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Part III

Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

1

Briefly describe the organization’s mission

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

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

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?

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 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 \$ 58,398,366 including grants of \$ 65,100) (Revenue \$ 69,827,866)

SEE SCHEDULE O

4b

(Code) (Expenses \$ including grants of \$) (Revenue \$)

4c

(Code) (Expenses \$ including grants of \$) (Revenue \$)

4d

Other program services (Describe in Schedule O)

(Expenses \$ including grants of \$) (Revenue \$)

4e

Total program service expenses ▶ 58,398,366

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	4	No
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10	No
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? 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 and XII 	12a Yes	
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII 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, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts 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 other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts 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 (see instructions)	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 hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	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? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>	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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If so, complete Schedule L, Part II</i>	26	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	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? <i>If "Yes," complete Schedule L, Part IV</i>	28a	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	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 direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	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? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	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? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b 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 or note to any line in this Part V

☐

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	131	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
1c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		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.	576	
2b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).		Yes	
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?		Yes	
3b If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.		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, securities account, or other financial account)?			No
4b If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			No
5b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			No
5c If "Yes," to line 5a or 5b, did the organization file Form 8886-T?			
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 as charitable contributions?			No
6b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			
7 Organizations that may receive deductible contributions under section 170(c).			
7a 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?			No
7b If "Yes," did the organization notify the donor of the value of the goods or services provided?			
7c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			No
7d If "Yes," indicate the number of Forms 8282 filed during the year.			
7e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			No
7f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			No
7g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			No
7h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			No
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?			
9 Sponsoring organizations maintaining donor advised funds.			
9a Did the organization make any taxable distributions under section 4966?			
9b Did the organization make a distribution to a donor, donor advisor, or related person?			
10 Section 501(c)(7) organizations. Enter			
10a Initiation fees and capital contributions included on Part VIII, line 12.			
10b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.			
11 Section 501(c)(12) organizations. Enter			
11a Gross income from members or shareholders.			
11b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).			
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?			
12b If "Yes," enter the amount of tax-exempt interest received or accrued during the year.			
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
13a Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.			
13b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.			
13c Enter the amount of reserves on hand.			
14a Did the organization receive any payments for indoor tanning services during the tax year?			No
14b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.			

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 or note to any line 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	14	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent	14	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	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	Yes
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body?	8a	Yes
b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	OR
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. ☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)	
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 during the tax year	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization STEPHANIE D BRENDEN CFO 2111 EXCHANGE STREET ASTORIA,OR 97103 (503) 338-7505	

Part VII

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

Check if Schedule O contains a response or note to any line 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 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 organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(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) DAVID PHILLIPS BOARD MEMBER	3 00	X						0	0	0
(2) BILL LIND BOARD MEMBER	3 00	X						0	0	0
(3) HEATHER SEPPA BOARD MEMBER	3 00	X						0	0	0
(4) KEVIN BAXTER BOARD MEMBER	3 00	X						0	0	0
(5) BILL LANDWEHR BOARD MEMBER	3 00	X						0	0	0
(6) NANCY MCALLISTER BOARD MEMBER	3 00	X						0	0	0
(7) KATHERINE HELLBERG BOARD MEMBER	3 00	X						0	0	0
(8) ED NELSON JR BOARD MEMBER	3 00	X						0	0	0
(9) NORMAN SHATTO BOARD MEMBER	3 00	X						0	0	0
(10) MALCOLM SMITH BOARD MEMBER	3 00	X						0	0	0
(11) MARK SMITH BOARD MEMBER	3 00	X						0	0	0
(12) CONSTANCE WAISANEN BOARD MEMBER	3 00	X						0	0	0
(13) HOUMAN SABAHI BOARD MEMBER	3 00	X						0	0	0
(14) ERIK THORSEN CEO	40 00			X				333,548	0	22,365
(15) WILLIAM G RIVERS CIO	40 00			X				190,819	0	24,011
(16) STEPHANIE D BRENDEN CFO	40 00			X				161,393	0	36,254
(17) KENNETH M BOUCHER COO	40 00			X				150,756	0	15,761

Part VII

1b	Sub-Total			
c	Total from continuation sheets to Part VII, Section A			
d	Total (add lines 1b and 1c)	2,948,080	0	299,941

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 51

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	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? <i>If "Yes," complete Schedule J for such individual</i>	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? <i>If "Yes," complete Schedule J for such person</i>	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
RICKENBACK CONSTRUCTION INC 37734 EAGLE LANE ASTORIA OR 97103	GENERAL CONTRACTOR	2,091,472
NORTH COAST EMERGENCY 2111 EXCHANGE STREET ASTORIA OR 97103	EMERGENCY ROOM PHYSICIANS	1,946,254
BIG RIVER CONSTRUCTION INC 1050 OLNEY AVENUE ASTORIA OR 97103	GENERAL CONTRACTOR	680,277
P&C CONTRUCTION 2133 NW YORK STREET PORTLAND OR 97210	GENERAL CONTRACTOR	497,586
APOGEE MEDICAL MANAGEMENT 2525 E CAMELBACK ROAD PHOENIX AZ 85016	HOSPITALIST PHYSICIANS	383,320

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 ▶23

Part VIII

Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

			(A)	(B)	(C)	(D)
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns 1a				
	b	Membership dues 1b				
	c	Fundraising events 1c				
	d	Related organizations 1d	38,543			
	e	Government grants (contributions) 1e	95,222			
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	723,299			
	g	Noncash contributions included in lines 1a-1f \$				
	h	Total. Add lines 1a-1f	857,064			
Program Service Revenue	2a	OUTPATIENT REVENUE	621990	74,860,422	74,860,422	
	b	EMERGENCY ROOM REVENUE	621990	28,231,866	28,231,866	
	c	INPATIENT REVENUE	621990	24,278,181	24,278,181	
	d	PROVISION FOR CHARITY CARE	621990	-3,142,648	-3,142,648	
	e	CONTRACTUAL ALLOWANCE	621990	-51,519,613	-51,519,613	
	f	All other program service revenue		-4,996,181	-4,996,181	
	g	Total. Add lines 2a-2f	67,712,027			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)				
	4	Income from investment of tax-exempt bond proceeds	330,085			330,085
	5	Royalties				
	6a	Gross rents	(i) Real	(ii) Personal		
	b	Less rental expenses	329,818			
	c	Rental income or (loss)	50,704			
	d	Net rental income or (loss)	279,114			
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other		
	b	Less cost or other basis and sales expenses	1,881,888			
	c	Gain or (loss)	1,782,208			
	d	Net gain or (loss)	99,680			99,680
	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	JOINT VENTURE	621500	827,404	827,404	
	b	CAFETERIA AND VENDING	722210	267,510		267,510
	c	PHARMACY SERVICES	446110	165,788	165,788	
	d	All other revenue		843,533	843,533	
	e	Total. Add lines 11a-11d		2,104,235		
	12	Total revenue. See Instructions		71,382,205	69,827,866	0
						697,275

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).

Check if Schedule O contains a response or note to any line 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.	65,100	65,100		
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.	1,064,872		1,064,872	
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.	29,339,542	26,233,824	2,942,782	162,936
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	3,252,563	2,934,642	300,403	17,518
9	Other employee benefits.	3,917,389	3,373,914	517,250	26,225
10	Payroll taxes.	2,367,435	2,046,963	299,642	20,830
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	327,674	100	327,574	
c	Accounting.	163,919		147,569	16,350
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	5,084,420	4,676,653	407,767	
12	Advertising and promotion.	315,839	1,415	314,424	
13	Office expenses.	295,103	180,491	114,511	101
14	Information technology.	1,144,192	445,269	698,923	
15	Royalties.				
16	Occupancy.	1,642,049	1,374,941	267,108	
17	Travel.	238,441	66,833	171,608	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	357,982	293,583	64,185	214
20	Interest.	831,444	831,444		
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	3,254,600	2,774,574	480,026	
23	Insurance.	580,911	580,911		
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	MEDICAL SUPPLIES & PHAR	7,823,961	7,823,961		
b	REPAIRS & MAINTENANCE	1,204,951	1,112,140	92,811	
c	OTHER PURCHASED SERVICE	839,107	653,167	185,940	
d	OUTSIDE MEDICAL SERVICE	645,846	644,614	1,232	
e	All other expenses.	2,875,704	2,283,827	589,698	2,179
25	Total functional expenses. Add lines 1 through 24e.	67,633,044	58,398,366	8,988,325	246,353
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ☐ if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X

☒

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		8,797,050	2	5,676,971
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		10,579,570	4	12,030,548
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		41,667	5	28,889
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		136,219	7	179,810
	8	Inventories for sale or use		1,217,037	8	1,380,522
	9	Prepaid expenses and deferred charges		1,539,612	9	1,000,508
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a64,010,786			
	b	Less accumulated depreciation	10b31,009,013	27,271,794	10c	33,001,773
	11	Investments—publicly traded securities		28,600,464	11	31,257,760
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		900,818	14	777,767
	15	Other assets See Part IV, line 11		4,832,546	15	5,515,165
	16	Total assets. Add lines 1 through 15 (must equal line 34)		83,916,777	16	90,849,713
Liabilities	17	Accounts payable and accrued expenses		6,912,200	17	11,105,782
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		31,919,646	20	30,917,985
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other 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		13,720,106	25	5,227,780
	26	Total liabilities. Add lines 17 through 25		52,551,952	26	47,251,547
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here ☒ and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		31,260,907	27	43,528,835
	28	Temporarily restricted net assets		103,918	28	69,331
	29	Permanently restricted net assets			29	
	Organizations that do not follow SFAS 117 (ASC 958), 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		31,364,825	33	43,598,166
	34	Total liabilities and net assets/fund balances		83,916,777	34	90,849,713

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	71,382,205
2	Total expenses (must equal Part IX, column (A), line 25)	2	67,633,044
3	Revenue less expenses Subtract line 2 from line 1	3	3,749,161
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	31,364,825
5	Net unrealized gains (losses) on investments	5	1,129,807
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	7,354,373
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	43,598,166

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line 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? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis		No
2b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both ☐ Separate basis ☒ Consolidated basis ☐ Both consolidated and separate basis	Yes	
2c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
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?		No
3b	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		

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.**
▶ **Information about Schedule A (Form 990 or 990-EZ) and its instructions is at**
www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public
Inspection

Name of the organization COLUMBIA LUTHERAN CHARITIES	Employer identification number 93-0583856
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Part I

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

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

1	☐	A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
2	☐	A school described in section 170(b)(1)(A)(ii). (Attach Schedule E)
3	☒	A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
4	☐	A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state _____
5	☐	An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II)
6	☐	A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
7	☐	An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II)
8	☐	A community trust described in section 170(b)(1)(A)(vi) (Complete Part II)
9	☐	An organization that normally receives (1) more than 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 - Non-functionally integrated
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? (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? (ii) A family member of a person described in (i) above? (iii) A 35% controlled entity of a person described in (i) or (ii) above?
h	☐	Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
Total									

Part II

Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
(Complete only if you checked the box on line 5, 7, or 8 of Part I 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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
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 2013 (line 6, column (f) divided by line 11, column (f))	14		
15 Public support percentage for 2012 Schedule A, Part II, line 14	15		
16a 33 1/3% support test—2013. 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—2012. If the organization did not check a 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—2013. 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—2012. 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 IIISupport Schedule for Organizations Described in Section 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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2013. 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—2012. 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.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Return Reference	Explanation	
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SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ **Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b**
▶ **Attach to Form 990.** ▶ **See separate instructions.** ▶ **Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization COLUMBIA LUTHERAN CHARITIES	Employer identification number 93-0583856
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Part I

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes☐ No	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes☐ No	

Part II

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

1

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

☐ Preservation of land for public use (e g , recreation or education)☐ Preservation of an historically important land area
☐ Protection of natural habitat☐ Preservation of a certified historic structure
☐ Preservation of open space

2

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

	Held at the End of the Year
a	Total number of conservation easements
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register

3

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

4

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

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ **Yes**☐ **No**

6

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

7

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

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?

☐ **Yes**☐ **No**

9

In Part XIII, 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 (ASC 958), 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 XIII, the text of the footnote to its financial statements that describes these items

b

If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

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

▶ \$ _____

(ii) Assets included in Form 990, Part X

▶ \$ _____

2

If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

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

- 3

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

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII
- 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 XIII and complete the following table
- c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance
- | | |
|----|--------|
| | Amount |
| 1c | |
| 1d | |
| 1e | |
| 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 XIII Check here if the explanation has been provided in Part XIII

☐

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

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

- 2

Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as
- a

Board designated or quasi-endowment
- b

Permanent endowment
- c

Temporarily restricted endowment

The percentages in lines 2a, 2b, and 2c should equal 100%
- 3a

Are there endowment funds not in the possession of the organization that are held and administered for the organization by
- (i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

Yes

No

b

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

3b

Yes

No
- 4

Describe in Part XIII the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. 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		920,043		920,043
b Buildings		22,629,997	11,563,663	11,066,334
c Leasehold improvements		1,257,051	282,390	974,661
d Equipment		35,125,476	19,162,960	15,962,516
e Other		4,078,219		4,078,219
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				33,001,773

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements	1	72,121,208
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	1,129,807
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII)	2d	50,704
e	Add lines 2a through 2d	2e	1,180,511
3	Subtract line 2e from line 1	3	70,940,697
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 XIII)	4b	441,508
c	Add lines 4a and 4b	4c	441,508
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)	5	71,382,205

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return. Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements	1	67,252,883
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 XIII)	2d	61,347
e	Add lines 2a through 2d	2e	61,347
3	Subtract line 2e from line 1	3	67,191,536
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 XIII)	4b	441,508
c	Add lines 4a and 4b	4c	441,508
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)	5	67,633,044

Part XIII Supplemental Information

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

Return Reference	Explanation
PART XI, LINE 2D - OTHER ADJUSTMENTS	RENTAL EXPENSE 50,704
PART XI, LINE 4B - OTHER ADJUSTMENTS	INCOME REPORTED AS EXPENSES ON FORM 990 441,508
PART XII, LINE 2D - OTHER ADJUSTMENTS	RENTAL EXPENSE 50,704 CONTRIBUTION FROM FOUNDATION 10,643
PART XII, LINE 4B - OTHER ADJUSTMENTS	INCOME REPORTED AS EXPENSES ON FORM 990 441,508

[illegible]

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.
► Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
COLUMBIA LUTHERAN CHARITIES

Employer identification number
93-0583856

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a Yes	
b	If "Yes," was it a written policy?	1b Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities		
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year		
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care ☐ 100% ☐ 150% ☒ 200% ☐ Other _____ %	3a Yes	
b	Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☒ 400% ☐ Other _____ %	3b Yes	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care		
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for 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 financial assistance expenses exceed the budgeted amount?	5b	No
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 eligible for free or discounted care?	5c	
6a	Did the organization prepare a community benefit report during the tax year?	6a Yes	
b	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

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance 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 Financial Assistance at cost (from Worksheet 1)			1,720,364	399,760	1,320,604	1 950 %
b Medicaid (from Worksheet 3, column a)			9,706,350	7,651,003	2,055,347	3 040 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			11,426,714	8,050,763	3,375,951	4 990 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			96,452	150	96,302	0 140 %
f Health professions education (from Worksheet 5)			14,800	4,500	10,300	0 020 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			208,759		208,759	0 310 %
j Total Other Benefits			320,011	4,650	315,361	0 470 %
k Total. Add lines 7d and 7j			11,746,725	8,055,413	3,691,312	5 460 %

Part IICommunity Building Activities

Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(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
1Physical improvements and housing						
2Economic development						
3Community support			68,819	15,925	52,894	0.080 %
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total			68,819	15,925	52,894	0.080 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?

