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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

▶ Do not enter Social Security numbers on this form as it may be made public By law, the IRS generally cannot redact the information on the form

▶ Information about Form 990 and its instructions is at www.IRS.gov/form990

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 01-01-2013 , 2013, and ending 12-31-2013

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

C Name of organization
COMMUNITY HOSPITAL OF THE MONTEREY PENINSULA

Doing Business As

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

Room/suite

City or town, state or province, country, and ZIP or foreign postal code
MONTEREY, CA 93942

D Employer identification number
94-0760193

E Telephone number
(831) 624-5311

G Gross receipts $ 483,977,421

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

H(a) Is this a group return for subordinates? ☐ Yes ☑ No

H(b) Are all subordinates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

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

J Website: ▶ WWW CHOMP ORG

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

L Year of formation 1928

M State of legal domicile CA

Part I Summary

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

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	15
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	12
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	2,145
6	Total number of volunteers (estimate if necessary)	**6**	970
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	1,755,347
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-336,775

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	3,180,257	4,889,340
9	Program service revenue (Part VIII, line 2g)	447,405,265	475,396,718
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	60,820	-435,381
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,380,053	3,610,962
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	453,026,395	483,461,639
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	28,283,558	55,731,954
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	240,259,399	253,827,443
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	174,416,154	194,471,734
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	442,959,111	504,031,131
19	Revenue less expenses Subtract line 18 from line 12	10,067,284	-20,569,492
Net Assets or Fund Balances		**Beginning of Current Year**	**End of Year**
20	Total assets (Part X, line 16)	535,457,439	533,863,110
21	Total liabilities (Part X, line 26)	451,668,996	392,353,952
22	Net assets or fund balances Subtract line 21 from line 20	83,788,443	141,509,158

Part II Signature Block

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

Sign Here

****** 2014-11-05
Signature of officer Date

LAURA ZEHM VP/CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
RICHARD CROGHAN				P00089862

Firm's name ▶ MOSS ADAMS LLP — Firm's EIN ▶ 91-0189318

Firm's address ▶ 101 SECOND STREET 9TH FLOOR
SAN FRANCISCO, CA 94105 — Phone no (415) 956-1500

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

TO PROVIDE HEALTHCARE SERVICES TO THE COMMUNITY

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

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

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

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations 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 $ 361,982,311 including grants of $ 55,731,954) (Revenue $ 473,772,999)

TO PROVIDE HEALTHCARE FOR THE GENERAL PUBLIC -- 11,105 ADMISSIONS, 50,887 ADULT PATIENT DAYS, 281,892 OUTPATIENT VISITS, 6,888 SURGERIES, 49,324 EMERGENCY ROOM VISITS, 13,195 HOSPICE BENEFIT DAYS, AND 1,216 BIRTHS

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** ▶ 361,982,311

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7	Yes	
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8	Yes	
9	Did the organization report an amount in Part X, line 21 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	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, 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	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI 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? *If "Yes," complete Schedule I, Parts I and II*	**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? *If "Yes," complete Schedule I, Parts I and III*	**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? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	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? *If so, complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**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)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 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 . .	1a	520		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	2,145		
b	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)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . .	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	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	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

Check if Schedule O contains a response 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	**1a**	15		
	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	**1b**	12		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**			No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**			No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**			No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

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

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	**10a**		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	**10b**		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	**11a**	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review 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**	Yes	

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request ☐ 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

