The Organization does not use derivatives for speculative purposes Refer to Note 9 for a full description of the interest rate swap agreements

Net patient service revenue – Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered, and adjusted in future periods as final settlements are determined

Charity care – The Organization accepts all patients regardless of their ability to pay A patient is classified as a charity care patient by reference to certain established policies of the Organization Essentially, these policies define charity services as those services for which no payment is anticipated Because the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported in net patient revenue

Other revenue – 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 ("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 Providers can become eligible for annual Medicare incentive payments by demonstrating meaningful use of EHR technology in each period over four periods Medicaid providers can receive their initial incentive payment by satisfying AIU criteria, but must demonstrate meaningful use of EHR technology in subsequent 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 a state Medicaid EHR incentive payments to Providers are 100% federally funded and administered by the states The Centers for Medicare and Medicaid Services ("CMS") established calendar 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

During the year ended December 31, 2011, CHOMP satisfied the CMS AIU and/or meaningful use criteria As a result, the Organization recognized approximately $2,300,000 of Medicare EHR incentive payments included in Other Revenue in the combined statements of operations

Excess of revenues over expenses – The combined statements of operations include excess of revenues over expenses Changes in unrestricted net assets, which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets) and changes in the pension benefit obligation

Contributions – Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received Conditional promises to give and indications of intentions to give (which can be changed until the asset is donated) are reported in fair value at the date the contribution is received

Contributions restricted by donors, restricted income, and related expenditures are recorded in the appropriate restricted fund according to the designated purpose of the donor Unrestricted contributions received by the Organization are reflected as operating revenue and unrestricted interest income is reflected as non-operating revenue by the Organization

When one of the Organizations is named the beneficiary under wills or trust agreements, and the total realizable amounts are not determinable at the time of the contribution, such contributions are recorded when the proceeds are received

CHE recorded its beneficial interest in the assets transferred to Central Coast Hospice Foundation ("CCHF") CCHF is a charitable organization dedicated to addressing the needs of patients with life-threatening illnesses and enhancing the quality of life for those persons A primary purpose of CCHF is to raise funds for the hospice operations conducted by CHOMP, although CCHF accepts and solicits funds to support other hospice programs throughout the central coast region of California

CHE transferred $10,000,000 to CCHF in 1997 CCHF holds these funds as a permanent endowment dedicated to and used solely for the CHF-owned hospice core business Through December 31, 2011 and 2010, CHE has transferred $4,395,000 and $4,031,000, respectively, of cumulative investment income from CHCC The principal and the nonexpendable accumulated income are only to be distributed back to CHE if CHCC terminates its corporate existence as defined by the acquisition agreement

Basis of presentation – The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions Accordingly, net assets of the Organization and changes therein are classified and reported as follows

Unrestricted net assets – Net assets that are not subject to donor imposed stipulations Investment earnings are recorded as unrestricted net assets for certain temporarily restricted funds in accordance with the Organization's spending rule and for certain funds in accordance with donor stipulations

Temporarily restricted net assets – Net assets subject to donor imposed stipulations that may, or will be met, either by actions of the Organization and/or the passage of time When a restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of changes in net assets as net assets released from restrictions

Permanently restricted net assets – Net assets subject to donor imposed stipulations that they be maintained by the Organization in perpetuity The Board of Trustees has interpreted California's enacted Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of permanently restricted donations absent explicit donor stipulations to the contrary As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) accumulations to the permanently restricted fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund Generally, the donors of these assets permit the Organization to use all or part of the investment return on these assets The Board has set a policy to allow the Organization to appropriate for distribution each year 5% of its endowment fund's prior year-end fair value Permanently restricted net assets are commingled with the Organization's other investments and returns are allocated to the permanently restricted fund on a pro-rata basis Unrealized gains and investment income allocated to the permanently restricted fund are classified as temporarily restricted net assets, as supported by the associated agreements, until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA In the absence of donor stipulations or law to the contrary, losses on the investments of a donor-restricted endowment fund shall reduce temporarily restricted net assets to the extent that donor-imposed temporary restrictions on net appreciation of the fund have not been met before a loss occurs Any remaining loss shall reduce unrestricted net assets

Income taxes – CHF, CHOMP, CHE, CHP, and PPC have been determined to be exempt organizations by the Internal Revenue Service and the California Franchise Tax Board and generally are not subject to taxes on income pursuant to Section 501(c)(3) and Section 23701(d) of the Internal Revenue Code and California Revenue and Taxation Code, respectively CMN and Coastal are taxable entities that have net cumulative losses The deferred tax assets associated with these losses have been fully reserved There was no tax provision recorded for the years ended December 31, 2011 and 2010

New accounting pronouncements – In April 2009, the FASB issued ASU 2010-07, Not-for-Profit Entities, *Mergers and Acquisitions*, including an amendment of FASB Statement No 142 ("ASU 2010-07") This statement requires that a recognized noncontrolling interest in another entity, whether a business or a not-for-profit entity, be measured at its fair value at its acquisition date In addition, this statement also provides guidance on the presentation of noncontrolling interest in a not-for-profit entity's financial statements Non-controlling interest in net assets of consolidated subsidiaries are reported as a separate component of the appropriate class of net assets in the combined balance sheets The Organization implemented this guidance in 2011 The adoption did not have a material impact on the Organization's combined financial statements

In August 2010, the FASB issued ASU No 2010-24, Health Care Entities (Topic 954), *Presentation of Insurance Claims and Related Insurance Recoveries* ("ASU 2010-24"), which clarifies that a health care entity should not net insurance recoveries against a related claim liability Additionally, the amount of the claim liability should be determined without consideration of insurance recoveries The Organization implemented this guidance in 2011 The adoption did not have a material impact on the Organization's combined 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"), which amended ASC Topic 820, Fair Value Measurement ("ASC 820") to change the wording used to describe many of the requirements in U S GAAP for measuring fair value and for disclosing information about fair value measurements The adoption of ASU 2011-04 is effective for the Organization beginning January 1, 2012 Management is currently evaluating the impact on the combined financial statements

In July 2011, the FASB issued ASU No 2011-07, *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") which amended ASC Topic 954, Health Care Entities ("ASC 954") to provide greater transparency regarding a health care entity's net patient revenue and the related allowance for doubtful accounts ASU 2011-07 requires certain health care entities to change the presentation of the provision for bad debts associated with patient service revenue by reclassifying the provision from operating expenses to a deduction from net patient revenue and requires enhanced disclosures about net patient revenue and the policies for recognizing revenue and assessing bad debts The Organization adopted this guidance in 2011 (See Note 2).

Reclassifications – Certain 2010 amounts have been reclassified to conform to the 2011 presentation

NOTE 2 – NET PATIENT REVENUE

Effective December 31, 2011, the Organization adopted 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*, which requires health care entities to present the provision for doubtful accounts relating to patient service revenue as a deduction from patient service revenue in the statement of operations rather than as an operating expense All periods presented have been reclassified in accordance with the provisions of ASU 2011-07

Services are provided to the beneficiaries of the federal Medicare and State of California Medi-Cal programs and are reimbursed at amounts lower than the hospital charges For both programs, the difference between charges and the actual reimbursement is recorded as a provision for contractual discounts, as shown below for the years ended December 31, 2011 and 2010 (in thousands)

	2011	2010
Inpatient services	$ 217,456	$ 196,120
Ancillary inpatient services	518,502	467,020
Outpatient services	331,955	305,709
Gross patient charges	1,067,913	968,849
Provision for contractual discounts	(604,130)	(526,585)
Provision for bad debts	(30,960)	(22,601)
Provision for other allowances and discounts	(41,124)	(35,401)
Net patient revenue	$ 391,699	$ 384,262

CHOMP provides healthcare services free of charge to individuals who meet certain financial criteria The cost of providing charity care and other community service benefits is described in Supplemental Information – Community Benefit Cost