1

Yes

2

Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

2

2,812,892

3

Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

3

4

Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

Section B. Medicare

5

Enter total revenue received from Medicare (including DSH and IME).

5

18,041,769

6

Enter Medicare allowable costs of care relating to payments on line 5.

6

31,477,680

7

Subtract line 6 from line 5. This is the surplus (or shortfall).

7

-13,435,911

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 IVManagement Companies and Joint Ventures

(owned 10% or more by officers, directors, trustees, key employees, and physicians—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 %
11 COASTAL HEALTH ASSURANCE	PHYSICIAN ASSC MEDICAL CONTRACTS	50.000 %		50.000 %
22 ASTORIA IMAGING LLC	MRI JOINT VENTURE	51.000 %		51.000 %
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V

Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
4

Name, address, primary website address, and state license number

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
	See Additional Data Table										

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

COLUMBIA MEMORIAL HOSPITAL

Name of hospital facility or facility reporting group

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A)

1

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1	Yes
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 the community health 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 CHNA 20 <u>13</u>		
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? 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	Yes
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	No
5	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	Yes
a	☒ Hospital facility's website (list url) <u>WWW.COLUMBIAMEMORIAL.ORG</u>		
b	☐ Other website (list url) _____		
c	☒ Available upon request from the hospital facility		
d	☐ Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)		
a	☒ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	☒ Execution of the implementation strategy		
c	☒ Participation in the development of a community-wide plan		
d	☒ Participation in the execution of a community-wide 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 its 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 CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	Yes
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No		
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes		
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes		
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes		
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes		
a ☒ Income level					
b ☐ Asset level					
c ☐ Medical indigency					
d ☐ Insurance status					
e ☐ Uninsured discount					
f ☒ Medicaid/Medicare					
g ☒ State regulation					
h ☐ Residency					
i ☒ Other (describe in Part VI)					
13 Explained the method for applying for financial assistance?		13	Yes		
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes		
a ☐ The policy was posted on the hospital facility's website					
b ☒ The policy was attached to 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 on admission to the hospital facility					
f ☒ The policy was available upon request					
g ☐ Other (describe in Part VI)					
Billing and Collections					
15 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?		15	Yes		
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP					
a ☒ Reporting to credit agency					
b ☒ Lawsuits					
c ☐ Liens on residences					
d ☐ Body attachments					
e ☐ Other similar actions (describe in Section C)					
17 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 individual's eligibility under the facility's FAP?				17	Yes
If "Yes," check all actions in which the hospital facility or a third party engaged					
a ☒ Reporting to credit agency					
b ☒ Lawsuits					
c ☐ Liens on residences					
d ☐ Body attachments					
e ☐ Other similar actions (describe in Section C)					

Part V

Facility Information (continued)

- 18
- Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)
- a

☐

Notified individuals of the financial assistance policy on admission
- b

☐

Notified individuals of the financial assistance policy prior to discharge
- c

☒

Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- d

☒

Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- e

☐

Other (describe in Section C)

Policy Relating to Emergency Medical Care

		Yes	No
19	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? If "No," indicate why	Yes	
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)		

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

20	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 its 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)		
21	During the tax year, did the hospital facility charge any FAP-eligible individual 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? If "Yes," explain in Part VI		No
22	During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Part VI		No

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

[illegible]

Part V

Facility Information (continued)

Section D. Other Health Care 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 health care facilities did the organization operate during the tax year? 1

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

Part VI

Supplemental Information

Provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs 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

Form and Line Reference	Explanation
PART II, COMMUNITY BUILDING ACTIVITIES	CMH CONTINUES TO TAKE AN ACTIVE ROLL IN ASSURING THAT ADEQUATE FOOD IS AVAILABLE TO THE RESIDENTS OF CLATSOP COUNTY, RAISING OVER \$10,000 AND DONATING OVER 50 TONS OF FOOD IN 2013 OPERATION BUNNY SUITE IS A CMH OUTREACH PROGRAM IN WHICH FIFTH GRADE AREA ELEMENTARY SCHOOL CHILDREN SPEND THE DAY AT CMH LEARNING ABOUT THE SURGERY PROGRAM, AS WELL AS PROGRAMS IN NON SMOKING, NUTRITION, AND PHYSICAL THERAPY CMH'S COMMUNITY BASED SPORTS TRAINING PROGRAM INCLUDES PRE AND POST CONCUSSION ASSESSMENTS AS WELL AS LOCAL COACHES RECEIVING EDUCATION ON ASSESSING PLAYERS ON THE FIELD CMH CREATED DOC WALK WHICH SUPPORTS HEART HEALTH EDUCATION WITH A WEEKLY SUMMERTIME WALK WITH CARDIOLOGIST DR DIANA RINKEVICH CMH PARTICIPATES IN RELAY FOR LIFE AND THE MARCH FOR BABIES, SUPPORTS PROGRAMS FOR FOSTER CHILDREN IN NEED OF SCHOOL CLOTHES, AND CHAMPIONS THE WARRENTON SCHOOL DISTRICTS WALK FOR HEALTH AND OTHER WALK/RUNS THROUGHOUT THE COUNTY
PART III, LINE 4	THE COLLECTION OF RECEIVABLES FROM THIRD PARTY PAYERS AND PATIENTS IS THE HOSPITAL'S PRIMARY SOURCE OF CASH AND IS CRITICAL TO ITS OPERATING PERFORMANCE WHEN THE HOSPITAL PROVIDES CARE TO PATIENTS, IT DOES NOT REQUIRE COLLATERAL, HOWEVER, IT MAINTAINS AN ESTIMATED ALLOWANCE FOR DOUBTFUL ACCOUNTS THE PRIMARY COLLECTION RISKS RELATE TO UNINSURED PATIENT ACCOUNTS AND PATIENT ACCOUNTS FOR WHICH THE PRIMARY INSURANCE PAYOR HAS PAID, BUT PATIENT RESPONSIBILITY AMOUNTS (GENERALLY DEDUCTIBLES AND CO PAYMENTS) REMAIN OUTSTANDING THE ALLOWANCE FOR DOUBTFUL ACCOUNTS IS ESTIMATED BASED PRIMARILY UPON THE HOSPITAL'S HISTORICAL COLLECTION EXPERIENCE, THE AGE OF THE PATIENT'S ACCOUNT, MANAGEMENT'S ESTIMATE OF THE PATIENT'S ECONOMIC ABILITY TO PAY AND THE EFFECTIVENESS OF COLLECTION EFFORTS PATIENT ACCOUNTS RECEIVABLE BALANCES ARE ROUTINELY REVIEWED IN CONJUNCTION WITH HISTORICAL COLLECTION RATES AND OTHER ECONOMIC CONDITIONS WHICH MIGHT ULTIMATELY AFFECT THE COLLECTIBILITY OF PATIENT ACCOUNTS WHEN CONSIDERING THE ADEQUACY OF THE AMOUNTS RECORDED IN THE ALLOWANCE FOR DOUBTFUL ACCOUNTS ACTUAL WRITE-OFFS HAVE HISTORICALLY BEEN WITHIN MANAGEMENT'S EXPECTATIONS SIGNIFICANT CHANGES IN PAYOR MIX, BUSINESS OFFICE OPERATIONS, ECONOMIC CONDITIONS, OR TRENDS IN FEDERAL AND STATE GOVERNMENTAL HEALTHCARE COVERAGE COULD AFFECT THE HOSPITAL'S COLLECTION OF PATIENT ACCOUNTS RECEIVABLE, CASH FLOWS, AND RESULTS OF OPERATIONS

Form and Line Reference	Explanation
PART III, LINE 8	AS A MISSION-DRIVEN HOSPITAL, HEALTHCARE SERVICES ARE OFFERED TO THE COMMUNITY EVEN WHEN THE COST OF THAT CARE IS KNOWN TO BE MORE THAN THE REVENUE THAT WILL BE RECEIVED AS THE HOSPITAL ABSORBS THESE LOSSES FROM MEDICARE (DETERMINED BY THE RATIOS USED IN THE MEDICARE COST REPORT), THE ENTIRE COMMUNITY BENEFITS BECAUSE MANY OF THESE PROGRAMS/SERVICES WOULD NOT EXIST WITHOUT HOSPITAL SUPPORT
PART III, LINE 9B	PERSONAL PAY ACCOUNTS AND THE BALANCE AFTER INSURANCE ARE SUBJECT TO A MINIMUM PAYMENT SCHEDULE IF THE PATIENT OR GUARANTOR IS UNABLE TO MEET THIS PAYMENT SCHEDULE, APPLICATION MAY BE MADE THROUGH PATIENT FINANCIAL SERVICES CREDIT AND COLLECTION CLERK'(S) AND OR THE PATIENT FINANCIAL SERVICES MANAGER FOR CHARITY, FINANCIAL ASSISTANCE, OR REDUCED PAYMENTS

Form and Line Reference	Explanation
PART VI, LINE 7, REPORTS FILED WITH STATES	OR

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

▶ Information about Schedule I (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public
Inspection

Name of the organization
COLUMBIA LUTHERAN CHARITIES

Employer identification number
93-0583856

Part I

General Information on Grants and Assistance

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☐ Yes ☒ No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) CLATSOP COMMUNITY COLLEGE 1651 LEXINGTON AVE ASTORIA, OR 97103	93-0505508		5,100				SCHOLARSHIPS
(2) CITY OF ASTORIA 1095 DUANE ST ASTORIA, OR 97103	93-0505508		25,000				GARDEN OF SURGING WAVES, CITY OF ASTORIA BICENTENNIAL LEGACY GIFT
(3) CLATSOP COMMUNITY COLLEGE 1651 LEXINGTON AVE ASTORIA, OR 97103			35,000				NURSING PROGRAM

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

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

Part III

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.
Part III can be duplicated 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. Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

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

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, line 23.
▶ Attach to Form 990. ▶ See separate instructions.

▶ Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
COLUMBIA LUTHERAN CHARITIES

Employer identification number
93-0583856

Part I

Questions Regarding Compensation

	Yes	No
1a Check the appropriate 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 ☐ Travel for companions ☐ Tax idemnification and gross-up payments ☐ Discretionary spending account ☐ Housing allowance or residence for personal use ☐ Payments for business use of personal residence ☒ Health or social club dues or initiation fees ☐ 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 or provision of all of the expenses described above? If "No," complete Part III to explain	1bYes	
2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?	2Yes	
3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III ☐ Compensation committee ☒ Independent compensation consultant ☐ Form 990 of other organizations ☒ Written employment contract ☒ Compensation survey or study ☒ 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?	4aYes	
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? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III	4c	No
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? If "Yes," to line 5a or 5b, describe in Part III	5b	No
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?	6aYes	
b Any related organization? If "Yes," to line 6a or 6b, describe in Part III	6b	No
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 accrued pursuant to a contract that was subject to the initial contract exception described in Regulations 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 duplicate copies if additional space is 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, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(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 as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1)ERIK THORSEN CEO	(i) (ii)	304,513 0	27,895 0	1,140 0	20,400 0	1,965 0	355,913 0	0 0
(2)WILLIAM G RIVERS CIO	(i) (ii)	178,078 0	12,051 0	690 0	9,469 0	14,542 0	214,830 0	0 0
(3)STEPHANIE D BRENDEN CFO	(i) (ii)	151,131 0	10,000 0	262 0	12,846 0	23,408 0	197,647 0	0 0
(4)KENNETH M BOUCHER COO	(i) (ii)	145,163 0	5,000 0	593 0	3,498 0	12,263 0	166,517 0	0 0
(5)DOUGLAS ABBOTT MD PHYSICIAN	(i) (ii)	574,538 0	0 0	25,000 0	6,375 0	26,514 0	632,427 0	0 0
(6)RICHARD CRASS MD PHYSICIAN	(i) (ii)	355,446 0	15,402 0	0 0	16,330 0	22,089 0	409,267 0	0 0
(7)EDOUARD DURET MD PHYSICIAN	(i) (ii)	352,997 0	54,240 0	0 0	19,125 0	26,347 0	452,709 0	0 0
(8)ROBERT HOLLAND MD PHYSICIAN	(i) (ii)	298,306 0	6,049 0	0 0	0 0	27,453 0	331,808 0	0 0
(9)DAVID LEIBEL DO PHYSICIAN	(i) (ii)	310,860 0	3,037 0	0 0	20,400 0	22,642 0	356,939 0	0 0