▶ MATT MORGAN 23845 WR HOLMAN HWY SUITE 105
MONTEREY, CA 939405902 (831) 625-4965

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) STEVEN PACKER MD CEO PRESIDENT/CEO	42 00 13 00	X		X				869,342	0	146,196
(2) DONALD GOLDMAN MD TRUSTEE	2 00 0 00	X						0	14,787	0
(3) FRANK C AMATO TRUSTEE	2 00 0 00	X						0	0	0
(4) FREDERICK M O'SUCH TRUSTEE	3 00 0 00	X						0	0	0
(5) GLEN HINER TRUSTEE THROUGH 12/2013	5 00 0 00	X						0	0	0
(6) JANE PANATTONI TRUSTEE	4 00 0 00	X						0	0	0
(7) JOHN MAHONEY VICE CHAIR	5 00 0 00	X						0	0	0
(8) MARY CASTAGNA TRUSTEE	2 00 0 00	X						0	0	0
(9) MICHAEL D LYON TRUSTEE	2 00 0 00	X						0	0	0
(10) PATRICK WELTON MD TRUSTEE	4 00 0 00	X						0	0	0
(11) PHIL WILHELM TRUSTEE	2 00 0 00	X						0	0	0
(12) ROBERT M KAVNER CHAIR	14 00 0 00	X						0	0	0
(13) SCOTT KANTOR MD TRUSTEE	3 00 0 00	X						0	30,000	0
(14) SHELLEY POST SECRETARY	7 00 0 00	X						0	0	0
(15) STEPHEN SCHULTE TRUSTEE	6 00 0 00	X						0	0	0
(16) WILLIAM W LEWIS TRUSTEE	4 00 0 00	X						0	0	0
(17) LAURA ZEHM VICE PRESIDENT/CFO	42 00 13 00			X				513,929	0	78,006

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

(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			
(18) ANTHONY CHAVIS VICE PRESIDENT	40 00 15 00			X				480,696	0	70,914
(19) CYNTHIA PECK VICE PRESIDENT	55 00 0 00			X				373,506	0	60,485
(20) TERRIL LOWE VICE PRESIDENT	55 00 0 00			X				452,505	0	69,263
(21) TIM NYLEN VICE PRESIDENT	55 00 0 00			X				363,444	0	33,733
(22) STIVER JARED ASST DIR THI	40 00					X		272,495	0	51,253
(23) GRAY RICHARD MEDICAL DIRECTOR THI	50 00					X		254,647	0	53,863
(24) MISISCO DAVID PHYSICIST MASTERS	40 00					X		246,184	0	57,670
(25) NOVARINA MARIANN DIRECTOR PHARMACY	50 00					X		244,444	0	68,685
(26) BENSCH FRED DIRECTOR FACILITIES	50 00					X		239,421	0	56,113
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								4,310,613	44,787	746,181

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶633

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
MONTEREY PENINSULA RADIOLOGIST MEDICAL GROUP INC PO BOX HH MONTEREY CA 93942	RADIOLOGISTS	7,879,392
MONTEREY BAY EMERGENCY PHYSICIANS MEDICA GROUP PO BOX HH MONTEREY CA 93942	EMERGENCY ROOM PHYSICIANS	6,692,391
EA HEALTH PO BOX HH MONTEREY CA 93942	EMERGENCY PHYSICIAN BACK-UP	2,660,512
MONTEREY HOSPITALISTS MEDICAL GROUP PO BOX HH MONTEREY CA 93942	HOSPITALISTS	2,019,718
MONTEREY PATHOLOGISTS A MEDICAL GROUP PO BOX HH MONTEREY CA 93942	PATHOLOGISTS	1,938,505
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 ▶59		

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) 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	4,889,340			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		4,889,340			
Program Service Revenue			Business Code				
	2a	OTHER PATIENT REVENUE	900099	295,116,184	293,492,465	1,623,719	
	b	MEDICARE/MEDICAID	900099	152,999,793	152,999,793		
	c	OTHER OPERATING REVENUE	900099	25,118,793	25,118,793		
	d	PENINSULA WELLNESS CENTER	900099	2,161,948	2,161,948		
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		475,396,718			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		72,716			72,716
	4	Income from investment of tax-exempt bond proceeds . . ▶					
	5	Royalties . . . . . ▶					
			(i) Real	(ii) Personal			
	6a	Gross rents					
	b	Less rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss) . . . . . ▶					
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory		7,685			
	b	Less cost or other basis and sales expenses		515,782			
	c	Gain or (loss)		-508,097			
	d	Net gain or (loss) . . . . . ▶			-508,097			-508,097
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . .	a					
	b	Less direct expenses . . .	b					
	c	Net income or (loss) from fundraising events . . ▶						
	9a	Gross income from gaming activities See Part IV, line 19 . . .	a					
	b	Less direct expenses . . .	b					
	c	Net income or (loss) from gaming activities . . . ▶						
	10a	Gross sales of inventory, less returns and allowances .	a					
	b	Less cost of goods sold . .	b					
	c	Net income or (loss) from sales of inventory . . ▶						
		Miscellaneous Revenue		Business Code				
	11a	OTHER INCOME		900099	3,610,962		131,628	3,479,334
	b							
	c							
	d	All other revenue						
	e	**Total.** Add lines 11a–11d . . . . . ▶			3,610,962			
	12	**Total revenue.** See Instructions . . . . . ▶			483,461,639	473,772,999	1,755,347	3,043,953