Approximately 53% of gross patient revenue is for services provided to Medicare beneficiaries in both 2011 and 2010 Inpatient services are reimbursed a stipulated amount per discharge for each inpatient beneficiary Outpatient services are reimbursed a stipulated amount per service

Approximately 9% of gross patient revenue is for services provided to patients under the Medi-Cal program in both 2011 and 2010 Services provided to inpatient beneficiaries are reimbursed at negotiated rates or at cost-based payments Reimbursement for outpatient services is based on a fee schedule

Estimated settlements under third-party reimbursement agreements are accrued in the period in which the related services are rendered and are adjusted in future periods, based upon information received in future periods and as a result of final settlements The carrying amounts reported in the combined balance sheets for estimated third-party payor settlements approximate fair value Medicare cost reports have been reviewed and/or audited by the fiscal intermediary through 2008 Medi-Cal cost reports have been audited through 2008

CHOMP's allowance for doubtful accounts increased from 57% of self-pay accounts receivable at December 31, 2010, to 76% of self pay accounts at December 31, 2011 While the organization's net bad debt write offs decreased from $25,200,000 to $24,800,000 in 2011 the valuation model used to net self pay accounts receivable has been updated to reflect a negative trend in self pay patient collections CHOMP has not changed its charity care, self pay discount, or bad debt collection policies during fiscal year 2010 or 2011 While CHOMP does maintain an allowance for doubtful accounts from third party payers, it is immaterial to the total associated with self pay patients

Hospital fee – In November 2009, the California Hospital Fee Program (the "Program") was signed into California state law and became effective in 2010 after approval from the Centers for Medicare and Medicaid Services ("CMS") The program provides supplemental Medi-Cal payments to certain California hospitals The Program is funded by a quality assurance fee (the "Fee") paid by participating hospitals and by matching federal funds Hospitals receive supplemental payments from either the California Department of Health Care Services ("DHCS"), managed care plans or a combination of both The Program provided payments relating to the period beginning April 1, 2009, through June 30, 2011 The Organization recognized $6,785,000 and $11,780,000 in expense for the years ended December 31, 2011 and 2010, respectively The Organization recognized total supplemental payments of $1,846,000 in 2010 and $1,776,000 in 2011 from state Medi-Cal and Medi-Cal managed care as part of the Program and is recorded as part of net patient service revenue in the combined statements of operations Additionally, the California Hospital Association ("CHA") has established a private program through the California Health Foundation and Trust ("CHFT"), a health advocacy organization affiliated with CHA to benefit hospitals and health systems that are net contributors under the Program The Organization was granted funds from CHFT of $12,561,000 in 2010 and $4,964,000 in 2011 recorded as other operating revenue

NOTE 3 – CONCENTRATION OF CREDIT RISK

Financial instruments potentially subjecting the Organization to concentrations of credit risk consist primarily of bank demand deposits in excess of FDIC limits

The Organization provides health care services through its inpatient and outpatient care facilities located in and around Monterey, California The Hospital grants credit to patients, substantially all of whom are local residents The Hospital generally does not require collateral or other security in extending credit to patients The distribution of gross patient accounts receivable by payor is as follows at December 31

	2011	2010
Medicare	33 %	29 %
Medi-Cal	10 %	8 %
Commercial and other	35 %	40 %
Self pay	22 %	23 %
	100 %	100 %

NOTE 4 – ASSETS LIMITED AS TO USE

Assets limited as to use consist of the following (in thousands) at December 31

	2011	2010
Cash and cash equivalents	$ 10,619	$ 34,462
Short-term investments	1,934	1,139
Marketable securities	277,039	246,599
	289,592	282,200
Auxiliary cash and inventory	478	359
Beneficial interest in Hospice Foundation	11,703	12,188
Total assets limited as to use	301,773	294,747
Less current portion	(1,934)	(1,139)
Noncurrent portion	$ 299,839	$ 293,608

Short-term investments and marketable securities at December 31, 2011 and 2010, are classified as other than trading and are invested 91% and 92% in diversified public equity funds, 8% and 7% in private equity funds, and 1% and 1% in government securities, respectively

At December 31, 2011 and 2010, the beneficial interest in HFCC of $11,703,000 and $12,188,000, respectively, was invested by HFCC in registered mutual funds

Net investment gains and losses recorded in the combined statements of operations, including net realized gains and losses and other than temporary investment impairment on assets limited as to use, consist of the following for the years ended December 31, (in thousands)

	2011	2010
Investment income	$ 3,093	$ 5,370
Net realized losses on sales of securities	(1)	(2,382)
	3,092	2,988
Less net gains (losses) recorded in temporarily restricted net assets	158	(119)
	$ 2,934	$ 3,107
Other changes in unrestricted net assets		
Unrealized gains (losses) on investments	$ (9,704)	$ 3,065

The above table does not include net unrealized gains/(losses) on CHE investments of $(4,985,000) and $10,213,000 for the years ended December 31, 2011 and 2010, respectively, as these amounts are recorded directly to temporarily restricted net assets

The following table shows the gross unrealized losses and fair value of investments with unrealized losses that are not deemed to be other than temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position

	Fair Value Below Cost as of December 31, 2011					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair value	Unrealized Losses	Fair Value	Unrealized Losses
Managed future	$ 15,294	$ (432)	$ -	$ -	$ 15,294	$ (432)
Absolute return	-	-	-	-	-	-
Real estate	10,549	(698)	16,936	(5,375)	27,485	(6,073)
Equity fund	42,482	(6,559)	2,968	(324)	45,450	(6,883)
Total temporarily impaired investments	$ 68,325	$ (7,689)	$ 19,904	$ (5,699)	$ 88,229	$ (13,388)

	Fair Value Below Cost as of December 31, 2010					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair value	Unrealized Losses	Fair Value	Unrealized Losses
Global equity	$ -	$ -	$ -	$ -	$ -	$ -
Absolute return	-	-	-	-	-	-
Real estate	1,264	(10)	15,672	(6,176)	16,936	(6,186)
Private equity	-	-	4,177	(640)	4,177	(640)
Total temporarily impaired investments	$ 1,264	$ (10)	$ 19,849	$ (6,816)	$ 21,113	$ (6,826)

The fair-market value of these investments has declined due to a number of reasons, including changes in interest rates, changes in economic conditions, and changes in market outlook for various industries, among others The securities disclosed above have not met the criteria for recognition of other than temporary impairment under management's policy described below The Organization follows a policy of evaluating securities for impairment which considers available evidence in evaluating potential impairment of its investments This review considers the severity and duration of the decline in market value, the volatility of the security's market price, third-party analyst reports, credit rating changes, and regulatory or legal action changes, among other factors Once a decline in fair value is determined to be other than temporary, an impairment charge is recorded to investment income (loss) and a new cost basis in the investment is established For the years ended December 31, 2011 and 2010, no securities were determined to be other than temporarily impaired

NOTE 5 – FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date A fair value hierarchy is also established which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value The standard describes three levels of inputs that may be used to measure fair value

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in active markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying financial statements, as well as the general classification of such instruments pursuant to the valuation hierarchy

Available-for-sale securities – Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy Level 1 securities include exchange traded equities If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with identical characteristics or discounted cash flows In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy and include certain real estate investments, private equity shares and other less liquid securities These funds are typically valued based on net asset values of the underlying funds For real estate funds, valuation is based on periodic appraisals of the underlying property

Interest rate swap agreements – The fair value is estimated by a third party using inputs that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31

	2011			
	Fair Value	Level 1	Level 2	Level 3
Available for sale				
Mutual fund	$ 1,934	$ 1,934	$ -	$ -
Global equity	147,785	90,585	57,200	-
Absolute return	58,099	58,099	-	-
Real estate	34,075	14,667	-	19,408
Managed future	15,294	15,294	-	-
Private equity	21,786	-	-	21,786
Total available for sale	278,973	180,579	57,200	41,194
Interest rate swaps	(14,207)	-	(14,207)	-
Total	$ 264,766	$ 180,579	$ 42,993	$ 41,194