Part III **Supplemental Information**

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II
Also complete this part for any additional information

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

Additional Data

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

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) 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 compensation				
ERIK THORSEN CEO	(i)	304,513	27,895	1,140	20,400	1,965	355,913	0
	(ii)	0	0	0	0	0	0	0
WILLIAM G RIVERS CIO	(i)	178,078	12,051	690	9,469	14,542	214,830	0
	(ii)	0	0	0	0	0	0	0
STEPHANIE D BRENDEN CFO	(i)	151,131	10,000	262	12,846	23,408	197,647	0
	(ii)	0	0	0	0	0	0	0
KENNETH M BOUCHER COO	(i)	145,163	5,000	593	3,498	12,263	166,517	0
	(ii)	0	0	0	0	0	0	0
DOUGLAS ABBOTT MD PHYSICIAN	(i)	574,538	0	25,000	6,375	26,514	632,427	0
	(ii)	0	0	0	0	0	0	0
RICHARD CRASS MD PHYSICIAN	(i)	355,446	15,402	0	16,330	22,089	409,267	0
	(ii)	0	0	0	0	0	0	0
EDOUARD DURET MD PHYSICIAN	(i)	352,997	54,240	0	19,125	26,347	452,709	0
	(ii)	0	0	0	0	0	0	0
ROBERT HOLLAND MD PHYSICIAN	(i)	298,306	6,049	0	0	27,453	331,808	0
	(ii)	0	0	0	0	0	0	0
DAVID LEIBEL DO PHYSICIAN	(i)	310,860	3,037	0	20,400	22,642	356,939	0
	(ii)	0	0	0	0	0	0	0

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
COLUMBIA LUTHERAN CHARITIES

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 Part VI.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Employer identification number
93-0583856

Part I Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A THE HOSPITAL FACILITIES AUTHORITY OF THE CITY OF ASTORIA	27-0034718	046279BS3	09-27-2012	31,993,533	FINANCE EHR SYSTEM, ASSET ACQUISITION, REFUNDING OF 2002 & 2007 BOND ISSUES	X				X	X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	1,001,661							
2	Amount of bonds legally defeased								
3	Total proceeds of issue	31,993,533							
4	Gross proceeds in reserve funds	2,128,275							
5	Capitalized interest from proceeds	541,030							
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	889,525							
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	2,310,003							
11	Other spent proceeds								
12	Other unspent proceeds	13,186,481							
13	Year of substantial completion								
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?		X						
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

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

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X						
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?	X							
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?		X						
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government								
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government								
6	Total of lines 4 and 5								
7	Does the bond issue meet the private security or payment test?		X						
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X						
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X							

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X						
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X						
b	Exception to rebate?		X						
c	No rebate due?		X						
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X						
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X						
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was the hedge terminated?								

Part IV

Arbitrage (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X						
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X						
7	Has the organization established written procedures to monitor the requirements of section 148?		X						

Part V

Procedures To Undertake Corrective Action

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
	Has 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?							

Part VI

Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Return Reference	Explanation
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Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons
▶ Complete if the organization answered
"Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c,
or Form 990-EZ, Part V, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.
▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at
www.irs.gov/form990.

OMB No 1545-0047
2013
Open to Public Inspection

Name of the organization
COLUMBIA LUTHERAN CHARITIES

Employer identification number
93-0583856

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1	(a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected?	
				Yes	No

2

Enter the amount of tax incurred by organization managers or disqualified persons during the year under section 4958 ▶ \$

3

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

Part II Loans to and/or From Interested Persons.
Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?		(i) Written agreement?	
			To	From			Yes	No	Yes	No	Yes	No
(1) DOUGLAS ABBOTT	EMPLOYEE	SIGN ON BONUS		X	75,000	16,667		No	Yes		Yes	
(2) ANALIZA JUSTO	EMPLOYEE	SIGN ON BONUS		X	20,000	12,222		No	Yes		Yes	
Total ▶ \$						28,889						

Part III Grants or Assistance Benefitting Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) HEATHER SEPPA	CMH BOARD MEMBER	10,946	PRESIDENT OF BANK OF ASTORIA, WHERE COLUMBIA MEMORIAL HOSPITAL HAS SEVERAL BANK ACCOUNTS AND PAYS ROUTINE BANKING TRANSACTION FEES		No
(2) KEVIN BAXTER DO	CMH BOARD MEMBER	72,000	HOSPICE MEDICAL DIRECTOR AT BAXTER FAMILY MEDICINE AND MEDICAL DIRECTOR FOR LOWER COLUMBIA HOSPICE, PART OF COLUMBIA MEMORIAL HOSPITAL		No
(3) SCOTT SEPPA	SPOUSE OF CMH BOARD MEMBER		PARTNER AT KNUITSEN INSURANCE, WHICH PROVIDES INSURANCE FOR COLUMBIA MEMORIAL HOSPITAL		No

Part V Supplemental Information

Provide additional information for responses to questions on Schedule L (see instructions)

Return Reference	Explanation
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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.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at
www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public
Inspection

Name of the organization
COLUMBIA LUTHERAN CHARITIES

Employer identification number

93-0583856

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 4	THE BY LAWS WERE REVISED IN NOVEMBER 2013

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11	A DRAFT OF THE 990 IS MAILED TO THE BOARD OF TRUSTEES PRIOR TO THE BOARD MEETING THE 990 IS REVIEWED AND DISCUSSED AT THE BOARD FINANCE COMMITTEE MEETING PRIOR TO FINALIZING AND FILING THE RETURN

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C	THE CONFLICT OF INTEREST POLICY IS REVIEWED BY THE BOARD OF TRUSTEES, OFFICERS, AND KEY EMPLOYEES ANNUALLY ALL BOARD MEMBERS, OFFICERS, AND KEY EMPLOYEES MUST SIGN AND DATE THE CONFLICT OF INTEREST POLICY ACKNOWLEDGEMENT, QUESTIONNAIRE, AND DISCLOSURE STATEMENT ANY POTENTIAL OR ACTUAL CONFLICTS OF INTEREST AT THE BOARD OR OFFICER LEVEL ARE DISCUSSED AT THE BOARD MEETING ACTUAL CONFLICTS OF INTEREST ARE ADDRESSED, DOCUMENTED, AND FILED IN THE CONFIDENTIAL PERSONNEL FILE

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15	COMPENSATION OF ALL OFFICERS WAS REVIEWED WITH COMPARABILITY DATA BY A THIRD PARTY CONSULTANT THE RESULTS OF THE STUDY WERE REVIEWED AND DISCUSSED AT A BOARD OF TRUSTEES' MEETING

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL INFORMATION REPORTED IN THE 990 ARE AVAILABLE UPON REQUEST AT THE HOSPITAL

Return Reference	Explanation
FORM 990, PART XI, LINE 9	DEFINED BENEFIT RETIREMENT PLAN ADJUSTMENT 7,316,873 NET ASSETS RELEASED FROM RESTRICTION - CITY OF ASTORIA GRANT 37,500

Return Reference	Explanation
FROM 990, PART XI, LINE 2C	THE BOARD OF TRUSTEE FINANCE COMMITTEE ASSUMES RESPONSIBILITY FOR THE OVERSIGHT OF THE AUDIT, REVIEW, AND SELECTION OF AN INDEPENDENT AUDIT FIRM. TRADITIONALLY, A THREE YEAR CONTRACT WITH A SELECTED AUDIT FIRM IS APPROVED. ANNUALLY, A SPECIAL BOARD MEETING IS HELD AND THE AUDIT FIRM PRESENTS THE AUDITED FINANCIAL STATEMENTS TO THE BOARD OF TRUSTEES. DURING THE MEETING, THE BOARD MEMBERS ARE GIVEN THE OPPORTUNITY TO ASK QUESTIONS WITHOUT MANAGEMENT PRESENT. FOLLOW-UP INFORMATION ON THE MANAGEMENT LETTER RECOMMENDATIONS IS ALSO PRESENTED SEMI-ANNUALLY TO THE BOARD FINANCE COMMITTEE.

Return Reference	Explanation	
	FORM 990, PART III, LINE 4A STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	KEY STATISTICS FOR 2013 INPATIENT ADMISSION, INCLUDING NEWBORNS 1,855 INPATIENT DAYS, INCLUDING NEWBORNS 4,818 SURGERY PATIENTS 2,454 ANCILLARY VISITS 41,545 LABORATORY TESTS 135,647 IMAGING TOTALS 33,576 CLINIC VISITS 44,044 EMERGENCY & TRAUMA VISITS 13,149 HOME HEALTH VISITS 3,394 HOSPICE PATIENT DAYS 5,790 COLUMBIA MEMORIAL HOSPITAL'S (CMH) MISSION IS TO PROVIDE EXCELLENCE, LEADERSHIP, AND COMPASSION IN THE ENHANCEMENT OF HEALTH FOR THOSE WE SERVE. THE CMH 2011 TO 2013 THREE-YEAR STRATEGIC PLAN WAS DEVELOPED IN 2010 AND INCLUDED SEVERAL GOALS LISTED UNDER THE FOLLOWING PILLARS, QUALITY AND CUSTOMER SERVICE, STAFF DEVELOPMENT, PROVIDER RELATIONS, GROWTH, AND FINANCIAL PERFORMANCE. AS OF THE YEAR ENDED DECEMBER 31ST, 2013 MANY GOALS HAVE BEEN ACHIEVED ALLOWING CMH TO CONTINUE TO FULFILL THE MISSION OF THE ORGANIZATION AND TO RAISE BOTH THE QUALITY AND RANGE OF SERVICES PROVIDED TO THE LOCAL COMMUNITY. QUALITY AND CUSTOMER SERVICE -CMH ACHIEVED ACCREDITATION IN THE FALL OF 2011 FOR THREE YEARS THROUGH THE HEALTHCARE FACILITIES ACCREDITATION PROGRAM (HFAP). SURVEYORS ARE ANTICIPATED TO ARRIVE UNANNOUNCED IN 2014 TO VERIFY COMPLIANCE WITH INTERNAL POLICIES AS WELL AS WITH EXTERNAL REGULATIONS. -CMH HAS BEEN A PLANETREE AFFILIATED HOSPITAL SINCE 2001 EMBRACING THE PHILOSOPHY OF PATIENT-CENTERED CARE TO PERSONALIZE, HUMANIZE, AND DEMYSTIFY HEALTHCARE FOR THE PATIENTS OF OUR COMMUNITY. THE 2011-2013 STRATEGIC PLAN INCLUDED A GOAL TO ACHIEVE PLANETREE "DESIGNATION", WHICH IS A PROCESS INVOLVING RIGOROUS CRITERIA AND MEASUREMENTS TO RECOGNIZE HOSPITALS THAT SUSTAIN EXCELLENCE IN THE DELIVERY OF PATIENT-CENTERED CARE. IN 2011, A NEW PLANETREE COUNCIL AND TEN ACTION TEAMS WERE ESTABLISHED AND SET TO WORK ON THIS LOFTY GOAL. IN 2012, THE OFFICIAL APPLICATION FOR DESIGNATION WAS SUBMITTED TO PLANETREE AND WAS ACCEPTED CONTINGENT ON A SITE VISIT AND THE FULFILLMENT OF CERTAIN PATIENT SATISFACTION AND QUALITY MEASUREMENT REQUIREMENTS. THE RESULTS OF THESE INCREASED EFFORTS WERE REALIZED THROUGH A SHARP INCREASE IN BOTH PATIENT SATISFACTION AND QUALITY MEASURES, IN PARTICULAR BETWEEN THE MONTHS OF AUGUST AND DECEMBER 2012. THE DECEMBER SITE VISIT LEFT CMH WITH 5 OPPORTUNITIES OR "GAPS" FOR IMPROVEMENT. LEADERSHIP FORMED ACTION TEAMS DURING THE FINAL PUSH TO TACKLE THESE OPPORTUNITIES AND BECAME AN OFFICIALLY DESIGNATED PLANETREE HOSPITAL IN JULY OF 2013. CMH IS NOW ONE OF 20 HOSPITALS IN THE UNITED STATES TO RECEIVE THIS HONOR AND THE 40TH HOSPITAL WORLD-WIDE. CMH ACCEPTED THE PLANETREE PATIENT-CENTERED DESIGNATION AWARD IN MONTREAL, QUEBEC ON OCTOBER 10TH, 2013, WHERE HOSPITAL REPRESENTATIVES ATTENDED THE ANNUAL PLANETREE CONFERENCE AND BROUGHT BACK MANY NEW IDEAS FOR THE PLANETREE COUNCIL TO PRIORITIZE AND IMPLEMENT IN THE COMING YEAR. -THE CMH LABORATORY MET ALL CRITERIA FOR LABORATORY ACCREDITATION BY COLA, A NATIONAL HEALTHCARE ACCREDITATION ORGANIZATION. ACCREDITATION IS GIVEN ONLY TO LABORATORIES THAT APPLY RIGID STANDARDS OF QUALITY IN DAY-TO-DAY OPERATIONS, DEMONSTRATE CONTINUED ACCURACY IN THE PERFORMANCE OF PROFICIENCY TESTING, AND PASS A RIGOROUS ON-SITE LABORATORY SURVEY. CMH HAS EARNED COLA ACCREDITATION AS A RESULT OF A LONG-TERM COMMITMENT TO PROVIDE QUALITY SERVICES TO ITS PATIENTS. -ACHIEVED THE AMERICAN HOSPITAL ASSOCIATION'S (AHA) MOST-WIRED HOSPITAL AWARD IN 2011, 2012 AND 2013 AND ATTESTED TO THE CENTER FOR MEDICARE AND MEDICAID SERVICES (CMS) MEANINGFUL USE CRITERIA. THESE ACHIEVEMENTS HAVE SUCCESSFULLY POSITIONED CMH TO FULFILL THE GOAL OF "ONE PATIENT, ONE RECORD" AND WILL ASSIST IN ESTABLISHING A FULLY ELECTRONIC PATIENT MEDICAL RECORD IN 2013/2014. -THE CMH MEDICAL RECORDS DEPARTMENT WORKED TO PREPARE FOR THE ICD-10-CM IMPLEMENTATION SCHEDULED FOR OCTOBER 2014. ICD-10-CM IS A CODING SYSTEM THAT ASSIGNS ALPHA-NUMERIC CODES TO DISEASES AND IS USED TO SUBMIT INFORMATION TO INSURANCE COMPANIES FOR PAYMENT, RESEARCH, QUALITY IMPROVEMENT AND VARIOUS OTHER REPORTING REQUIREMENTS. -THE CARDIOLOGY CLINIC ACHIEVED ACCREDITATION IN ECHOCARDIOGRAPHY FOR A THREE-YEAR TERM FROM THE INTERSOCIETAL ACCREDITATION COMMISSION, (IAC). ONLY TWO OTHER FACILITIES HAVE BEEN ACCREDITED IN ALL THREE MODALITIES: OHSU AND OREGON HEART AND VASCULAR INSTITUTE IN SPRINGFIELD. ADDITIONALLY, THE CMH CARDIAC REHAB PROGRAM WAS GRANTED 2013 AACVPR PROGRAM CERTIFICATION. CERTIFICATION IS GIVEN AFTER STRINGENT STANDARDS ARE MET WITH THE AMERICAN ASSOCIATION OF CARDIOVASCULAR AND PULMONARY REHABILITATION. -LOWER COLUMBIA HOSPICE INVITED THE OREGON HOSPICE ASSOCIATION TO DO AN AGENCY SURVEY JULY 31 TO AUG 2 TO GAIN ACCREDITATION FOR OUR HOSPICE SERVICE. IN NOVEMBER 2013 HOSPICE WAS NOTIFIED THAT FULL ACCREDITATION HAD BEEN GRANTED. THE INTENT OF THIS ACCREDITATION IS TO ENSURE HOSPICE PROVIDERS IMPROVE STANDARDS OF CARE AND MEET REGULATORY REQUIREMENTS ON A CONTINUING BASIS. -CMH HAS RECEIVED THE IBCLC CARE AWARD IN RECOGNITION FOR THE COMMITMENT TO PROVIDING LACTATION SUPPORT TO BREASTFEEDING MOTHERS IN THE LOWER COLUMBIA R.