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	55,731,954	55,731,954		
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	3,512,019		3,512,019	
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	141,255,228	95,949,145	45,306,083	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	32,109,295	21,507,613	10,601,682	
9 Other employee benefits	76,950,901	51,158,106	25,792,795	
10 Payroll taxes				
11 Fees for services (non-employees)				
a Management				
b Legal	1,045,742		1,045,742	
c Accounting	488,996		488,996	
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees	259,585	259,585		
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	32,276,120	22,433,504	9,842,616	
12 Advertising and promotion				
13 Office expenses				
14 Information technology				
15 Royalties . .				
16 Occupancy				
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	4,680,573	3,105,560	1,575,013	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	26,991,427	17,933,564	9,057,863	
23 Insurance				
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	103,309,610	68,545,926	34,763,684	
b BAD DEBTS EXPENSE	24,239,397	24,239,397		
c				
d				
e All other expenses	1,180,284	1,117,957	62,327	
25 **Total functional expenses.** Add lines 1 through 24e	504,031,131	361,982,311	142,048,820	0
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) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		10,507,377	1	10,296,808
	2	Savings and temporary cash investments		60,341,485	2	53,810,804
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		68,028,857	4	73,917,575
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	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			7	
	8	Inventories for sale or use		2,128,188	8	2,172,207
	9	Prepaid expenses and deferred charges		16,855,701	9	11,565,999
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 695,275,697			
	b	Less accumulated depreciation	10b 403,073,808	301,198,371	10c	292,201,889
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		76,397,460	15	89,897,828
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		535,457,439	16	533,863,110
Liabilities	17	Accounts payable and accrued expenses		44,097,998	17	50,376,473
	18	Grants payable			18	
	19	Deferred revenue		12,692,047	19	6,604,292
	20	Tax-exempt bond liabilities		120,505,000	20	117,295,000
	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		1,250,401	23	9,544,051
	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		273,123,550	25	208,534,136
	26	**Total liabilities.** Add lines 17 through 25		451,668,996	26	392,353,952
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		83,788,443	27	141,509,158
	28	Temporarily restricted net assets			28	
	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		83,788,443	33	141,509,158
	34	Total liabilities and net assets/fund balances		535,457,439	34	533,863,110

Part XI Reconcilliation 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	483,461,639
2	Total expenses (must equal Part IX, column (A), line 25)	2	504,031,131
3	Revenue less expenses Subtract line 2 from line 1	3	-20,569,492
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	83,788,443
5	Net unrealized gains (losses) on investments	5	
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	78,290,207
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	141,509,158

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?	2a		No
	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			
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
	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			
c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	Yes	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**
▶ **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
COMMUNITY HOSPITAL OF THE MONTEREY PENINSULA

Employer identification number
94-0760193

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

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

1 ☐ A church, convention of churches, or association of churches 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?

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

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

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of 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 III **Support 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 C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.
▶ See separate instructions. ▶ Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

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

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

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)	203,038	
c Total lobbying expenditures (add lines 1a and 1b)	203,038	
d Other exempt purpose expenditures	503,828,093	
e Total exempt purpose expenditures (add lines 1c and 1d)	504,031,131	
f Lobbying nontaxable amount Enter the amount from the following table in both columns	1,000,000	
g Grassroots nontaxable amount (enter 25% of line 1f)	250,000	
h Subtract line 1g from line 1a If zero or less, enter -0-	0	
i Subtract line 1f from line 1c If zero or less, enter -0-	0	

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) Total
2a Lobbying nontaxable amount	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
b Lobbying ceiling amount (150% of line 2a, column(e))					6,000,000
c Total lobbying expenditures	179,109	186,453	194,555	203,038	763,155
d Grassroots nontaxable amount	250,000	250,000	250,000	250,000	1,000,000
e Grassroots ceiling amount (150% of line 2d, column (e))					1,500,000
f Grassroots lobbying expenditures					

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

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

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

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

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

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

Part IV Supplemental Information

Provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1 Also, complete this part for any additional information