	2010			
	Fair Value	Level 1	Level 2	Level 3
Available for sale				
Mutual fund	$ 1,139	$ 1,139	$ -	$ -
Global equity	147,103	86,340	60,278	485
Absolute return	61,599	61,599	-	-
Real estate	19,595	2,530	-	17,065
Private equity	18,302	-	-	18,302
Total available for sale	247,738	151,608	60,278	35,852
Interest rate swaps	(5,829)	-	(5,829)	-
Total	$ 241,909	$ 151,608	$ 54,449	$ 35,852

The following tables reconcile the beginning and ending balances of recurring fair value measurements recognized in the accompanying combined financial statements using significant unobservable (Level 3) inputs

	Global Equity	Real Estate	Private Equity
Balance, January 1, 2011	$ 485	$ 17,065	$ 18,302
Total realized and unrealized gains and losses			
Included in excess of revenues and expenses	-	439	(10)
Included in excess of revenues and expenses, investments still held at December 31, 2011	-	-	-
Included in changes in unrestricted net assets	-	629	793
Included in changes in temporarily restricted net assets	(35)	1,275	936
Purchases/issuances	-	-	1,765
Sales/redemptions	(450)	-	-
Transfers in and/or out of Level 3	-	-	-
Balance, December 31, 2011	$ -	$ 19,408	$ 21,786

	Global Equity	Real Estate	Private Equity
Balance, January 1, 2010	$ 24,666	$ 14,619	$ 15,098
Total realized and unrealized gains and losses			
Included in excess of revenues and expenses	-	300	89
Included in excess of revenues and expenses, investments still held at December 31, 2010	-	-	-
Included in changes in unrestricted net assets	415	748	604
Included in changes in temporarily restricted net assets	239	1,398	967
Purchases/issuances	-	-	1,544
Sales/redemptions	(24,835)	-	-
Transfers in and/or out of Level 3	-	-	-
Balance, December 31, 2010	$ 485	$ 17,065	$ 18,302

As required by ASC Topic 820, the investments are classified within the level of the lowest significant input considered in determining fair value In evaluating the level at which the Organization's investments have been classified, the Organization has assessed factors including, but not limited to the ability to redeem at net asset value ("NAV") at the measurement date and the existence or absence of certain restrictions at the measurement date In accordance with this guidance, if the Organization has the ability to redeem from the investment at the measurement date or in the near-term at NAV, the investment would be classified as a Level 2 fair value measurement Alternatively, if the Organization will never have the ability to redeem from the investment or is restricted from redeeming for an uncertain or extended period of time from the measurement date, the investment would be classified as a Level 3 fair value measurement

The following table provides the fair value and redemption terms and restrictions for investments redeemable at net asset value at December 31, 2011

Fund Type	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Global equity	$ 57,200	$ -	Weekly, Monthly	3-15 Days
Real estate	$ 19,408	-	Quarterly	45 Days
Private equity funds	$ 21,786	-	None	N/A

Global Equity – This category invests in commingled equity mutual funds (domestic and international) composed largely of publicly traded common stock The fair values of the investments in this category have been estimated using the net asset value per share of the investments

Real Estate – This is an open end real estate investment trust ("REIT"), which invests in private real estate throughout the U S Their goal is to provide institutional investors with attractive risk-adjusted returns from predominately core investments in real estate They utilize a low risk/leverage approach that focuses on preservation of capital and high current income returns along with long-term liquidity Fund activities include acquisition, market repositioning, active management, and sale of properties The fair values of the investments in this category have been established using the net asset value per share of the investments

Private Equity Funds – This category includes several private equity fund of funds that invest primarily in distressed securities in both primary partnerships and direct investments, U S buyouts, venture capital and non U S investments These investments can never be redeemed with the funds Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the fund As of December 31, 2011, it is probable that all of the investments in this category will be sold at an amount different from the net asset value of the Organization's ownership interest in partners' capital The investments in these funds are illiquid, however, a secondary market exists

The following methods were used to estimate the fair value of all other financial instruments

Cash and cash equivalents – The carrying amount approximates fair value

Notes payable and long-term debt – The fair value of long-term debt is based quoted market prices in an active market

The following table presents estimated fair values of the Organization's financial instruments in accordance with ASC 825 *Financial Instruments* at December 31

	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 44,946	$ 44,946	$ 30,990	$ 30,990
Available for sale investments	278,973	278,973	247,738	247,738
Assets held in trust	2,903	2,903	3,835	3,835
Beneficial interest in remainder trusts	804	804	782	782
Interest rate swap agreements	14,207	14,207	5,829	5,829
Long-term debt	128,399	131,427	100,897	100,897
Line of credit	-	-	13,113	13,113

NOTE 6 – PROPERTY, PLANT, AND EQUIPMENT

Operating property, plant, and equipment consists of the following (in thousands)

	CHF	CHE	CHOMP	CHP	PPC	Combined
As of December 31, 2011						
Land	$ -	$ -	$ 5,520	$ 10,090	$ -	$ 15,610
Land improvements	-	-	7,516	8,616	-	16,132
Buildings and building service equipment	306	-	375,292	50,309	11	425,918
Leasehold improvements	-	2,158	2,329	1,935	-	6,422
Equipment	675	1,033	262,505	965	533	265,711
Construction in progress	-	-	13,176	51	-	13,227
	981	3,191	666,338	71,966	544	743,020
Accumulated depreciation	(503)	(2,280)	(352,642)	(11,714)	(60)	(367,199)
	$ 478	$ 911	$ 313,696	$ 60,252	$ 484	$ 375,821
As of December 31, 2010						
Land	$ -	$ -	$ 5,520	$ 10,090	$ -	$ 15,610
Land improvements	-	-	7,516	5,305	-	12,821
Buildings and building service equipment	306	-	367,306	28,312	-	395,924
Leasehold improvements	-	2,158	2,329	1,935	12	6,434
Equipment	293	916	253,735	509	111	255,564
Construction in progress	-	-	11,529	16,071	-	27,600
	599	3,074	647,935	62,222	123	713,953
Accumulated depreciation	(230)	(2,102)	(321,051)	(9,895)	(20)	(333,298)
	$ 369	$ 972	$ 326,884	$ 52,327	$ 103	$ 380,655

In 2001, CHOMP began a facilities expansion project that included three main structures, all to be attached to the existing hospital building and a renovation of the existing hospital building In 2002, CHOMP entered into a guaranteed maximum price agreement with a general contractor related to the construction for this project for $140,300,000 In the ensuing six years, the guaranteed maximum price for the total project has been adjusted, by mutual consent and through change orders to $202,228,000

As of December 31, 2011, costs of $67,845,000 had been incurred on the Renovation Phase, $1,760,000 of which is included in construction in progress at December 31, 2011, in the accompanying combined balance sheets Completion of this final phase of the project is estimated to cost $190,000 and will be completed in the first quarter of 2012

In 2010, CHOMP began a capital project in Marina that included two buildings, a medical office building and an integrated medical wellness facility CHOMP entered into a guaranteed maximum price agreement for $25,759,000, with a general contractor related to the construction for this project, $23,781,000 has been expended through December 31, 2011 The project was completed in the summer of 2011

For the years ended December 31, 2011 and 2010, respectively, the Organization capitalized interest costs of $0 and $136,000 offset by capitalized interest income on unspent proceeds of tax-exempt borrowings of $0 and $3,000

Property under capital leases (Note 9) consists of diagnostic radiology equipment and computer hardware and software and is recorded as part of property, plant, and equipment in the accompanying combined balance sheets CHOMP has a total of $4,966,000 and $9,122,000 of capitalized lease property, as of December 31, 2011 and 2010 Total accumulated depreciation on the leased property is $1,887,000 and $5,050,000 as of December 31, 2011 and 2010, respectively