Return Reference	Explanation	
	FORM 990, PART III, LINE 4A STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	EGION STAFF DEVELOPMENT -87% OF ALL EMPLOYEES PARTICIPATED IN PATIENT-CENTERED CARE RETR EATS DURING 2013 WITH EMPHASIS ON THE CMH SERVICE EXCELLENCE STANDARDS, AIDET, AND CARE FO R THE CAREGIVER ADDITIONALLY OVER 136 EMPLOYEES ATTENDED THE SKILLS FAIR IN OCTOBER FOR A NNUAL COMPETENCIES WITH EMPHASIS IN HOURLY ROUNDING AND BED-SIDE REPORT INVOLVING THE PATI ENT AND THEIR CARE PARTNER(S) IN THEIR CARE PLAN -CMH EMPLOYEES TEAMED UP WITH A NEIGHBOR ING HOSPITAL AND RAISED DONATIONS FOR THE REGIONAL FOOD BANK DURING THE MONTH OF NOVEMBER THROUGH INCREDIBLE GENEROSITY , THE TWO GROUPS DONATED 60,538 POINTS WORTH OF FOOD AND \$7, 659 TO THE REGIONAL FOOD BANK GROWTH -THE NEW EAR, NOSE & THROAT, (ENT) CLINIC OPENED WI TH A NEW ADDITION TO THE CMH MEDICAL GROUP, DR NYTE, IN FEBRUARY 2013 -DR MICHAEL LEWIS, PULMONOLOGIST, BEGAN PRACTICING TWO WEEKS A MONTH IN THE CMH CARDIOLOGY CLINIC IN MAY 201 3 -CMH OPENED A NEW WARRENTON URGENT CARE AND PRIMARY CARE CLINIC DURING THE SUMMER OF 20 13 DR BRIAN COX, THE LOCUMS TENENS INTERNAL MEDICINE PHY SICIAN PROVIDING SERVICES IN WARR ENTON SIGNED A PERMANENT EMPLOYMENT CONTRACT WITH CMH AND JOINED THE CMH MEDICAL GROUP IN NOVEMBER 2013 -CMH OPENED A NEW ENDOCRINOLOGY CLINIC IN JUNE 2013 ANA MARINA, ENDOCRINOL OGIST, IS ORIGINALLY FROM THE UKRAINE AND COMPLETED HER FELLOWSHIP IN SEATTLE AT THE UNIVE RSITY OF WASHINGTON -THE REMODEL OF THE MATERNITY DEPARTMENT IS NEARLY COMPLETE AND PLANNING AN OPEN HOUSE IN JANUARY 2014 THIS REMODEL INCLUDED 2 LDRPS, A NURSES LOUNGE, DOCTOR SLEEPING ROOM AND A NEW NURSERY -CMH ACQUIRED ADJACENT REAL ESTATE TO BE CLEARED AND TUR NED INTO ADDITIONAL PARKING IN 2014-2015 TO ENHANCE EMPLOYEE AND PATIENT CONVENIENCE/EXPER IENCE WHILE AT CMH -THE CARDIAC REHABILITATION SPACE WAS EXPANDED IN 2013 TO APPROXIMATELY TWICE THE SIZE TO ACCOMMODATE THE GROWING CARDIAC AND PULOMONARY REHABILITATION PROGRAM O VERSEEN BY THE CMH AND OHSU CARDIOLOGY CLINIC -THE ASTORIA SCHOOL DISTRICT, CITY OF ASTOR IA AND CMH HAVE FINALIZED AND APPROVED THE FINAL ARCHITECT DRAWINGS FOR A SPORTS COMPLEX, BEING BUILT BY CMH AND THEN EXCHANGED ONCE COMPLETED FOR THE SCHOOL DISTRICT'S CURRENT FOO TBALL FIELD, SITTING ON AN ADJACENT PLOT TO THE CMH CAMPUS WORK WILL RESUME ON THE SPORTS COMPLEX IN JANUARY 2014 AND IS SCHEDULED FOR THE COMPLETION BY THE FALL OF 2014 -THE CCU AND EMERGENCY REMODEL DESIGN PROCESS IS CURRENTLY UNDERWAY WITH PLANS FOR CONSTRUCTION IN 2014/2015 PROVIDER RELATIONS -INVITED INDEPENDENT PROVIDERS TO PARTICIPATE ON "DOC TALK ", A LOCAL RADIO SHOW WHERE PROVIDERS AND HEALTHCARE PROFESSIONALS CAN DISCUSS THEIR SPECI ALTIES, CURRENT HEALTHCARE TOPICS AND UPCOMING EVENTS IN THE HEALTHCARE INDUSTRY -EXPANDED CMH WEBSITE TO INCLUDE A NEW MOBILE DEVICE THAT HELPS CONSUMERS FIND A LOCAL PROVIDER MOR E EASILY -CMH MARKETING COMPLETED A PROVIDER GUIDE IN MAY 2013 THIS 24 PAGE GUIDE IS A H ELPFUL TOOL TO INFORM OUR COMMUNITY ON THE AVAILABLE PROVIDER SERVICES AT CMH, PROVIDES IN SIGHT INTO MANY OF OUR ANCILLARY SERVICES AS WELL AS OUR COMMITMENT TO PATIENT CENTERED CA RE

Return Reference	Explanation
FORM 990, PART III, LINE 4A STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	FINANCIAL PERFORMANCE -WOMEN'S HEART HEALTH EDUCATION RECIEVED A BOOST FROM THE CMH FOUNDATION'S COMMUNITY RELATIONS COMMITTEE FIFTH ANNUAL CHAMPAGNE TEA, "ART FOR THE HEART", HELD SATURDAY FEBRUARY 9TH AT THE ELKS' BALLROOM THE ART AUCTION AND TEA EVENT NETTED \$17,000, WHICH INCLUDED A MATCH FOR THE AMOUNTS RASIED DURING A SPECIAL APPEAL BY OHSU, THE TITLE SPONSOR -CMH FOUNDATION AND MARKETING DEPARTMENTS TEAMED UP TO PUT ON A PHIL VASSAR CONCERT AND FUNDRAISING EVENT WITH PROCEEDS OF APPROXIMATELY \$17,000 WERE ALLOCATED TO THE CANCER CARE PHASE II PROJECT -CMH FOUNDATION ALSO HELD THEIR ANNUAL DENIM & DIAMONDS FUNDRAISING GALA AND AUCTION IN JUNE 2013 THIS EVENT RAISED OVER \$100,000 TOWARD BRINGING EXPANDED CANCER TREATMENT SERVICES TO THE COMMUNITY AND MAKING SIGNIFICANT PROGRESS TOWARD PROVIDING MOST CANCER TREATMENTS LOCALLY WITHOUT THE NEED FOR LONG DISTANCE TRAVEL

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
COLUMBIA LUTHERAN CHARITIES

Related Organizations and Unrelated Partnerships

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

▶ Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Employer identification number

93-0583856

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on Form 990, Part IV, line 33.					
(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.							
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) COLUMBIA MEMORIAL HOSPITAL FOUNDATION 2111 EXCHANGE STREET ASTORIA, OR 97103 93-1091701	FUNDRAISING FOR THE HOSPITAL	OR	501(C)3	LINE 11A, I		Yes	
(2) COLUMBIA MEMORIAL HOSPITAL AUXILIARY 2111 EXCHANGE STREET ASTORIA, OR 97103 93-1306211	PROVIDE VOLUNTEERS	OR	501(C)3				No

Part III

Identification of Related Organizations Taxable as a Partnership

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end- of-year assets	(h) 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	
(1) ASTORIA IMAGING LLC 2111 EXCHANGE STREET ASTORIA, OR 97103 80-0240381	MRI JOINT VENTURE	OR		RELATED	683,992	1,957,803		No			No	51 000 %

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) COASTAL HEALTH ASSURANCE INC 2111 EXCHANGE STREET ASTORIA, OR 97103 91-1818894	PHYSICAN ASSOCIATION, MEDICAL CONTRACT MANAGEMENT	OR		C	-181	20,739	50 000 %		No

Part V

Transactions With Related Organizations

Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

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

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

j Lease of facilities, equipment, or other assets to related organization(s)

k Lease of facilities, equipment, or other assets from related organization(s)

l Performance of services or membership or fundraising solicitations for related organization(s)

m Performance of services or membership or fundraising solicitations by related organization(s)

n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

r Other transfer of cash or property to related organization(s)

s Other transfer of cash or property from related organization(s)

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

1s

No

No

No

No

No

No

No

No

No

Yes

Yes

No

Yes

Yes

Yes

Yes

Yes

No

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 related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) CMH FOUNDATION (IN-KIND CONTRIBUTIONS)	B	34,967	ACTUAL
(2) CMH FOUNDATION (IN-KIND CONTRIBUTIONS SALARY EXPENSES)	O	249,386	ACTUAL
(3) ASTORIA IMAGING LLC (SALARY EXPENSES FOR MRI MGMT TECHS & REGISTRATION)	O	274,129	ACTUAL
(4) CMH FOUNDATION (TOTAL GRANTS & ALLOCATIONS)	C	2,724	ACTUAL
(5) CMH FOUNDATION (TOTAL QUARTERLY TRANSFERS)	Q	100,378	ACTUAL
(6) CMH FOUNDATION (TRANSFER OF RESTRICTED FUNDS TO CMH DIABETIC ED)	S	385	ACTUAL

Schedule R (Form 990) 2013

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.

[illegible]

Part VII

Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation
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Additional Data

Software ID:

Software Version:

EIN: 93-0583856

Name: COLUMBIA LUTHERAN CHARITIES

Form 990, Schedule R, Part V - Transactions With Related Organizations

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
CMH FOUNDATION (IN-KIND CONTRIBUTIONS)	B	34,967	ACTUAL
CMH FOUNDATION (IN-KIND CONTRIBUTIONS SALARY EXPENSES)	O	249,386	ACTUAL
ASTORIA IMAGING LLC (SALARY EXPENSES FOR MRI MGMT TECHS & REGISTRATION)	O	274,129	ACTUAL
CMH FOUNDATION (TOTAL GRANTS & ALLOCATIONS)	C	2,724	ACTUAL
CMH FOUNDATION (TOTAL QUARTERLY TRANSFERS)	Q	100,378	ACTUAL
CMH FOUNDATION (TRANSFER OF RESTRICTED FUNDS TO CMH DIABETIC ED)	S	385	ACTUAL



**Columbia Lutheran Charities
dba Columbia Memorial Hospital
and Subsidiaries**

**Consolidated
Financial Statements and
Supplementary Information**

**Years Ended
December 31, 2013
and 2012**

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

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Independent Auditors' Report

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

We have audited the accompanying consolidated balance sheets of Columbia Lutheran Charities, dba Columbia Memorial Hospital, and subsidiaries (collectively, "Charities") as of December 31, 2013 and 2012, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Columbia Lutheran Charities, dba Columbia Memorial Hospital, and subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

DELAP LLP

March 26, 2014

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Consolidated Balance Sheets

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 6,777,857	\$ 9,607,844
Assets limited as to use	885,479	532,278
Patient accounts receivable - net of allowance for doubtful accounts of \$2,195,000 (\$2,016,000 in 2012)	12,030,548	10,579,570
Estimated third-party payor settlements receivable - net	2,135,000	-
Supplies inventory	1,380,522	1,217,037
Prepaid expenses and other current assets	<u>1,287,050</u>	<u>1,552,996</u>
Total current assets	24,496,456	23,489,725
Assets limited as to use - net of current portion	28,833,927	28,448,565
Property and equipment - net	33,626,058	28,398,099
Rental and other property held for future development - net of accumulated depreciation and amortization of \$2,430,522 (\$2,121,968 in 2012)	3,317,377	3,309,569
Goodwill	2,400,000	2,400,000
Other noncurrent assets - net	<u>1,387,006</u>	<u>1,417,333</u>
Total Assets	<u>\$ 94,060,824</u>	<u>\$ 87,463,291</u>