Return Reference	Explanation

Part IV Supplemental Information *(continued)*

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
COMMUNITY HOSPITAL OF THE MONTEREY PENINSULA

Employer identification number
94-0760193

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

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

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

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds 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	2a 1
b	Total acreage restricted by conservation easements	2b 2 76
c	Number of conservation easements on a certified historic structure included in (a)	2c 1
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d 1

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

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

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

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ 0 00

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 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 ▶ $ 0

(ii) Assets included in Form 990, Part X ▶ $ 3,032,494

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

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

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part 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	117,974,540	107,067,033	117,576,149	117,153,996	103,891,764
b	Contributions	933,845	992,560	1,159,479	743,319	884,235
c	Net investment earnings, gains, and losses	16,411,731	12,424,839	-2,633,812	10,992,799	16,500,441
d	Grants or scholarships	100,000	133,924	587,712	592,593	434,917
e	Other expenditures for facilities and programs	3,561,796	1,841,967	7,938,734	10,168,730	3,063,403
f	Administrative expenses	466,429	534,001	508,337	552,641	624,124
g	End of year balance	131,191,891	117,974,540	107,067,033	117,576,150	117,153,996

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

- a Board designated or quasi-endowment ▶ 1 030 %
- b Permanent endowment ▶ 30 060 %
- c Temporarily restricted endowment ▶ 68 910 %

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

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

4 Describe in Part 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		5,520,450		5,520,450
b Buildings		385,868,214	153,668,997	232,199,217
c Leasehold improvements				
d Equipment		280,153,664	242,726,347	37,427,317
e Other		23,733,369	6,678,464	17,054,905
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				292,201,889

Part VII **Investments—Other Securities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

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

Part VIII **Investments—Program Related.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) must equal Form 990, Part X, col (B) line 13)* ▶		

Part IX **Other Assets.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d See Form 990, Part X, line 15

(a) Description	(b) Book value
(1) OTHER INVESTMENTS	15,149,719
(2) DEFERRED FINANCING	1,642,423
(3) DUE FROM RELATED PARTIES	72,954,429
(4) CURRENT PORTION OF ASSETS LIMITED AS TO USE	151,257
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	89,897,828

Part X **Other Liabilities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1 (a) Description of liability	(b) Book value
Federal income taxes	
ACCRUED PROFESSIONAL LIABILITY	3,998,000
ACCRUED PENSION LIABILITY	108,460,784
POST-RETIREMENT HEALTH BENEFIT LIABILITY	40,158,749
WORKERS' COMPENSATION LIABILITY	15,468,851
INTEREST RATE SWAP	7,178,415
INTERCOMPANY PAYABLE	33,269,337
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	208,534,136

2. Liability for uncertain tax positions In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☑

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

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	
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			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	

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 II, LINE 9	REPORTED ON BALANCE SHEET AS PART OF PROPERTY, PLANT AND EQUIPMENT
PART III, LINE 4	ART COLLECTIONS PROMOTE THE HEALING ENVIRONMENT OF THE HOSPITAL
PART V, LINE 4	IMPROVEMENT OF PATIENT CARE, SPONSORED CARE UNDER CIRCUMSTANCES, OTHER COSTS TO IMPROVE THE AESTHETIC ENVIRONMENT, HOSPICE CARE, SCHOLARSHIPS, COMMUNITY BENEFIT GRANTS, AND EMPLOYEE WELLNESS AND INCENTIVE PROGRAMS
PART X, LINE 2	CHF, CHOMP, CHE, CHP, AND PPC HAVE BEEN DETERMINED TO BE EXEMPT ORGANIZATIONS BY THE INTERNAL REVENUE SERVICE AND THE CALIFORNIA FRANCHISE TAX BOARD AND GENERALLY ARE NOT SUBJECT TO TAXES ON INCOME PURSUANT TO SECTION 501(C)(3) AND SECTION 23701(D) OF THE INTERNAL REVENUE CODE AND CALIFORNIA REVENUE AND TAXATION CODE, RESPECTIVELY ASPIRE, CCCMIC, CMN, AND COASTAL ARE TAXABLE ENTITIES THAT HAVE NET CUMULATIVE LOSSES THE DEFERRED TAX ASSETS ASSOCIATED WITH THESE LOSSES HAVE BEEN FULLY RESERVED THERE WAS NO TAX PROVISION RECORDED FOR THE YEARS ENDED DECEMBER 31, 2013, AND 2012 THE ORGANIZATION ASSESSES UNCERTAIN TAX POSITIONS IN ACCORDANCE WITH THE PROVISIONS OF THE FINANCIAL ACCOUNTING STANDARDS BOARD ("FASB") ACCOUNTING STANDARDS CODIFICATION ("ASC") TOPIC 740-10, INCOME TAXES THE ORGANIZATION RECOGNIZES THE TAX BENEFIT FROM UNCERTAIN TAX POSITIONS ONLY IF IT IS MORE THAN LIKELY THAN NOT THAT THE TAX POSITIONS WILL BE SUSTAINED ON EXAMINATION BY THE TAX AUTHORITIES, BASED ON THE TECHNICAL MERITS OF THE POSITION THE TAX BENEFIT IS MEASURED BASED ON THE LARGEST BENEFIT THAT HAS A GREATER THAN 50% LIKELIHOOD OF BEING REALIZED UPON ULTIMATE SETTLEMENT THE ORGANIZATION RECOGNIZES INTEREST AND PENALTIES RELATED TO INCOME TAX MATTERS IN OPERATING EXPENSES THERE WERE NO UNCERTAIN TAX POSITIONS AS OF DECEMBER 31, 2013, AND 2012