NOTE 7 – PROFESSIONAL LIABILITY

CHF purchases professional and general liability insurance to cover medical malpractice claims The Organization's coverage is under a claims-made policy with limits of $5 million per occurrence, $15 million in the annual aggregate, and with a self-insured retention level of $250,000 per claim The Organization also carries $30 million aggregate excess liability insurance and the current professional liability insurance policy is renewed annually on January 1

There are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted from services provided to patients The Organization has retained independent actuaries to estimate the ultimate costs of the settlement of such claims Actuarially determined liabilities, discounted at 3 75% for both 2011 and 2010, and recorded at a 70% confidence level for both fiscal years, have been recorded in the accompanying combined balance sheets

NOTE 8 – RETIREMENT BENEFIT PLANS

The following summarizes information as of and for the years ended December 31, 2011 and 2010, for the defined benefit retirement plan and defined benefit health and welfare plan for retirees maintained by CHF and related corporations (in thousands)

	Pension		Retiree Health	
	2011	2010	2011	2010
Change in projected benefit obligation				
Benefit obligation at beginning of year	$ 372,723	$ 347,563	$ 49,186	$ 43,969
Service cost	14,271	12,870	486	509
Interest cost	21,526	20,941	2,786	2,776
Plan participants' contributions	-	-	151	130
Actuarial loss (gain)	25,485	2,257	(2,825)	4,404
Benefits paid	(12,194)	(10,908)	(3,049)	(2,602)
Plan amendments	(493)	-	-	-
Voluntary early retirement benefits	2,066	-	25	-
Projected benefit obligation at end of year	$ 423,384	$ 372,723	$ 46,760	$ 49,186
Change in plan assets				
Fair value of plan assets at beginning of year	$ 269,435	$ 242,309	$ -	$ -
Actual return on plan assets	18,836	18,034	-	-
Employer contribution	29,444	20,000	2,898	2,472
Plan participants' contributions	-	-	151	130
Benefits paid	(12,194)	(10,908)	(3,049)	(2,602)
Fair value of plan assets at end of year	$ 305,521	$ 269,435	$ -	$ -
Funded status	$ (117,863)	$ (103,289)	$ (46,760)	$ (49,186)
Unrecognized net actuarial loss	141,417	117,603	7,145	10,970
Unrecognized prior service cost	(257)	299	-	-
Unrecognized net transition obligation (asset)	-	-	-	-
Accumulated other comprehensive loss	(141,160)	(117,902)	-	-
Accrued cost	$ (117,863)	$ (103,289)	$ (39,615)	$ (38,216)

CHF and related corporations use a December 31 measurement date for its pension plan and retiree health plan

Additional pension benefit obligations of $141,160,000 and $117,902,000 were recognized at December 31, 2011 and 2010, respectively, because the projected benefit obligation was greater than the fair value of plan assets The incremental impact in unrestricted net assets was a decrease of $23,814,000 in 2011 and $5,556,000 in 2010 The accumulated benefit obligation for the defined benefit pension plan was $397,080,000 and $349,119,000 at December 31, 2011 and 2010, respectively

The following assumptions were utilized in developing the benefit obligations

	Pension		Retiree Health	
	2011	2010	2011	2010
Weighted average assumptions as of December 31				
Assumed discount rate	5 20 %	5 83 %	5 02 %	5 83 %
Rate of compensation increase	4 00 %	4 00 %	N/A	N/A
Expected rate of return on plan assets	7 00 %	7 50 %	N/A	N/A
Components of net periodic benefit cost (in thousands)				
Service cost	$ 14,271	$ 12,870	$ 486	$ 509
Interest cost	21,526	20,941	2,786	2,775
Expected return on plan assets	(22,800)	(23,113)	-	-
Amortization of prior service cost	62	62	-	(853)
Recognized net actuarial loss	5,635	1,781	1,000	402
Voluntary early retirement benefits	2,066	-	25	(4)
Net periodic benefit cost	$ 20,760	$ 12,541	$ 4,297	$ 2,829

The estimated net loss and prior service cost for the defined benefit pension plan that will be amortized into net periodic benefit over the next fiscal year are $27,000 and $62,000, respectively

The method used for determining the assumed discount rate uses the blended yield on specifically selected high grade bonds whose maturities more closely match the payout of the benefits under the Plan

The Organization uses long-term historical actual return experience with consideration to the expected investment mix of the pension plan's assets, and future estimates of long-term investment returns to develop its expected rate of return assumption used in calculating the net periodic pension cost The Organization has adopted a pension investment policy designed to meet or exceed the expected rate of return on plan assets assumptions To achieve this, the pension plan retains professional investment managers that invest plan assets in equity securities The Organization has the following target mix, with the goal of achieving the required return at a reasonable risk level

	Percent of Total Fund	
	2011	2010
Asset class		
Global equity	26 %	26 %
Absolute return	15 %	15 %
Real estate	5 %	5 %
Private equity	5 %	5 %
Other	5 %	9 %
Managed future	4 %	- %
Fixed income	40 %	40 %
	100 %	100 %

The weighted average pension plan asset allocation at December 31 by asset categories was as follows

	Percent of Total Fund	
	2011	2010
Asset class		
Global equity	23 %	28 %
Absolute return	15 %	18 %
Real estate	5 %	5 %
Private equity	6 %	6 %
Fixed income	39 %	35 %
Managed future	3 %	- %
Other	4 %	4 %
Cash	5 %	4 %
	100 %	100 %

Within the equity securities asset class, the investment policy provides for investments in a broad range of publicly traded securities including both domestic and international stocks

The fair values of the Organization's pension plan assets at December 31 by asset category were as follows

	2011			
	Fair Value	Level 1	Level 2	Level 3
Available for sale				
Global equity	$ 71,394	$ 50,121	$ 21,273	$ -
Fixed income	117,612	47,249	70,363	-
Absolute return	44,898	44,898	-	-
Real estate	15,537	-	-	15,537
Private equity	18,564	-	-	18,564
Managed future	10,537	10,537	-	
Other	12,483	12,483	-	-
Total available for sale	291,025	165,288	91,636	34,101
Cash and cash equivalents	14,496	14,496	-	-
Total	$ 305,521	$ 179,784	$ 91,636	$ 34,101

The fair values of the Organization's pension plan assets at December 31 by asset category were as follows

	2010			
	Fair Value	Level 1	Level 2	Level 3
Available for sale				
Global equity	$ 75,118	$ 52,070	$ 22,563	$ 485
Fixed income	96,150	96,150	-	-
Absolute return	47,628	47,628	-	-
Real estate	13,682	-	-	13,682
Private equity	15,779	-	-	15,779
Other	11,163	11,163	-	-
Total available for sale	259,520	207,011	22,563	29,946
Cash and cash equivalents	9,915	9,915	-	-
Total	$ 269,435	$ 216,926	$ 22,563	$ 29,946

The following table reconciles the beginning and ending balances of recurring fair value measurements recognized in the accompanying combined financial statements using significant unobservable (Level 3) inputs

	Global Equity	Real Estate	Private Equity
Balance, January 1, 2011	$ 485	$ 13,682	$ 15,779
Actual return on plan assets			
Relating to assets still held at December 31, 2011	-	1,008	(128)
Relating to assets sold during the period	-	-	-
Purchases/issuance	-	847	3,656
Sales/redemption	(485)		(743)
Transfers in and/or out of Level 3	-	-	-
Balance, December 31, 2011	$ -	$ 15,537	$ 18,564