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

**Columbia Lutheran Charities
dba Columbia Memorial Hospital
and Subsidiaries**

Consolidated Balance Sheets (Continued)

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 3,567,606	\$ 1,593,822
Retainage and construction accounts payable	2,101,308	631,903
Accrued liabilities		
Payroll, payroll taxes, and withholdings	1,110,545	897,239
Earned leave	2,118,047	1,851,733
Other	1,868,859	1,676,479
Estimated third-party payor settlements payable - net	-	914,000
Current portion of long-term debt	<u>735,000</u>	<u>1,680,000</u>
Total current liabilities	11,501,365	9,245,176
Long-term debt - net of current portion	30,182,985	30,989,646
Accrued retirement plan liability	4,751,164	11,922,516
Other noncurrent liabilities	<u>936,299</u>	<u>1,260,131</u>
Total liabilities	<u>47,371,813</u>	<u>53,417,469</u>
Net assets		
Unrestricted		
Controlling interest	44,029,847	31,784,468
Noncontrolling interests in Astoria Imaging, LLC (Astoria Imaging)	<u>1,838,992</u>	<u>1,685,902</u>
Total unrestricted	45,868,839	33,470,370
Temporarily restricted	<u>820,172</u>	<u>575,452</u>
Total net assets	<u>46,689,011</u>	<u>34,045,822</u>
Total Liabilities and Net Assets	<u>\$ 94,060,824</u>	<u>\$ 87,463,291</u>

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

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Consolidated Statements of Operations

Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Unrestricted revenue		
Patient service revenue - net of contractual allowances and discounts	\$ 75,580,427	\$ 71,333,105
Provision for bad debts	<u>(5,142,398)</u>	<u>(4,416,898)</u>
Net patient service revenue	70,438,029	66,916,207
Other revenue	<u>2,151,262</u>	<u>2,486,791</u>
Total unrestricted revenue	<u>72,589,291</u>	<u>69,402,998</u>
Expenses		
Salaries and benefits	39,860,844	37,840,006
Medical and other supplies	9,579,352	8,801,107
Professional fees	5,555,885	5,208,267
Depreciation and amortization related to health care operations	3,640,754	3,738,097
Interest	831,444	259,883
Purchased services and other	<u>8,880,112</u>	<u>8,194,824</u>
Total expenses	<u>68,348,391</u>	<u>64,042,184</u>
Operating Income	<u>4,240,900</u>	<u>5,360,814</u>
Other income (expenses)		
Investment income - net	1,560,176	1,263,338
Income attributable to noncontrolling interests in Astoria Imaging	(588,809)	(378,099)
Loss from early extinguishment of debt	-	(288,482)
Other - net	<u>(336,112)</u>	<u>(401,513)</u>
Total other income - net	<u>635,255</u>	<u>195,244</u>
Excess of Revenue Over Expenses	4,876,155	5,556,058
Net assets released from restrictions used for equipment acquisitions	<u>52,351</u>	<u>49,619</u>
Increase in Unrestricted Net Assets Before Defined Benefit Retirement Plan Adjustment	4,928,506	5,605,677
Adjustment for net gain (loss) on defined benefit retirement plan	<u>7,316,873</u>	<u>(3,017,056)</u>
Increase in Unrestricted Net Assets	<u>\$ 12,245,379</u>	<u>\$ 2,588,621</u>

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

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Consolidated Statements of Changes in Net Assets

Years Ended December 31, 2013 and 2012

	Unrestricted				
	Noncontrolling				
	Controlling	Interests in		Temporarily	Total
	Interest	Astoria	Total	Restricted	Net Assets
		Imaging			
Net Assets - December 31, 2011	\$29,195,847	\$ 1,751,495	\$30,947,342	\$ 492,292	\$ 31,439,634
Excess of revenue over expenses	5,556,058	-	5,556,058	-	5,556,058
Net assets released from restrictions used for equipment acquisitions	49,619	-	49,619	(49,619)	-
Adjustment for net loss on defined benefit retirement plan	(3,017,056)	-	(3,017,056)	-	(3,017,056)
Restricted contributions and grants	-	-	-	180,918	180,918
Restricted other losses - net	-	-	-	(48,139)	(48,139)
Distributions to noncontrolling interests	-	(443,692)	(443,692)	-	(443,692)
Noncontrolling interests earnings	-	378,099	378,099	-	378,099
Increase (decrease) in net assets	2,588,621	(65,593)	2,523,028	83,160	2,606,188
Net Assets - December 31, 2012	31,784,468	1,685,902	33,470,370	575,452	34,045,822
Excess of revenue over expenses	4,876,155	-	4,876,155	-	4,876,155
Net assets released from restrictions used for equipment acquisitions	52,351	-	52,351	(52,351)	-
Adjustment for net gain on defined benefit retirement plan	7,316,873	-	7,316,873	-	7,316,873
Restricted contributions and grants	-	-	-	284,252	284,252
Restricted other gains - net	-	-	-	12,819	12,819
Distributions to noncontrolling interests	-	(435,719)	(435,719)	-	(435,719)
Noncontrolling interests earnings	-	588,809	588,809	-	588,809
Increase in net assets	12,245,379	153,090	12,398,469	244,720	12,643,189
Net Assets - December 31, 2013	\$44,029,847	\$ 1,838,992	\$45,868,839	\$ 820,172	\$ 46,689,011

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

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 12,643,189	\$ 2,606,188
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Provision for bad debts	5,142,398	4,416,898
Depreciation and amortization	3,728,331	3,965,502
Loss from early extinguishment of debt	-	288,482
Restricted contributions, grants, and other gains and losses - net	(297,071)	(132,779)
Changes in certain operating assets and liabilities		
Patient accounts receivable	(6,593,376)	(3,437,764)
Assets limited as to use classified as trading securities	(2,713,760)	(1,208,140)
Estimated third-party payor settlements receivable - net	(2,135,000)	543,000
Supplies inventory	(163,485)	(161,072)
Prepaid expenses and other current assets	265,946	(9,734)
Other noncurrent assets	(116,831)	(901,225)
Outstanding checks in excess of funds on deposit	-	(475,794)
Accounts payable	1,973,784	115,124
Retainage and construction accounts payable	1,469,405	66,355
Accrued liabilities	672,000	152,753
Estimated third-party payor settlements payable - net	(914,000)	914,000
Accrued retirement plan liability	(7,171,352)	2,780,104
Other noncurrent liabilities	(323,832)	147,864
Net cash provided by operating activities	<u>5,466,346</u>	<u>9,669,762</u>
Cash Flows From Investing Activities		
Decrease (increase) in assets limited as to use classified as other than trading securities - net	1,975,197	(13,335,223)
Purchases of property and equipment and rental and other property - net	<u>(8,888,601)</u>	<u>(3,886,138)</u>
Net cash used by investing activities	<u>(6,913,404)</u>	<u>(17,221,361)</u>

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

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Consolidated Statements of Cash Flows (Continued)

Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows From Financing Activities		
Net proceeds from issuance of long-term debt	\$ -	\$ 31,993,533
Payments on long-term debt	(1,680,000)	(19,910,000)
Proceeds from temporarily restricted contributions, grants, and other gains and losses - net	<u>297,071</u>	<u>132,779</u>
Net cash provided (used) by financing activities	<u>(1,382,929)</u>	<u>12,216,312</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,829,987)	4,664,713
Cash and cash equivalents - beginning of year	<u>9,607,844</u>	<u>4,943,131</u>
Cash and Cash Equivalents - End of Year	<u>\$ 6,777,857</u>	<u>\$ 9,607,844</u>
 Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 1,197,400</u>	<u>\$ 128,955</u>

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

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

1. Business, Organization, and Summary of Significant Accounting Policies

Business and organization

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

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

The Hospital also has a 51% controlling interest in a joint venture, Astoria Imaging, LLC (Astoria Imaging), which is a limited liability company. Astoria Imaging was formed to own and operate various diagnostic imaging equipment, and it provides certain diagnostic imaging services to patients in the Hospital's operating region

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

Principles of consolidation

The accompanying consolidated financial statements include the accounts and transactions of Charities. In accordance with accounting principles generally accepted in the United States of America (U S) (GAAP), the noncontrolling interests in Astoria Imaging are reported as a separate component of unrestricted net assets in the accompanying consolidated financial statements. All significant intercompany accounts and transactions have been eliminated in consolidation.

Method of accounting

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

Cash and cash equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with remaining maturities of three months or less at the time of purchase by Charities, excluding assets limited as to use (see Note 2). Charities maintains its bank accounts at one financial institution. Charities' bank accounts at this financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to a combined maximum of \$250,000. As of December 31, 2013, Charities' bank balances exceeded the applicable FDIC coverage, however, Management believes that its credit risk with respect to these bank balances is minimal due to the financial strength of the financial institution.

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

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

Cash and cash equivalents (continued)

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

Assets limited as to use

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

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying consolidated balance sheets (see Note 10). Investment income or loss (including interest, dividends, and realized gains and losses on sales of investments) is included in the excess of revenue over expenses unless the income or loss is restricted by donor or law. The change in net unrealized gains or losses on investments is excluded from the excess of revenue over expenses unless the investments are trading securities or an unrealized loss is considered to be other-than-temporary. Trading securities are debt and equity securities that Charities buys and holds principally to sell in the near-term. As of December 31, 2013 and 2012, all of Charities' investment securities – other than investments held by a trustee – are classified as trading securities. Charities' gross unrealized losses on investment securities classified as other than trading were not significant as of December 31, 2013 and 2012.

As of December 31, 2013, Charities had investments in mutual and exchange-traded funds, cash and cash equivalents, corporate bonds, and U.S. Government agency securities (see Note 2). Management believes that Charities' credit risk with respect to these investments is minimal due to FDIC insurance coverage, the diversity of the individual investments, and the financial strength of the entities which have issued the securities or instruments. However, due to changes in economic conditions, interest rates, and common stock prices, the fair value of Charities' investments can be volatile. Consequently, the fair value of Charities' investments can significantly change in the near-term as a result of such volatility.

Patient accounts receivable and allowance for doubtful accounts

The collection of receivables from third-party payors and patients is the Hospital's primary source of cash and is critical to its operating performance. When the Hospital provides care to patients, it does not require collateral, however, it maintains an estimated allowance for doubtful accounts. The primary collection risks relate to uninsured patient accounts and patient accounts for which the primary insurance payor has paid, but the patient is responsible for the remaining amounts outstanding (generally deductibles and co-payments). The Hospital does not maintain a significant allowance for doubtful accounts from third-party payors, nor has it historically had significant bad debt write-offs from third-party payors. However, for services provided to patients who have third-party coverage, the Hospital records the related patient service revenue and patient accounts receivable net of contractual discounts and allowances.

For patient accounts receivable due from self-pay patients – which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill – the Hospital records a significant allowance for doubtful accounts. The allowance for doubtful

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

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

Patient accounts receivable and allowance for doubtful accounts (continued)

accounts is estimated based primarily upon the Hospital's historical collection experience, the age of patients' accounts, Management's estimate of its patients' economic ability to pay, and the effectiveness of collection efforts. Patient accounts receivable balances are routinely reviewed in conjunction with historical collection rates and other economic conditions which might ultimately affect the collectability of patient accounts when considering the adequacy of the amounts recorded in the allowance for doubtful accounts. The difference between the Hospital's standard rates (or the discounted rates, if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts. Recoveries of amounts charged off are added to the allowance for doubtful accounts. Actual write-offs have historically been within Management's expectations. Significant changes in payor mix, business office operations, economic conditions, or trends in federal and state governmental health care coverage could affect the Hospital's collection of patient accounts receivable, cash flows, and results of operations.

Significant concentrations of gross patient accounts receivable as of December 31, 2013 and 2012 were approximately as follows:

	<u>2013</u>	<u>2012</u>
Medicare	32%	31%
Oregon Health Plan (OHP) and Medicaid	13	14
Other third-party payors	6	6
Commercial insurance	27	26
Self-pay	22	23
	<u>100%</u>	<u>100%</u>

The Hospital's allowance for doubtful accounts represented 51% and 49% of gross self-pay patient accounts receivable as of December 31, 2013 and 2012, respectively. The following is an approximate summary of the activity in the Hospital's allowance for doubtful accounts for the years ended December 31, 2013 and 2012.

	<u>2013</u>	<u>2012</u>
Balance - beginning of year	\$ 2,016,000	\$ 2,052,000
Provision for bad debts	4,996,000	4,417,000
Accounts written-off, net of recoveries	<u>(4,817,000)</u>	<u>(4,453,000)</u>
Balance - end of year	<u>\$ 2,195,000</u>	<u>\$ 2,016,000</u>

Supplies inventory

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

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

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

Property and equipment

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

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Net interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets. During the years ended December 31, 2013 and 2012, Charities capitalized interest costs of approximately \$459,000 and \$123,000, respectively.

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

Goodwill

Goodwill represents the excess of the purchase price and related costs over the estimated fair value of net assets acquired in Astoria Imaging's acquisition of Siker Imaging, LLC (Siker) during 2010. In accordance with GAAP, goodwill cannot be amortized, however, impairment testing must be considered at least annually. Impairment testing is calculated at the reporting unit level. GAAP permits an entity to first assess qualitative factors to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount. If an entity determines that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, then an impairment test would be performed by comparing the estimated fair value of the reporting unit with its net book value, including goodwill. An impairment loss will be recorded for any goodwill determined to be impaired. Goodwill would be tested for impairment between annual tests if an event occurs or circumstances change that would more-likely-than-not reduce the fair value of a reporting unit below its carrying amount. Differences in the identification of reporting units and the use of valuation techniques could result in materially different evaluations of impairment. Such differences could result in future impairment of goodwill that would, in turn, negatively impact Charities' consolidated results of operations. For purposes of this test, Charities has identified a single reporting unit. Based on the results of Charities' annual goodwill impairment tests, in the opinion of Management, Charities has not experienced any goodwill impairment during the years ended December 31, 2013 and 2012.