	Global Equity	Real Estate	Private Equity
Balance, January 1, 2010	$ 20,004	$ 11,502	$ 12,233
Actual return on plan assets			
Relating to assets still held at December 31, 2010	1	2,180	2,334
Relating to assets sold during the period	(2,455)	-	-
Purchases/issuance	(17,065)	-	1,212
Sales/redemption	-	-	-
Transfers in and/or out of Level 3	-	-	-
Balance, December 31, 2010	$ 485	$ 13,682	$ 15,779

The Organization made approximately $5,900,000 in cash contributions to plan year 2011 in calendar year 2012 and expects to make future cash contributions of approximately $31,660,000 to its pension plan for plan year 2012

For measurement purposes, a 5% annual rate of increase for vision services in the per capita costs was assumed for both 2011 and 2010 A 7 5% and 8% annual rate of increase for healthcare services in the per-capita costs was assumed for 2011 and 2010 respectively The rates are assumed to remain at 5% for vision services and to decrease gradually to 5% for healthcare services in 2017 and remain at that level thereafter The following table shows the effect of a 1% increase or 1% decrease in the health care cost trend rates for the defined benefit retiree health plan (in thousands)

	Retiree Health	
	1% Increase	1% Decrease
As of December 31, 2011		
Effect on total of service and interest components	$ 401	$ (331)
Effect on postretirement benefit obligation	4,950	(4,167)
As of December 31, 2010		
Effect on total of service and interest components	379	(320)
Effect on postretirement benefit obligation	5,118	(4,332)

Expected benefit payments for the defined benefit retirement plan and defined benefit health and welfare plan for retirees are as follows (in thousands)

	Pension	Retiree Health
2012	$ 15,262	$ 2,852
2013	16,442	3,122
2014	17,879	3,295
2015	19,406	3,358
2016	20,855	3,432
2017 - 2021	127,778	17,354
Total	$ 217,622	$ 33,413

In 2011, CHOMP established a Cash Balance Retirement Plan to complement the existing Defined Benefit Pension Plan Current employees were given a one-time opportunity to elect future benefits to be accrued in the Cash Balance Plan All newly hired employees as of January 1, 2012, will only have the Cash Balance Plan available as a retirement option The organization fully expects to continue funding and supporting both pension plans

NOTE 9 – LONG-TERM DEBT

Long-term debt consists of the following at December 31 (in thousands)

	2011	2010
Health Facility Revenue Bonds, Series 2011A, effective rate 5 69% for 2011, annual payments beginning 2012 continuing to 2033	$ 31,405	$ -
Health Facility Revenue Bonds, Series 2011B, effective rate 0 19% for 2011, annual payments beginning 2023 continuing to 2033	55,000	-
Health Facility Revenue Bonds, Series 2003A, effective rate 0 462% and ranging from 0 44% to 0 61% for 2011 and 2010, respectively Refunded in 2011 with Series 2011B	-	55,000
Health Facility Revenue Bonds, Series 2003B, 5%, annual payments ranging from $1,525 in 2012 to $2,090 in 2023, including unamortized bond premium of $2,403	36,733	38,425
Hospital Revenue Bonds, Series 1998, 5 25%, annual payments ranging from $960 in 2012 to $1,055 in 2014	3,020	3,940
Capital lease obligations at effective interest rates of 3 83% to 4 25%, payable monthly to 2014	2,212	3,503
Other	29	29
	128,399	100,897
Current maturities	(4,611)	(3,791)
	$ 123,788	$ 97,106

In 2003, CHF, CHE, CHOMP, and CHP entered into a financing agreement whereby $100,000,000 in Health Facilities Revenue Bonds (the "Bonds") were issued by the California Statewide Communities Development Authority The total financing agreement is comprised of two bond series The Series 2003A in the amount of $55,000,000 carries a variable interest rate that floats every 28 days (now offset with interest rate swaps) The Series 2003B in the amount of $45,000,000 is fixed interest rate debt The 2003A series was fully refunded in 2011 with proceeds of the 2011B Series described below

In 2011, CHF, CHE, CHOMP, and CHP entered into a financing agreement whereby $86,405,000 in Health Facilities Revenue Bonds (the "Bonds") were issued by the California Statewide Communities Development Authority The total financing agreement is comprised of two bond series The Series 2011A in the amount of $31,405,000 is fixed interest rate debt The Series 2011B is comprised of Variable Rate Demand Bonds, with variable interest rate that floats every 7 days (now offset with interest rate swaps) The 2011B Series maintains a supporting letter of credit from US Bank expiring May 11, 2016

On February 23, 2006, the Organization entered into two interest rate swap agreements maturing on June 1, 2033, to reduce the risk of overall changes in cash flows attributable to changes in interest rates related to the Series 2003A Bonds The Organization used the interest rate swaps to convert its variable interest on the $55,000,000 Health Facility Revenue Bonds, Series 2003A to fixed-rate debt On May 11, 2011, the Organization amended and restated the swap agreements to correspond with the Series 2011B debt issue The Organization uses the interest rate swaps to convert its variable interest on that debt series to fixed-rate debt The resulting cost of funds may be lower or higher than it would have been if fixed-rate debt had been issued directly CHF designated these agreements as cash flow hedges The Organization recognizes the effective portion of changes in fair market value of the swap agreements in unrestricted net assets The swaps are marked to market and settled monthly

At December 31, 2011 and 2010, the swap agreements were in a liability position with a fair value of $(14,207,000) and $(5,829,000), respectively

In 1998, CHF, CHE, CHOMP, and CHP entered into a financing agreement whereby $12,145,000 in Certificates of Participation (the "Certificates") were issued by the California Statewide Communities Development Authority to be repaid from purchase payments to be received from CHOMP The Certificates require that CHOMP maintain a reserve account during the life of the Certificates that approximates one year's debt service

CHF, CHE, CHOMP, and CHP (the "Obligated Group") are jointly obligated to repay the Bonds and the Certificates There are restrictive covenants requiring compliance by all members of the Obligated Group, including limitations on the issuance of additional debt and the maintenance of certain financial ratios Management believes all financial debt covenants were met for the years ended December 31, 2011 and 2010

In January 2010, CHOMP obtained a $4,500,000 line of credit, which was increased to $20,000,000 in August 2010 The line of credit was used to provide interim financing for the Monterey and Marina projects In May 2011, proceeds of the Series 2011 Bonds were used to pay off this line of credit The line of credit was subsequently cancelled and as of December 31, 2011, this line is not available to the Organization

Scheduled principal payments on long-term debt and capital lease obligations during the five years subsequent to December 31, 2011, are as follows (in thousands)

	On Long-Term Debt	On Capital Lease Obligations
2012	$ 3,320	$ 1,291
2013	3,590	898
2014	3,765	117
2015	2,835	-
2016	4,050	-
Thereafter	108,627	-
	$ 126,187	2,306
Less amount representing interest under capital lease obligations		94
		$ 2,212

NOTE 10 – COMMITMENTS AND CONTINGENCIES

The Organization is aware of certain asserted and unasserted legal claims While the outcome of these matters cannot be determined at this time, management is of the opinion that the liability, if any, from these actions will not have a material effect on CHF's future financial position or results from operations

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments Compliance with these laws and regulations can be subject to future government review and interpretation, as well as to regulatory actions unknown or unasserted at this time Recently, government activity has increased with respect to investigations and allegations concerning possible violations by healthcare providers of regulations that could result in the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed CHOMP is subject to similar regulatory reviews, and while such reviews may result in repayments and/or civil remedies that could have a material effect on CHOMP's financial position or results of operations in a given period, management is not currently aware of any specific matters that would have a material effect on CHOMP's future financial position or results from operations

Health care reform – In March 2010, President Obama signed the Health Care Reform Legislation into law The new law will result in sweeping changes across the health care industry The primary goal of this comprehensive legislation is to extend coverage to approximately 32 million uninsured legal U S residents through a combination of public program expansion and private sector health insurance reforms To fund the expansion of insurance coverage, the legislation contains measures designed to promote quality and cost efficiency in health care delivery and to generate budgetary savings in the Medicare and Medicaid programs The Organization is unable to predict the full impact of the Health Care Reform Legislation at this time due to the law's complexity and current lack of implementing regulations or interpretive guidance However, the Organization expects that provisions of the Health Care Reform Legislation will have a material effect on its business

NOTE 11 – NET ASSETS

Unrestricted – The Board of Trustees has designated the unrestricted net assets as follows at December 31 (in thousands)

	2011	2010
Operating	$ 158,466	$ 189,324
Depreciation	187,384	178,620
Board-designated - specific purpose	950	1,093
	$ 346,800	$ 369,037

The unrestricted depreciation funds are designated for the expansion, replacement, and improvement of present facilities

Temporarily restricted – Temporarily restricted net assets are for the following specific purposes at December 31 (in thousands)

	2011	2010
Sponsored care under certain circumstances	$ 42,325	$ 49,204
Clinical services	6,605	7,654
Building and equipment	10,905	1,601
Scholarships	1,436	1,950
Community and staff education, outreach	5,461	6,029
Special projects related to improvement of patient care and other	22,461	24,789
	$ 89,193	$ 91,227

Permanently restricted – Permanent endowment funds include donor-restricted endowments from which the earnings are to be used for the following purposes at December 31 (in thousands)

		2011	2010
McCreery Fund	Improvement of patient care	$ 3,686	$ 3,686
Maurine Church Coburn Fund	Sponsored care under certain circumstances, uses related to the nursing school costs, artwork, and other costs to improve the aesthetic environment	9,785	9,785
Interest in the Hospice Foundation of the Central Coast	Fund CHF hospice care	10,000	10,000
Other	Sponsored care, scholarships, and other uses	15,954	15,916
		$ 39,425	$ 39,387

The Organization is required to provide information about net assets which are defined as endowments The changes in endowment net assets for the years ended December 31, 2011 and 2010 are as follows

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2011	$ 78,190	$ 39,387	$ 117,577
Investment return			
Investment income	(485)	-	(485)
Net appreciation (realized and unrealized)	(2,633)	-	(2,633)
Total investment return	(3,118)	-	(3,118)
Contributions	-	38	38
Appropriation of endowment assets for expenditure	(8,383)	-	(8,383)
Other changes			
Transfers to/from other affiliated entities	953	-	953
Endowment net assets, December 31, 2011	$ 67,642	$ 39,425	$ 107,067

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2010	$ 77,831	$ 39,323	$ 117,154
Investment return			
Investment income	1,056	-	1,056
Net appreciation (realized and unrealized)	9,334	-	9,334
Total investment return	10,390	-	10,390
Contributions	-	64	64
Appropriation of endowment assets for expenditure	(10,761)	-	(10,761)
Other changes			
Transfers to/from other affiliated entities	730	-	730
Endowment net assets, December 31, 2010	$ 78,190	$ 39,387	$ 117,577

NOTE 12 – FUNCTIONAL EXPENSES

CHF's expenses related to providing medical care to the community it serves are as follows for the years ended December 31 (in thousands)

	2011	2010
Healthcare services	$ 284,389	$ 279,586
General and administrative	115,331	118,967
Fundraising	3,848	3,428
Total	$ 403,568	$ 401,981

NOTE 13 – DISCONTINUED OPERATIONS

On January 1, 2005, CHOMP discontinued the operations of Cypress Medical Network and absorbed the remaining CMN net assets Certain functions provided by CMN were absorbed into CHOMP, CHP, and Coastal CMN is a taxable entity that has net cumulative losses (Note 1) As a result, this corporation was not closed as of December 31, 2011 In the future, CHF will become the sole member (parent) of Coastal HealthCare/Bay Services (Coastal), both of which are taxable entities (Note 1)

NOTE 14 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are available to be issued The Organization recognizes in the combined financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the combined balance sheet, including the estimates inherent in the process of preparing the combined financial statements The Organization's combined financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the combined balance sheet but arose after the combined balance sheet date and before combined financial statements are issued

The Organization has evaluated subsequent events through April 17, 2012 which is the date the combined financial statements are issued

SUPPLEMENTAL INFORMATION

COMMUNITY HOSPITAL FOUNDATION AND RELATED CORPORATIONS
COMBINING BALANCE SHEET
December 31, 2011
(In Thousands)

	CHF	CHE	CHOMP	CHP	PPC	Eliminations	Combined
ASSETS							
Current assets							
Cash and cash equivalents	$ 203	$ -	$ 44,461	$ 2	$ 280	$ -	$ 44,946
Patients accounts receivable, less allowance for uncollectible accounts of $21,472	233	-	70,851	-	260	-	71,344
Accrued interest and other receivables	-	-	762	-	-	-	762
Supply inventories	-	-	2,081	-	-	-	2,081
Prepaid expenses and deposits	4	-	5,296	29	82	-	5,411
Current portion of assets limited as to use	-	-	1,934	-	-	-	1,934
Pledges receivable	3,738	-	-	-	-	-	3,738
Receivables from related corporations	565	(1,035)	56,120	18,836	-	(74,486)	-
Total current assets	4,743	(1,035)	181,505	18,867	622	(74,486)	130,216
Assets limited as to use							
For capital replacement and expansion	170,743	-	-	-	-	-	170,743
Donor restricted	21,551	95,364	-	-	-	-	116,915
Auxiliary	478	-	-	-	-	-	478
Beneficial interest in Hospice Foundation	-	11,703	-	-	-	-	11,703
Total assets limited as to use, net of current portion	192,772	107,067	-	-	-	-	299,839
Other assets							
Other investments and receivables	10,105	-	10,802	1,250	17	(1,926)	20,248
Real property	1,075	-	-	996	-	-	2,071
Annuity investments	2,034	-	-	-	-	-	2,034
Assets held in remainder trusts	2,903	-	-	-	-	-	2,903
Beneficial interest in remainder trust	-	804	-	-	-	-	804
Deferred financing costs	-	-	2,622	-	-	-	2,622
Total other assets	16,117	804	13,424	2,246	17	(1,926)	30,682
Property, plant, and equipment, net	478	911	313,696	60,252	484	-	375,821
Total assets	$ 214,110	$ 107,747	$ 508,625	$ 81,365	$ 1,123	$ (76,412)	$ 836,558

(In Thousands)

	CHF	CHE	CHOMP	CHP	PPC	Eliminations	Combined
LIABILITIES AND NET ASSETS							
Current liabilities							
Current maturities of long-term debt	$ -	$ -	$ 4,611	$ -	$ -	$ -	$ 4,611
Line of credit	-	-	-	-	-	-	-
Accounts payable	76	-	6,898	-	18	-	6,992
Accrued liabilities							-
Payroll and payroll taxes	1	-	15,324	-	160	-	15,485
Vacation	-	-	15,348	-	-	-	15,348
Current portion of workers' compensation							-
and professional liabilities	-	-	2,756	-	-	-	2,756
Interest and other	-	-	2,196	4	-	-	2,200
Payable to governmental agencies	-	-	-	-	-	-	-
Payable to related corporations	268	680	18,913	54,625	-	(74,486)	-
Total current liabilities	345	680	66,046	54,629	178	(74,486)	47,392
Long-term debt, net of current maturities	-	-	123,788	-	-	-	123,788
Annuity payment liability	1,456	-	-	-	-	-	1,456
Liabilities under trust agreements	1,729	-	-	-	-	-	1,729
Accrued professional liability, net of current portion	-	-	3,764	-	-	-	3,764
Workers' compensation liability, net of current portion	-	-	10,848	-	-	-	10,848
Accrued pension liability	-	-	117,863	-	-	-	117,863
Postretirement health benefit liability	-	-	39,615	-	-	-	39,615
Interest rate swaps	-	-	14,207	-	-	-	14,207
Community Hospital Auxiliary net assets	478	-	-	-	-	-	478
Total liabilities	4,008	680	376,131	54,629	178	(74,486)	361,140
Net assets							
Unrestricted	188,551	-	132,494	26,736	945	(1,926)	346,800
Temporarily restricted	21,551	67,642	-	-	-	-	89,193
Permanently restricted - endowment funds	-	39,425	-	-	-	-	39,425
Total net assets	210,102	107,067	132,494	26,736	945	(1,926)	475,418
Total liabilities and net assets	$ 214,110	$ 107,747	$ 508,625	$ 81,365	$ 1,123	$ (76,412)	$ 836,558