Deferred financing costs and premiums on bonds payable

Other noncurrent assets include net deferred financing costs of approximately \$778,000 and \$831,000 as of December 31, 2013 and 2012, respectively, which are amortized over the terms of the related bonds payable using the interest method. Premiums on bonds payable are also accreted over the terms of the related bonds payable using the interest method.

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

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

Temporarily restricted net assets

Temporarily restricted net assets are those whose use by Charities has been limited by donors or the terms of grants to a specific purpose

Net patient service revenue

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

A significant portion of the Hospital's services is provided to Medicare, OHP, and Medicaid patients under contractual arrangements. The Hospital is a "critical access hospital" (CAH) for Medicare program purposes. As a CAH, the Hospital cannot operate more than 25 beds, and the Hospital's average length of stay for acute care patients cannot exceed 96 hours. As a CAH, the Hospital is reimbursed for Medicare inpatient and outpatient services under a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after audits of the Hospital's annual cost reports by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been audited and final settled by the Medicare fiscal intermediary through December 31, 2011. Home health services provided to Medicare beneficiaries are reimbursed under a prospective payment system methodology.

Services rendered to OHP beneficiaries are primarily reimbursed at discounts from standard charges or based on fee schedules. Services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. Under this methodology, the Hospital is reimbursed at a tentative rate with final settlement determined after audits of the Hospital's annual cost reports by Medicaid. The Hospital's Medicaid cost reports have been audited and final settled by Medicaid through December 31, 2011.

The laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. In addition, the Recovery Audit Contractors program requires the evaluation of certain Medicare and Medicaid claims for propriety by third-party contractors. As a result, there is at least a reasonable possibility that recorded amounts for estimated third-party payor settlements will change by a material amount in the near-term.

Gross patient service revenue for services provided by the Hospital to Medicare, OHP, and Medicaid patients aggregated approximately \$77,687,000 and \$69,822,000 for the years ended December 31, 2013 and 2012, respectively.

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

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

Net patient service revenue (continued)

Activity related to the Hospital's estimated third-party payor settlements receivable (payable) - net, for the years ended December 31, 2013 and 2012 was approximately as follows

	<u>Medicare</u>	<u>Medicaid</u>	<u>Total</u>
Estimated third-party payor settlements receivable - net, as of December 31, 2011	\$ 250,000	\$ 293,000	\$ 543,000
Settlements received related to prior year cost reports and electronic health records (EHR) incentives - net (see below)	(2,962,000)	(359,000)	(3,321,000)
Revisions of estimates for prior year cost report settlements and EHR incentives - net	1,916,000	217,000	2,133,000
Estimates for 2012 cost report settlements and EHR incentives - net	<u>(381,000)</u>	<u>112,000</u>	<u>(269,000)</u>
Estimated third-party payor settlements receivable (payable) - net, as of December 31, 2012	(1,177,000)	263,000	(914,000)
Settlements paid related to prior year cost reports and EHR incentives - net	82,000	48,000	130,000
Revisions of estimates for prior year cost report settlements and EHR incentives - net	582,000	541,000	1,123,000
Estimates for 2013 cost report settlements and EHR incentives - net	<u>1,832,000</u>	<u>(36,000)</u>	<u>1,796,000</u>
Estimated third-party payor settlements receivable - net, as of December 31, 2013	<u>\$ 1,319,000</u>	<u>\$ 816,000</u>	<u>\$ 2,135,000</u>

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

EHR incentive payments

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

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

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

EHR incentive payments (continued)

criteria but must demonstrate meaningful use of EHR technology in subsequent federal fiscal years in order to qualify for additional payments. Hospitals may be eligible for both Medicare and Medicaid EHR incentive payments, however, physicians and other professionals may be eligible for either Medicare or Medicaid incentive payments but not both. Hospitals that are meaningful users under the Medicare EHR incentive payment program are deemed meaningful users under the Medicaid EHR incentive payment program and do not need to meet additional criteria imposed by Medicaid. Medicaid EHR incentive payments to health care providers are 100% federally funded and administered by individual states. The Centers for Medicare and Medicaid Services (CMS) established federal fiscal year 2011 as the first year states could offer EHR incentive payments.

Charities recognizes estimated EHR incentive payments on a ratable basis when it is reasonably assured that Charities will demonstrate compliance with the meaningful use criteria for receiving EHR incentive payments. During the years ended December 31, 2013 and 2012, Charities satisfied certain of the CMS AIU and meaningful use criteria. As a result, Charities recognized approximately \$703,000 and \$1,157,000 of estimated Medicare and Medicaid EHR incentive payments as other operating revenue in the accompanying consolidated statements of operations for the years ended December 31, 2013 and 2012, respectively. Medicare and Medicaid EHR incentive payments are subject to audit and/or final approval by CMS and Medicaid. As a result, there is at least a reasonable possibility that recorded Medicare and Medicaid EHR incentive payments will change by a material amount in the near-term.

Charity care

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

Consolidated statements of operations

For purposes of presentation, transactions deemed by Management to be ongoing, major, or central to the provision of health care services are reported as operating revenue and expenses. Peripheral or incidental transactions are reported as other income and expense. The accompanying consolidated statements of operations include the excess of revenue over expenses. Changes in unrestricted net assets which are excluded from the excess of revenue over expenses, consistent with industry practice, include net assets released from restrictions used for equipment acquisitions and the adjustment for net gain (loss) on the defined benefit retirement plan (see Note 7).

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

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

Contributions and grants

Unconditional promises to give cash and other assets to Charities are reported at estimated fair value at the date that the promise is received. Conditional promises to give and conditional grants are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Contributions and grants are reported as temporarily or permanently restricted support if they are received with donor or grantor stipulations that limit the use of the donated assets. When a donor or grantor restriction expires – that is, when a stipulated time restriction ends or purpose restriction is accomplished – temporarily restricted net assets are reclassified to unrestricted net assets and reported in Charities' consolidated statements of operations as net assets released from restrictions. Donor-restricted and grantor-restricted contributions whose restrictions are met within the same year as received are included in other unrestricted revenue in Charities' consolidated statements of operations.

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

Income taxes

The Hospital and the Foundation are tax-exempt organizations pursuant to Internal Revenue Code (IRC) Section 501(c)(3). As such, only unrelated business income is subject to federal or state income taxes. Astoria Imaging is a limited liability corporation, and, accordingly, under the provisions of the IRC, is not subject to federal or state corporate income taxes on its taxable income. Instead, the members of Astoria Imaging report their proportionate shares of the income tax effects of Astoria Imaging's operations on their respective income tax or informational returns. It is Management's belief that none of Charities' activities have generated material unrelated business income, therefore, no provision for income taxes has been made in the accompanying consolidated financial statements.

Income tax positions that meet a more-likely-than-not recognition threshold are measured at the largest amount of income tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with income tax positions taken that exceeds the amount measured as described above would be reflected as a liability for unrecognized income tax benefits in Charities' consolidated balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Interest and penalties associated with unrecognized income tax benefits would be classified as income taxes in Charities' consolidated statements of operations. There were no unrecognized income tax benefits, nor any interest and penalties associated with unrecognized income tax benefits, accrued or expensed as of and for the years ended December 31, 2013 and 2012.

Charities files federal information and income tax returns in the U.S. and state information and income tax returns in Oregon. Charities is no longer subject to examinations by the related tax authorities for its U.S. federal and Oregon information and income tax returns for years prior to 2010.

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

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

Recently issued accounting standards

In April 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2013-06, *Not-for-Profit Entities (Topic 958) – Services Received from Personnel of an Affiliate* (ASU 2013-06). ASU 2013-06 specifies the guidance that not-for-profit entities apply for recognizing and measuring services received from personnel of an affiliate. An affiliate is defined by GAAP as "a party that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with an entity." ASU 2013-06 applies to not-for-profit entities – including not-for-profit, business-oriented health care entities – that receive services from personnel of an affiliate that directly benefit the recipient not-for-profit entity and for which the affiliate does not charge the recipient not-for-profit entity. Charging the recipient not-for-profit entity means requiring payment from the recipient not-for-profit entity at least for the approximate amount of the direct personnel costs (e.g., compensation and any payroll-related fringe benefits) incurred by the affiliate in providing a service to the recipient not-for-profit entity or the approximate fair value of that service. ASU 2013-06 does not address transactions between affiliates for which the affiliate charges the recipient not-for-profit entity at least for the approximate amount of direct personnel costs or the approximate fair value of the services provided. ASU 2013-06 requires a recipient not-for-profit entity to recognize all services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity. Those services should be measured at the cost recognized by the affiliate for the personnel providing those services. However, if measuring a service received from personnel of an affiliate at cost will significantly overstate or understate the value of the service received, the recipient not-for-profit entity may elect to recognize that service received at either (1) the cost recognized by the affiliate for the personnel providing that service or (2) the fair value of that service. A recipient not-for-profit entity within the scope of FASB Topic 954, *Health Care Entities*, that is required to provide a performance indicator should report as an equity transfer the increase in net assets associated with services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity and for which the affiliate does not charge the recipient not-for-profit entity, regardless of whether those services are received from personnel of a not-for-profit affiliate or any other affiliate. Equity transfers are reported separately as changes in net assets, are excluded from the performance indicator, and do not result in any step-up in basis of the underlying assets transferred. All recipient not-for-profit entities should report the corresponding decrease in net assets or the creation or enhancement of an asset resulting from the use of services received from personnel of an affiliate similar to how other such expenses or assets are reported. ASU 2013-06 will be effective for Charities beginning in 2015, with early adoption permitted. Management is currently evaluating the effect that ASU 2013-06 will have on Charities' future consolidated financial statements.

In December 2013, the FASB issued ASU No. 2013-12, *Definition of a Public Business Entity* (ASU 2013-12). ASU 2013-12 provides a single definition of a "public business entity" for use in future financial accounting and reporting guidance and does not affect existing requirements. Generally, most not-for-profit entities have received the same financial accounting and reporting alternatives under GAAP that have been available to nonpublic business entities. Distinctions about which not-for-profit entities would receive financial accounting and reporting alternatives under GAAP typically have been made on the basis of whether a not-for-profit entity has public debt securities, including conduit debt. ASU 2013-12 excludes all not-for-profit entities from the definition of a public business entity so that a public versus nonpublic distinction will no longer be made between not-for-profit entities in future standard setting. Instead, the FASB will consider factors such as user needs and not-for-profit entity resources, on a standard-by-standard basis, when determining whether all, none, or only some not-for-profit entities will be eligible to apply financial accounting and reporting alternatives under GAAP for private companies. There is no formal effective date for ASU 2013-12, however, the term, "public business entity," is being used in ASUs issued subsequent to December 31, 2013.

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

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

Subsequent events

Management has evaluated, for potential recognition or disclosure in the consolidated financial statements, subsequent events that have occurred through March 26, 2014, which is the date that the consolidated financial statements were available to be issued

2. Assets Limited as to Use

Assets limited as to use consisted of the following as of December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Internally designated for capital acquisitions		
Equity mutual funds	\$ 8,104,589	\$ 5,304,419
Fixed income mutual funds	<u>7,433,244</u>	<u>7,555,544</u>
Total internally designated for capital acquisitions	<u>15,537,833</u>	<u>12,859,963</u>
Internally designated for hospice and chaplaincy		
Cash and cash equivalents	54,733	62,402
Equity mutual and exchange-traded funds	298,819	267,014
Fixed income mutual and exchange-traded funds	<u>244,781</u>	<u>233,027</u>
Total internally designated for hospice and chaplaincy	<u>598,333</u>	<u>562,443</u>
Total internally designated	<u>16,136,166</u>	<u>13,422,406</u>
Held by the Foundation - assets held in charitable gift annuity trust		
Cash and cash equivalents	5,231	18,369
Equity mutual funds	266,030	242,591
Fixed income mutual funds	<u>125,497</u>	<u>119,419</u>
Total assets limited as to use held by the Foundation	<u>396,758</u>	<u>380,379</u>

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

2. Assets Limited as to Use (Continued)

	<u>2013</u>	<u>2012</u>
Held by trustee		
Bond fund - cash and cash equivalents	\$ 885,479	\$ 532,278
Bond project fund - cash and cash equivalents		
Cash and cash equivalents	2,540,359	12,517,502
Corporate bonds	6,852,198	-
U S Government agency securities	780,171	-
Total bond project fund	<u>10,172,728</u>	<u>12,517,502</u>
Debt service reserve fund - cash and cash equivalents	<u>2,128,275</u>	<u>2,128,278</u>
Total held by trustee	13,186,482	15,178,058
Less portion classified as current	<u>(885,479)</u>	<u>(532,278)</u>
Total held by trustee - net of current portion	<u>12,301,003</u>	<u>14,645,780</u>
Total assets limited as to use - net of current portion	<u>\$ 28,833,927</u>	<u>\$ 28,448,565</u>

Investment income consisted of the following for the years ended December 31, 2013 and 2012.