COMMUNITY HOSPITAL FOUNDATION AND RELATED CORPORATIONS
COMBINING STATEMENT OF OPERATIONS
Year Ended December 31, 2011
(In Thousands)

	CHF	CHE	CHOMP	CHP	PPC	Eliminations	Combined
Unrestricted revenues, gains, and other support							
Net patient revenue	$ -	$ -	$ 422,659	$ -	$ -	$ -	$ 422,659
Provision for bad debts	-	-	(30,960)	-	-	-	(30,960)
Net patient revenue less provision for bad debts	-	-	391,699	-	-	-	391,699
Other revenue	2,307	-	20,746	3,499	1,626	(3,100)	25,078
Unrestricted contributions	1,273	-	-	-	-	-	1,273
Net assets released from restrictions used for operations	87	1,160	9,377	-	1,000	-	11,624
Total unrestricted revenues, gains, and other support	3,667	1,160	421,822	3,499	2,626	(3,100)	429,674
Operating expense							
Salaries and wages	1,848	475	141,084	615	2,066	-	146,088
Employee benefits	993	504	100,856	429	412	-	103,194
Supplies and services	3,163	3	110,536	2,421	762	(3,100)	113,785
Depreciation and amortization	82	178	32,514	1,818	40	-	34,632
Interest	-	-	5,869	-	-	-	5,869
Total operating expense	6,086	1,160	390,859	5,283	3,280	(3,100)	403,568
Operating income (loss)	(2,419)	-	30,963	(1,784)	(654)	-	26,106
Other income (loss)							
Net investment gains	2,867	-	67	-	-	-	2,934
Loss on interest rate swaps	-	-	(937)	-	-	-	(937)
Other	(341)	-	282	21	733	-	695
Total other income (loss)	2,526	-	(588)	21	733	-	2,692
Excess (deficiency) of revenues over expenses	107	-	30,375	(1,763)	79	-	28,798
Net change in unrealized gains and losses on investments	(9,704)	-	-	-	-	-	(9,704)
Transfers of net assets released from restrictions used for purchase of property, plant, and equipment	(408)	-	1,951	-	160	-	1,703
Inter-fund transfers, net	18,697	-	(30,128)	-	-	-	(11,431)
Increase in minimum pension liability	-	-	(23,814)	-	-	-	(23,814)
Interest rate swaps	-	-	(7,440)	-	-	-	(7,440)
Other	(24)	-	406	-	-	(731)	(349)
Increase (decrease) in unrestricted net assets	$ 8,668	$ -	$ (28,650)	$ (1,763)	$ 239	$ (731)	$ (22,237)

COMMUNITY HOSPITAL FOUNDATION AND RELATED CORPORATIONS
COMBINING BALANCE SHEET (CHOMP)
December 31, 2011
(In Thousands)

	CHOMP*	CMN	PWC	Eliminations	Combined
		ASSETS			
Current assets					
Cash and cash equivalents	$ 42,620	$ 1,590	$ 251	$ -	$ 44,461
Patients accounts receivable, less allowance for uncollectible accounts of $21,472	70,309	535	7	-	70,851
Accrued interest and other receivables	975	-	-	(213)	762
Supply inventories	2,081	-	-	-	2,081
Prepaid expenses and deposits	5,284	3	9	-	5,296
Current portion of assets limited as to use	1,934	-	-	-	1,934
Receivables from related corporations	56,120	-	-	-	56,120
Total current assets	179,323	2,128	267	(213)	181,505
Other assets					
Other investments and receivables	10,800	2	-	-	10,802
Deferred financing costs	2,622	-	-	-	2,622
Intangible assets	-	-	-	-	-
Total other assets	13,422	2	-	-	13,424
Property, plant, and equipment, net	313,296	39	361	-	313,696
Total assets	$ 506,041	$ 2,169	$ 628	$ (213)	$ 508,625

* Hospital only

(In Thousands)

	CHOMP*	CMN	PWC	Eliminations	Combined
	LIABILITIES AND NET ASSETS				
Current liabilities					
Current maturities of long-term debt	$ 4,611	$ -	$ -	$ -	$ 4,611
Line of credit	-	-	-	-	-
Accounts payable	6,324	542	32	-	6,898
Accrued liabilities					
Payroll and payroll taxes	15,187	122	15	-	15,324
Vacation	15,304	44	-	-	15,348
Current portion of workers' compensation and professional liabilities	2,756	-	-	-	2,756
Interest and other	2,153	-	43	-	2,196
Payable to governmental agencies	-	-	-	-	-
Payable to related corporations	18,913	-	-	-	18,913
Total current liabilities	65,248	708	90	-	66,046
Long-term debt, net of current maturities	123,759	29	213	(213)	123,788
Accrued professional liability	3,764	-	-	-	3,764
Workers' compensation liability	10,848	-	-	-	10,848
Accrued pension liability	117,863	-	-	-	117,863
Postretirement health benefit liability	39,615	-	-	-	39,615
Interest rate swaps	14,207	-	-	-	14,207
Total liabilities	375,304	737	303	(213)	376,131
Net assets					
Unrestricted	130,737	1,432	325	-	132,494
Total liabilities and net assets	$ 506,041	$ 2,169	$ 628	$ (213)	$ 508,625

* Hospital only

COMMUNITY HOSPITAL FOUNDATION AND RELATED CORPORATIONS
COMBINING STATEMENT OF OPERATIONS (CHOMP)
Year Ended December 31, 2011
(In Thousands)

	CHOMP*	CMN	PWC	Eliminations	Combined
Unrestricted revenues, gains, and other support					
Net patient revenue	$ 422,659	$ -	$ -	$ -	$ 422,659
Provision for bad debts	(30,960)	-	-	-	(30,960)
Net patient revenue less provision for bad debts	391,699	-	-	-	391,699
Other revenue	17,708	2,443	1,094	(499)	20,746
Net assets released from restrictions used for operations	9,377	-	-	-	9,377
Total unrestricted revenues, gains, and other support	418,784	2,443	1,094	(499)	421,822
Operating expense					
Salaries and wages	140,012	1,072	-	-	141,084
Employee benefits	100,569	287	-	-	100,856
Supplies and services	108,937	967	1,131	(499)	110,536
Depreciation and amortization	32,452	18	44	-	32,514
Interest	5,869	-	-	-	5,869
Total operating expense	387,839	2,344	1,175	(499)	390,859
Operating income (loss)	30,945	99	(81)	-	30,963
Other income (loss)					
Net investment gains	67	-	-	-	67
Loss on interest rate swaps	(937)	-	-	-	(937)
Other	282	-	-	-	282
Total other income (loss)	(588)	-	-	-	(588)
Excess (deficit) of revenues over expenses	30,357	99	(81)	-	30,375
Transfers of net assets released from restrictions used for purchase of property, plant, and equipment	1,951	-	-	-	1,951
Inter-fund transfers, net	(30,128)	-	-	-	(30,128)
Increase in minimum pension liability	(23,814)	-	-	-	(23,814)
Interest rate swaps	(7,440)	-	-	-	(7,440)
Other - fixed assets and cash contributed to subsidiaries	-	-	406	-	406
(Decrease) increase in unrestricted net assets	$ (29,074)	$ 99	$ 325	$ -	$ (28,650)

* Hospital only

COMMUNITY HOSPITAL FOUNDATION AND RELATED CORPORATIONS
COMBINING BALANCE SHEET (CHF)
Year Ended December 31, 2011
(In Thousands)

	CHF*	MCH	CPR	Eliminations	Combined
		ASSETS			
Current assets					
Cash and cash equivalents	$ -	$ 18	$ 185	$ -	$ 203
Patients accounts receivable, less allowance for uncollectible accounts of $0	-	228	5	-	233
Accrued interest and other receivables	-	-	-	-	-
Supply inventories	-	-	-	-	-
Prepaid expenses and deposits	4	-	-	-	4
Current portion of assets limited as to use	-	-	-	-	-
Pledges receivable	3,738	-	-	-	3,738
Receivables from related corporations	565	-	101	(101)	565
Total current assets	4,307	246	291	(101)	4,743
Assets limited as to use					
For capital replacement and expansion	170,743	-	-	-	170,743
Donor restricted	21,551	-	-	-	21,551
Auxiliary	478	-	-	-	478
Total assets limited as to use	192,772	-	-	-	192,772
Other assets					
Other investments and receivables	10,707	1,500	-	(2,102)	10,105
Deferred compensation receivables	-	-	-	-	-
Real property	1,075	-	-	-	1,075
Annuity investments	2,034	-	-	-	2,034
Assets held in remainder trusts	2,903	-	-	-	2,903
Total other assets	16,719	1,500	-	(2,102)	16,117
Property, plant, and equipment, net	127	-	351	-	478
Total assets	$ 213,925	$ 1,746	$ 642	$ (2,203)	$ 214,110

* Foundation only

COMMUNITY HOSPITAL FOUNDATION AND RELATED CORPORATIONS
COMBINING BALANCE SHEET (CHF) (continued)
Year Ended December 31, 2011
(In Thousands)

	CHF*	MCH	CPR	Eliminations	Combined
		LIABILITIES AND NET ASSETS			
Current liabilities					
Accounts payable	$ 54	$ 9	$ 13	$ -	$ 76
Accrued liabilities					
Payroll and payroll taxes	-	1	-	-	1
Vacation	-	-	-	-	-
Current portion of workers' compensation	-	-	-	-	-
and professional liabilities	-	-	-	-	-
Interest and other	-	-	-	-	-
Payable to governmental agencies	-	-	-	-	-
Payable to related corporations	268	101	-	(101)	268
Total current liabilities	322	111	13	(101)	345
Long-term debt, net of current maturities	-	1,500	-	(1,500)	-
Annuity payment liability	1,456	-	-	-	1,456
Liabilities under trust agreements	1,729	-	-	-	1,729
Accrued professional liability	-	-	-	-	-
Workers' compensation liability	-	-	-	-	-
Accrued pension liability	-	-	-	-	-
Postretirement health benefit liability	-	-	-	-	-
Interest rate swaps	-	-	-	-	-
Community Hospital Auxiliary net assets	478	-	-	-	478
Total liabilities	3,985	1,611	13	(1,601)	4,008
Net assets					
Unrestricted	188,389	135	629	(602)	188,551
Temporarily restricted	21,551	-	-	-	21,551
Total liabilities and net assets	$ 213,925	$ 1,746	$ 642	$ (2,203)	$ 214,110

* Foundation only

COMMUNITY HOSPITAL FOUNDATION AND RELATED CORPORATIONS
COMBINING STATEMENT OF OPERATIONS (CHF)
Year Ended December 31, 2011
(In Thousands)

	CHF*	MCH	CPR	Eliminations	Combined
Unrestricted revenues, gains, and other support					
Other revenue	$ -	$ 1,496	$ 940	$ (129)	$ 2,307
Unrestricted contributions	1,273	-	-	-	1,273
Net assets released from restrictions used for operations	87	-	-	-	87
Total unrestricted revenues, gains, and other support	1,360	1,496	940	(129)	3,667
Operating expense					
Salaries and wages	1,328	260	260	-	1,848
Employee benefits	945	(22)	70	-	993
Supplies and services	1,557	1,361	479	(234)	3,163
Provision for uncollectible accounts	-	-	-	-	-
Depreciation and amortization	19	-	63	-	82
Total operating expense	3,849	1,599	872	(234)	6,086
Operating income (loss)	(2,489)	(103)	68	105	(2,419)
Other income (loss)					
Gifts, bequests, and donations	-	-	-	-	-
Net investment gains	2,972	-	-	(105)	2,867
Loss on interest rate swaps	-	-	-	-	-
Other	(366)	25	-	-	(341)
Total other income (loss)	2,606	25	-	(105)	2,526
Excess (deficit) of revenues over expenses	117	(78)	68	-	107
Net change in unrealized gains and losses on investments	(9,704)	-	-	-	(9,704)
Transfers of net assets released from restrictions used for purchase of property, plant, and equipment	(408)	-	-	-	(408)
Inter-fund transfers, net	18,697	-	-	-	18,697
Other	(24)	-	-	-	(24)
Increase (decrease) in unrestricted net assets	$ 8,678	$ (78)	$ 68	$ -	$ 8,668

* Foundation only

COMMUNITY HOSPITAL FOUNDATION AND RELATED CORPORATIONS
COMMUNITY BENEFIT COST
Year Ended December 31, 2011
(In Thousands)

The following is a summary of CHOMP's community service for the years ended December 31, 2011 and 2010, in terms of services to the indigent and benefits to the broader community (in thousands)

(Unaudited)	2011	2010
Benefits for the indigent		
Traditional charity care, at cost	$ 11,455	$ 10,273
Unpaid costs of Medi-Cal program	19,875	18,852
Total quantifiable benefits for the indigent	31,330	29,125
Benefits for the broader community		
Unpaid costs of Medicare program	73,324	85,588
Unpaid costs of other government programs	8,628	10,502
Negative margin services	12,839	14,264
Education and wellness programs	3,314	2,589
Other community benefits	16,144	11,395
Total quantifiable benefits for the broader community	114,249	124,338
Total quantifiable community benefits	$ 145,579	$ 153,463

Benefits for the indigent include services provided to persons who cannot afford healthcare because of inadequate resources or who are uninsured This includes traditional charity care, at cost, and the unpaid costs of treating Medi-Cal beneficiaries in excess of government payments

Benefits for the broader community include services provided to other needy populations that may not qualify as indigent but that need special services and support This also includes the unpaid cost of treating Medicare beneficiaries in excess of government payments Examples of other needy populations include the elderly, substance abusers, victims of child abuse, cancer patients, and persons with AIDS

Negative margin services represent the net loss as a result of providing substance abuse, HIV/AIDS care, behavioral medicine services, hospice, skilled nursing, and cardio-pulmonary wellness services In addition, CHOMP provides family counseling, group therapy, and free educational lectures for the community

Education and wellness programs include the unpaid cost of training health professionals, such as radiology technology and rehabilitation therapy students, firefighters, paramedics, and emergency medical training students Also included are the costs of educational classes and support groups provided to the community at no charge or for a nominal fee Educational subjects include Alzheimer's, arthritis, bereavement, cancer, chronic pain, diabetes, mood management, smoking cessation, substance abuse, and weight loss surgery The costs of an educational publication and a community benefit plan study are also included

Other community benefits include financial support to other health care organizations, such as the Seaside Family Health Center and the Monterey County Health Clinic at Marina

Community benefit cost would equate to approximately 37% of CHOMP's total operating expenses for the years ended December 31, 2011 and 2010

Additional Data

Software ID:
Software Version:
EIN: 94-0760193
Name: COMMUNITY HOSPITAL OF THE MONTEREY PENINSULA

Form 990, Special Condition Description:

Special Condition Description