	<u>2013</u>	<u>2012</u>
Interest and dividend income	\$ 375,504	\$ 435,161
Realized losses on sales of securities - net	(4,281)	(899)
Net unrealized gains on trading securities	<u>1,188,953</u>	<u>829,076</u>
Investment income - net	<u>\$ 1,560,176</u>	<u>\$ 1,263,338</u>

3. Property and Equipment

Property and equipment consisted of the following as of December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Land	\$ 920,043	\$ 788,735
Land improvements	3,405,458	3,405,458
Buildings and improvements	20,481,590	19,258,981
Equipment	<u>38,554,706</u>	<u>33,783,337</u>
	63,361,797	57,236,511
Less accumulated depreciation and amortization	<u>(33,813,958)</u>	<u>(30,469,678)</u>
	29,547,839	26,766,833
Construction in progress	<u>4,078,219</u>	<u>1,631,266</u>
Property and equipment - net	<u>\$ 33,626,058</u>	<u>\$ 28,398,099</u>

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

3. Property and Equipment (Continued)

Construction in progress as of December 31, 2013 primarily includes costs incurred in connection with the implementation of a new EHR system (the EHR system), the construction of a sports complex (the Sports Complex), and a maternity ward renovation, which are being financed with a combination of Charities' internally designated funds (see Note 2) and a portion of the proceeds from the issuance of long-term debt (see Note 4). Under the terms of an agreement between Charities, the City of Astoria (the City), and the Astoria School District (the District), Charities has agreed to construct the Sports Complex on land currently owned by the City. Upon completion of construction, Charities will transfer ownership of the Sports Complex to the City, at which point the City and the District will transfer title of certain other real property – which is adjacent to the Hospital – to Charities. As of December 31, 2013, Management estimates that the aggregate cost to complete the EHR system, the Sports Complex, and the maternity ward renovation is approximately \$6,900,000.

4. Long-Term Debt

Long-term debt consisted of the following as of December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Hospital Revenue and Refunding Bonds, Series 2012	\$ 29,940,000	\$ 30,870,000
Note payable	-	750,000
Unamortized bond premium	<u>977,985</u>	<u>1,049,646</u>
Total	30,917,985	32,669,646
Less current portion	<u>(735,000)</u>	<u>(1,680,000)</u>
Long-term debt - net of current portion	<u>\$ 30,182,985</u>	<u>\$ 30,989,646</u>

In September 2012, the Hospital entered into an agreement (the Agreement) with The Hospital Facilities Authority of the City of Astoria, Oregon (the Authority), whereby the Authority issued \$30,870,000 of Hospital Revenue and Refunding Bonds, Series 2012 (the Bonds). The proceeds from the Bonds were partially used to provide funds for the early repayment of the Hospital's existing 2007 and 2002 bonds (see below), with the remainder to be used to finance the Sports Complex and certain other capital projects and land and equipment acquisitions of the Hospital. The 2012 Bonds bear interest at fixed rates ranging from 3.00% to 5.00%, payable semi-annually each February 1 and August 1. The Bonds require annual principal payments each August 1 (including mandatory redemptions) ranging from \$735,000 in 2014 to \$2,025,000 in 2037. Effective August 1, 2022, the Bonds maturing on and after August 1, 2033 will become subject to optional redemption at par. As a result of the early extinguishment of the Hospital's 2007 and 2002 bonds, the Hospital recognized an aggregate loss of \$288,482 during 2012, which resulted from the write-off of unamortized deferred bond financing costs and discounts related to these bonds.

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

4. Long-Term Debt (Continued)

Under the terms of the Agreement, the Hospital has (i) collateralized the Bonds with the Hospital's gross receivables and property and equipment and (ii) unconditionally guaranteed payment of principal and interest on the Bonds. Additionally, the Hospital has agreed to limit the amount of certain other Hospital indebtedness, maintain certain funds with a trustee (see Note 2), and meet certain financial ratios on an annual basis.

Under the terms of the Agreement, the Hospital is required to maintain – on an annual basis – a debt service coverage ratio (ratio of income available for debt service to debt service requirement, both as defined in the Agreement) of at least 1.25. For the year ended December 31, 2013, the Hospital was in compliance with this ratio by maintaining a debt service coverage ratio of approximately 4.21.

In September 2010, Astoria Imaging purchased substantially all assets of Siker for \$4,288,000 (see Note 1). In connection with this purchase, Astoria Imaging entered into an unsecured note payable agreement with the sellers of Siker for \$1,950,000. The remaining outstanding principal balance of this note payable was repaid on December 31, 2013.

Required principal payments on the Bonds for the five years subsequent to December 31, 2013, and thereafter, are approximately as follows:

2014	\$ 735,000
2015	760,000
2016	780,000
2017	810,000
2018	845,000
Thereafter	<u>26,010,000</u>
Total	<u>\$ 29,940,000</u>

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

5. Patient Service Revenue

Patient service revenue - net of contractual allowances and discounts, for the years ended December 31, 2013 and 2012 was comprised of the following

	<u>2013</u>	<u>2012</u>
Charges at established rates		
Inpatient	\$ 24,278,181	\$ 22,527,484
Outpatient	<u>107,966,179</u>	<u>99,661,143</u>
Total charges at established rates	<u>132,244,360</u>	<u>122,188,627</u>
Deductions		
Medicare, OHP, and Medicaid contractual allowances	42,261,203	37,474,561
Other contractual allowances	11,260,083	10,378,591
Charity allowances	<u>3,142,647</u>	<u>3,002,370</u>
Total deductions	<u>56,663,933</u>	<u>50,855,522</u>
Patient service revenue - net of contractual allowances and discounts	<u>\$ 75,580,427</u>	<u>\$ 71,333,105</u>

Patient service revenue - net of contractual allowances and discounts, by major payor, for the years ended December 31, 2013 and 2012 was as follows.

	<u>2013</u>	<u>2012</u>
Medicare	\$ 27,428,545	\$ 25,602,852
OHP and Medicaid	8,858,014	8,179,846
Commercial insurance	29,898,563	28,951,562
Other third-party payors	3,032,379	3,593,572
Self-pay	<u>6,362,926</u>	<u>5,005,273</u>
Patient service revenue - net of contractual allowances and discounts	<u>\$ 75,580,427</u>	<u>\$ 71,333,105</u>

Management estimates that the net cost of charity care provided was approximately \$1,639,000 and \$1,575,000 for the years ended December 31, 2013 and 2012, respectively. These estimates were based on the Hospital's overall ratio of cost to charges in each year. For the years ended December 31, 2013 and 2012, approximately 6.5% and 5.8%, respectively, of all inpatient admissions were classified as charity care, and approximately 2.5% and 2.1%, respectively, of all outpatient visits were classified as charity care. The largest proportion of services provided on a charity care basis was for emergency room and trauma services.

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

6. Commitments and Contingencies

Operating leases

Charities leases certain office space and equipment under operating lease agreements which expire at various dates through 2020. Some of the lease agreements contain renewal options. As of December 31, 2013, future minimum lease commitments for the five years subsequent to December 31, 2013, and thereafter, under noncancelable operating lease agreements that have initial or remaining lease terms in excess of one year were approximately as follows:

2014	\$ 695,000
2015	677,000
2016	550,000
2017	375,000
2018	176,000
Thereafter	<u>128,000</u>
Total minimum lease payments	<u>\$ 2,601,000</u>

Rent expense totaled approximately \$824,000 and \$735,000 for the years ended December 31, 2013 and 2012, respectively.

Other commitments

The Hospital has entered into agreements related to various magnetic resonance imaging equipment which require the Hospital to pay annual service and maintenance fees of approximately \$347,000 in 2014 and 2015, and approximately \$229,000 in 2016 and 2017. Such fees are ultimately the responsibility of Astoria Imaging (see Note 8).

Medical malpractice insurance

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

Charities has recorded estimated liabilities for reported and IBNR medical malpractice claims which aggregated \$477,000 and \$621,000 as of December 31, 2013 and 2012, respectively, and are included in other noncurrent liabilities in the accompanying consolidated balance sheets. Management believes that these estimated liabilities are adequate, however, the establishment of estimated liabilities for reported and IBNR medical malpractice claims is an inherently uncertain process, and there can be no assurance that currently established reserves will prove adequate to cover actual ultimate expenses. Subsequent actual experience could result in reserves being too high or too low, which could positively or negatively impact Charities' reported results of operations in future periods.

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

6. Commitments and Contingencies (Continued)

Self-insured health claims

Charities is self-insured for its employees' (and employees' eligible family members') medical, dental, vision, and prescription drug (collectively, "health care") benefits. In conjunction with the self-insured health plan, Charities purchases stop-loss insurance which generally limits Charities' liability to \$100,000 per covered individual per year, with a maximum annual aggregate stop-loss benefit of \$1,000,000. Charities recognizes self-insurance costs based on claims filed with its third-party administrator (the TPA) and estimates for IBNR employee health care claims. Charities has recorded estimated liabilities for reported and IBNR employee health care claims aggregating approximately \$588,000 and \$792,000 as of December 31, 2013 and 2012, respectively, which are included in other accrued liabilities in the accompanying consolidated balance sheets. Management believes that these estimated liabilities are adequate to cover any related potential losses, however, the establishment of estimated liabilities for IBNR employee health care claims is an inherently uncertain process, and there can be no assurance that currently established reserves will prove adequate to cover actual ultimate expenses. Subsequent actual experience could result in reserves being too high or too low, which could positively or negatively impact Charities' reported results of operations in future periods.

Risk management

In the ordinary course of business, Charities is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets, business interruption, errors and omissions, employee injuries and illnesses, and natural disasters. However, Management believes that adequate commercial insurance coverage has been purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage for the years ended December 31, 2013 and 2012.

Medical services contracts

The Hospital has various contracts with Oregon Health & Science University (OHSU) under which OHSU provides certain oncology and cardiology services to the Hospital. Management believes that any termination of such contracts could have a significant negative impact on the future profitability of the Hospital.

Collective bargaining agreement

As of December 31, 2013, approximately 58% of the Hospital's employees are covered under a collective bargaining agreement (CBA) with the Service Employees International Union (the SEIU), which expires on March 9, 2015. In addition, as of December 31, 2013, approximately 23% of the Hospital's employees are covered under a CBA with the Oregon Nurses Association, which expires on May 31, 2016.

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

6. Commitments and Contingencies (Continued)

Regulation and litigation

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

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

Health care reform legislation

Health care reform legislation (the *Patient Protection and Affordable Care Act* and the *Health Care and Education Reconciliation Act*), which was passed in 2010, is expected to dramatically impact the delivery of, and payment for, health care services as various provisions are phased in over approximately the next five to seven years. This legislation had minimal impact on the accompanying consolidated financial statements, however, Management cannot presently determine the impact of such legislation on Charities' future consolidated financial position or results of operations.

7. Retirement Plans

Defined benefit retirement plan

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

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

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

7. Retirement Plans (Continued)

Defined benefit retirement plan (continued)

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

The change in benefit obligation, change in Defined Benefit Plan assets, and the funded status and net amounts recognized in the accompanying consolidated balance sheets as of and for the years ended December 31, 2013 and 2012 were as follows.

	<u>2013</u>	<u>2012</u>
Change in benefit obligation		
Benefit obligation - beginning of year	\$ 39,093,921	\$ 31,768,311
Service cost	1,213,207	1,044,937
Interest cost	1,544,957	1,567,416
Benefits paid	(1,013,188)	(701,142)
Net actuarial loss (gain)	<u>(3,638,916)</u>	<u>5,414,399</u>
Benefit obligation - end of year	<u>\$ 37,199,981</u>	<u>\$ 39,093,921</u>
Change in Defined Benefit Plan assets		
Fair value of Defined Benefit Plan assets - beginning of year	\$ 27,171,405	\$ 22,625,899
Actual return on Defined Benefit Plan assets	4,190,600	2,971,648
Contributions	2,100,000	2,275,000
Benefits paid	<u>(1,013,188)</u>	<u>(701,142)</u>
Fair value of Defined Benefit Plan assets - end of year	<u>\$ 32,448,817</u>	<u>\$ 27,171,405</u>
Funded status and net amounts recognized in the accompanying consolidated balance sheets	<u>\$ (4,751,164)</u>	<u>\$ (11,922,516)</u>

As of December 31, 2013 and 2012, Charities had unrecognized losses of \$6,897,793 and \$14,214,666, respectively, that have been recorded as reductions to unrestricted net assets – as required by GAAP – but had not yet been recognized as a component of net periodic pension cost

The accumulated benefit obligation for the Defined Benefit Plan was \$34,879,251 and \$36,089,258 as of December 31, 2013 and 2012, respectively

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

7. Retirement Plans (Continued)

Defined benefit retirement plan (continued)

The components of net periodic pension cost for the years ended December 31, 2013 and 2012 were as follows

	<u>2013</u>	<u>2012</u>
Service cost	\$ 1,213,207	\$ 1,044,937
Interest cost	1,544,957	1,567,416
Expected return on Defined Benefit Plan assets	(2,062,308)	(1,738,424)
Recognized net actuarial loss	<u>1,549,665</u>	<u>1,164,119</u>
Net periodic pension cost	<u>\$ 2,245,521</u>	<u>\$ 2,038,048</u>

The weighted-average assumptions used to determine the benefit obligation as of December 31, 2013 and 2012 were as follows

	<u>2013</u>	<u>2012</u>
Discount rate	4.75%	4.00%
Rate of compensation increase	4.50	4.50

During 2013, the discount rate used to determine the benefit obligation was increased from 4.00% to 4.75%, and the mortality table was updated to reflect annual changes prescribed by the Internal Revenue service (IRS). The effect of these changes was to decrease the benefit obligation as of December 31, 2013 by approximately \$4,038,000, which is included in the 2013 net actuarial gain, as previously disclosed. During 2012, the discount rate used to determine the benefit obligation was decreased from 5.00% to 4.00%, and the mortality table was updated to reflect annual changes prescribed by the IRS. The effect of these changes was to increase the benefit obligation as of December 31, 2012 by approximately \$5,316,000, which is included in the 2012 net actuarial loss, as previously disclosed.

The weighted-average assumptions used to determine the net periodic pension cost for the years ended December 31, 2013 and 2012 were as follows.

	<u>2013</u>	<u>2012</u>
Discount rate	4.00%	5.00%
Expected long-term rate of return on Defined Benefit Plan assets	7.50	7.50
Rate of compensation increase	4.50	4.50

Charities developed the expected long-term rate of return on assets assumption as a weighted average rate based on the target asset allocation of the Defined Benefit Plan and long-term capital market assumptions. The overall return for each asset class was developed by combining a long-term inflation component and the associated expected real rates of return. The development of the capital market assumptions utilized a variety of methodologies, including, but not limited to, historical analysis, stock valuation models such as dividend discount models and earnings yield models, expected economic growth outlook, and market yield analysis. This analysis resulted in the selection of the 7.50% expected long-term rate of return on Defined Benefit Plan assets for the years ended December 31, 2013 and 2012.

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

7. Retirement Plans (Continued)

Defined benefit retirement plan (continued)

The composition of the Defined Benefit Plan's assets as of December 31, 2013 and 2012 was as follows

	<u>2013</u>	<u>2012</u>
Asset category		
Pooled separate accounts – equity securities	50%	52%
Pooled separate accounts – debt securities	45	43
Pooled separate account – real estate	<u>5</u>	<u>5</u>
Total	<u>100%</u>	<u>100%</u>

Charities' has appointed an independent professional investment advisor to manage the Defined Benefit Plan's assets. The Defined Benefit Plan's overall investment objective is to provide a long-term return that, along with Charities' contributions, is expected to meet future benefit payment requirements. The Defined Benefit Plan's target asset allocation – under terms of the Defined Benefit Plan's investment policy – is 45% in fixed-income securities and 55% in equity investments. As of December 31, 2013 and 2012, all of the Defined Benefit Plan's investments were held in pooled separate accounts.

The fair value framework under GAAP requires the categorization of assets and liabilities into three levels based upon the assumptions used to value the assets or liabilities (see Note 10). The Defined Benefit Plan's financial instruments measured at fair value consist of pooled separate accounts. These instruments – other than the Principal U.S. property separate account - R6 – invest in mutual funds or equity securities which are valued at publicly quoted market prices. The Principal U.S. property separate account - R6 invests mainly in commercial real estate and includes mortgage loans which are backed by the associated properties. The fair values of the underlying mutual funds, equity securities, and real estate-related investments are used in determining the net asset value (NAV) of the pooled separate accounts, which are not publicly quoted. The NAV is divided by the number of shares outstanding. The fair value of the Defined Benefit Plan's investments in pooled separate accounts is classified within Level 2 of the valuation hierarchy. There were no changes to this methodology during the years ended December 31, 2013 and 2012.

The following are the Defined Benefit Plan's assets measured at fair value on a recurring basis as of December 31, 2013 and 2012

2013	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Pooled separate accounts	<u>\$ -</u>	<u>\$ 32,448,817</u>	<u>\$ -</u>	<u>\$ 32,448,817</u>
2012				
Investments				
Pooled separate accounts	<u>\$ -</u>	<u>\$ 27,171,405</u>	<u>\$ -</u>	<u>\$ 27,171,405</u>

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

7. Retirement Plans (Continued)

Defined benefit retirement plan (continued)

The valuation methods used by the Defined Benefit Plan may produce fair value calculations that may not be indicative of net realizable values or reflective of future fair values. Furthermore, although Management believes that its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement as of the reporting date.

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

Charities expects to contribute approximately \$2,100,000 to the Defined Benefit Plan in 2014. The estimated net actuarial loss expected to be recognized as a component of net periodic pension cost during the year ending December 31, 2014 is approximately \$473,000. There is no estimated net prior service cost or credit, or net transition asset or obligation, expected to be recognized as a component of net periodic pension cost during 2014.

As of December 31, 2013, the following approximate benefit payments, which reflect future service, as appropriate, are expected to be paid in each of the next five years, and in the aggregate in the following five years:

2014	\$ 1,210,000
2015	1,320,000
2016	1,480,000
2017	1,730,000
2018	1,860,000
2019 - 2023	<u>11,780,000</u>
Total	<u>\$ 19,380,000</u>

Defined contribution retirement plans

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

All new participants, and participants who had previously elected to freeze their existing benefits under the Defined Benefit Plan, are eligible to receive additional mandatory contributions from Charities in lieu of the above matching contributions. Such additional mandatory Charities contributions consist of matching contributions not to exceed either 2.5% or 3.0% of each eligible participant's compensation (determined based on years of service) and an additional Charities contribution of 5.0% of each eligible participant's

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

7. Retirement Plans (Continued)

Defined contribution retirement plans (continued)

compensation Participants are immediately 100% vested in these mandatory Charities contributions. During the years ended December 31, 2013 and 2012, contributions recorded as expense by Charities totaled approximately \$915,000 and \$792,000, respectively.

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

8. Related Parties

Astoria Imaging

As discussed in Note 1, the Hospital holds a 51% ownership interest in Astoria Imaging, which is consolidated into the financial statements of Charities. Accordingly, all significant intercompany accounts and transactions between the Hospital and Astoria Imaging have been eliminated in consolidation.

During the year ended December 31, 2012, the Hospital made contributions of approximately \$9,000 to Astoria Imaging. The Hospital made no contributions to Astoria Imaging in 2013. During the years ended December 31, 2013 and 2012, the Hospital received member distributions of approximately \$454,000 and \$471,000, respectively, from Astoria Imaging.

Bank accounts

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

Contributions receivable

Included in prepaid expenses and other current assets in the accompanying consolidated balance sheets are contributions receivable to the Foundation from certain Board members and employees aggregating approximately \$156,000 and \$171,000 as of December 31, 2013 and 2012, respectively.

Medical administration services

A member of the Board serves as the medical director for the Hospital's home health and hospice program, and received compensation for such services of \$72,000 in each of the years ended December 31, 2013 and 2012.

9. Functional Classification of Expenses

Expenses on a functional basis for the years ended December 31, 2013 and 2012 were approximately as follows:

	<u>2013</u>	<u>2012</u>
Health care services	\$ 59,545,000	\$ 55,600,000
General and administrative	<u>8,803,000</u>	<u>8,442,000</u>
	<u>\$ 68,348,000</u>	<u>\$ 64,042,000</u>

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

10. Fair Value Measurements

GAAP defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. The hierarchy of fair value valuation techniques under GAAP provides for three levels. Level 1 provides the most reliable measure of fair value, whereas Level 3, if applicable, generally would require significant management judgment. The three levels for categorizing assets and liabilities under GAAP's fair value measurement requirements are as follows:

- Level 1. Fair value of the asset or liability is determined using unadjusted quoted prices in active markets for identical assets or liabilities,
- Level 2. Fair value of the asset or liability is determined using inputs other than quoted prices that are observable for the applicable asset or liability, either directly or indirectly, such as quoted prices for similar (as opposed to identical) assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active, and
- Level 3. Fair value of the asset or liability is determined using unobservable inputs that are significant to the fair value measurement and reflect the organization's own assumptions regarding the applicable asset or liability.

An asset's or liability's fair value measurement level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

As of December 31, 2013 and 2012, Charities' assets measured at fair value on a recurring basis consisted of the following:

2013	Level 1	Level 2	Level 3	Total
Assets limited as to use	\$ 29,719,406	\$ -	\$ -	\$ 29,719,406
2012				
Assets limited as to use	\$ 28,980,843	\$ -	\$ -	\$ 28,980,843

As of December 31, 2013 and 2012, the carrying value of on-balance sheet financial instruments such as cash and cash equivalents, patient accounts receivable, estimated third-party payor settlements receivable - net, accounts payable, retainage and construction accounts payable, accrued liabilities, and estimated third-party payor settlements payable - net, approximate their respective estimated fair values due to the short-term nature of those instruments, and these instruments are classified within Level 1 of the fair value hierarchy. The carrying value of assets limited as to use is estimated fair value. The carrying value of the accrued retirement plan liability approximates fair value, as the related interest rates approximate market rates, and this instrument is classified within Level 3 of the fair value hierarchy. The estimated fair value of the Hospital's long-term debt - which is calculated using discounted cash flow analyses based on the Hospital's current incremental borrowing rates for similar types of borrowing arrangements, and is classified within Level 3 of the fair value hierarchy - was approximately \$29,494,000 and \$32,613,000 as of December 31, 2013 and 2012, respectively (the carrying amount was \$30,917,985 and \$32,669,646 as of December 31, 2013 and 2012, respectively).



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Independent Auditors' Report on Supplementary Information

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

We have audited the consolidated financial statements of Columbia Lutheran Charities, dba Columbia Memorial Hospital, and subsidiaries as of and for the years ended December 31, 2013 and 2012, and our report thereon dated March 26, 2014, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating information as of and for the year ended December 31, 2013, as listed in the accompanying table of contents, is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual entities, and it is not a required part of the 2013 consolidated financial statements. Accordingly, we do not express an opinion on the financial position and results of operations of the individual entities.

The 2013 consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2013 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2013 consolidated financial statements or to the 2013 consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2013 consolidating information is fairly stated in all material respects in relation to the 2013 consolidated financial statements as a whole.

DELAP LLP

March 26, 2014

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Consolidating Balance Sheet

December 31, 2013

	Columbia Memorial Hospital	Columbia Memorial Hospital Foundation	Astoria Imaging, LLC	Consolidating Entries	Consolidated
Assets					
Current assets					
Cash and cash equivalents	\$ 5,676,971	\$ 617,155	\$ 483,731	\$ -	\$ 6,777,857
Assets limited as to use	885,479	-	-	-	885,479
Patient accounts receivable - net	12,030,548	-	-	-	12,030,548
Estimated third-party payor settlements receivable - net	2,135,000	-	-	-	2,135,000
Supplies inventory	1,380,522	-	-	-	1,380,522
Prepaid expenses and other current assets	1,391,598	10,247	221,290	(336,085)	1,287,050
Total current assets	23,500,118	627,402	705,021	(336,085)	24,496,456
Assets limited as to use - net of current portion	28,437,169	396,758	-	-	28,833,927
Property and equipment - net	33,001,773	-	624,285	-	33,626,058
Rental and other property held for future development - net	2,997,944	319,433	-	-	3,317,377
Goodwill	-	-	2,400,000	-	2,400,000
Other noncurrent assets - net	2,912,709	278,814	109,525	(1,914,042)	1,387,006
Total Assets	\$ 90,849,713	\$ 1,622,407	\$ 3,838,831	\$ (2,250,127)	\$ 94,060,824

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

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Consolidating Balance Sheet (Continued)

December 31, 2013

	Columbia Memorial Hospital	Columbia Memorial Hospital Foundation	Astoria Imaging, LLC	Consolidating Entries	Consolidated
Liabilities and Net Assets					
Current liabilities					
Accounts payable	\$ 3,727,145	\$ 90,749	\$ 85,797	\$ (336,085)	\$ 3,567,606
Retainage and construction accounts payable	2,101,308	-	-	-	2,101,308
Accrued liabilities					
Payroll, payroll taxes, and withholdings	1,110,545	-	-	-	1,110,545
Earned leave	2,118,047	-	-	-	2,118,047
Other	1,868,859	-	-	-	1,868,859
Current portion of long-term debt	735,000	-	-	-	735,000
Total current liabilities	11,660,904	90,749	85,797	(336,085)	11,501,365
Long-term debt - net of current portion	30,182,985	-	-	-	30,182,985
Accrued retirement plan liability	4,751,164	-	-	-	4,751,164
Other noncurrent liabilities	656,494	279,805	-	-	936,299
Total liabilities	47,251,547	370,554	85,797	(336,085)	47,371,813
Net assets					
Unrestricted					
Controlling interest	43,528,835	501,012	3,753,034	(3,753,034)	44,029,847
Noncontrolling interests in Astoria Imaging, LLC	-	-	-	1,838,992	1,838,992
Total unrestricted	43,528,835	501,012	3,753,034	(1,914,042)	45,868,839
Temporarily restricted	69,331	750,841	-	-	820,172
Total net assets	43,598,166	1,251,853	3,753,034	(1,914,042)	46,689,011
Total Liabilities and Net Assets	\$ 90,849,713	\$ 1,622,407	\$ 3,838,831	\$ (2,250,127)	\$ 94,060,824

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

Columbia Lutheran Charities dba Columbia Memorial Hospital and Subsidiaries

Consolidating Statement of Operations

Year Ended December 31, 2013

	Columbia Memorial Hospital	Columbia Memorial Hospital Foundation	Astoria Imaging, LLC	Consolidating Entries	Consolidated
Unrestricted revenue					
Patient service revenue - net of contractual allowances and discounts	\$ 72,708,208	\$ -	\$ 2,872,219	\$ -	\$ 75,580,427
Provision for bad debts	(4,996,181)	-	(146,217)	-	(5,142,398)
Net patient service revenue	67,712,027	-	2,726,002	-	70,438,029
Other revenue	2,849,609	387,410	-	(1,085,757)	2,151,262
Total unrestricted revenue	70,561,636	387,410	2,726,002	(1,085,757)	72,589,291
Expenses					
Salaries and benefits	39,491,309	249,386	369,535	(249,386)	39,860,844
Medical and other supplies	9,542,172	-	37,180	-	9,579,352
Professional fees	5,555,885	-	-	-	5,555,885
Depreciation and amortization related to health care operations	3,110,163	-	530,591	-	3,640,754
Interest	831,444	-	-	-	831,444
Purchased services and other	8,385,798	130,747	651,304	(287,737)	8,880,112
Total expenses	66,916,771	380,133	1,588,610	(537,123)	68,348,391
Operating Income	3,644,865	7,277	1,137,392	(548,634)	4,240,900
Other income (expense)					
Investment income - net	1,559,571	554	51	-	1,560,176
Income attributable to noncontrolling interests in Astoria Imaging, LLC	-	-	-	(588,809)	(588,809)
Other - net	(336,112)	-	64,209	(64,209)	(336,112)
Total other income - net	1,223,459	554	64,260	(653,018)	635,255
Excess of Revenue Over Expenses	\$ 4,868,324	\$ 7,831	\$ 1,201,652	\$ (1,201,652)	\$ 4,876,155

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