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.
▶ 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
COMMUNITY HOSPITAL OF THE MONTEREY PENINSULA

Employer identification number
94-0760193

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 *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care ☐ 100% ☐ 150% ☑ 200% ☐ Other _____ %	3a	Yes	
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* 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	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit 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)			13,624,921	884,877	12,740,044	2 660 %
b Medicaid (from Worksheet 3, column a)			50,462,076	17,610,431	32,851,645	6 850 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			64,086,997	18,495,308	45,591,689	9 510 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			4,583,793	159,814	4,423,979	0 920 %
f Health professions education (from Worksheet 5)			460,872		460,872	0 100 %
g Subsidized health services (from Worksheet 6)			30,243,249	15,857,138	14,386,111	3 000 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			245,990		245,990	0 050 %
j **Total.** Other Benefits			35,533,904	16,016,952	19,516,952	4 070 %
k **Total.** Add lines 7d and 7j			99,620,901	34,512,260	65,108,641	13 580 %

Part II Community 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
1	Physical improvements and housing			2,204		2,204	0 %
2	Economic development						
3	Community support			31,510	2,000	29,510	0 010 %
4	Environmental improvements			591,594		591,594	0 120 %
5	Leadership development and training for community members			708		708	0 %
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development			11,291,174		11,291,174	2 350 %
9	Other			197,811		197,811	0 040 %
10	**Total**			12,115,001	2,000	12,113,001	2 520 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	8,348,622		
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	1,669,724		
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	105,512,334
6	Enter Medicare allowable costs of care relating to payments on line 5	6	160,201,166
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-54,688,832
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☑ Cost accounting system ☐ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (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 %
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year? 1

	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)

Name of hospital facility or facility reporting group COMMUNITY HOSP OF THE MONTEREY PENINSULA

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 begining 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	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet 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 2013			
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?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) WWW CHOMP ORG			
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**		No
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 *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 350 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☑ State regulation			
h ☐ 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?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
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**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in 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?	**19**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

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?	**21**		No
If "Yes," explain in Part VI			
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?	**22**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

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.

Form and Line Reference	Explanation
COMMUNITY HOSP OF THE MONTEREY PENINSULA	PART V, SECTION B, LINE 3 AS PART OF THIS COMMUNITY HEALTH NEEDS ASSESSMENT, TWO FOCUS GROUPS WERE HELD ON JUNE 20, 2013 FOCUS GROUP PARTICIPANTS INCLUDED 28 LOCAL KEY INFORMANTS PHYSICIANS, A PUBLIC HEALTH REPRESENTATIVE, OTHER HEALTH PROFESSIONALS, SOCIAL SERVICE PROVIDERS, BUSINESS LEADERS AND OTHER COMMUNITY LEADERS A LIST OF RECOMMENDED PARTICIPANTS FOR THE FOCUS GROUPS WAS PROVIDED BY COMMUNITY HOSPITAL OF THE MONTEREY PENINSULA POTENTIAL PARTICIPANTS WERE CHOSEN BECAUSE OF THEIR ABILITY TO IDENTIFY PRIMARY CONCERNS OF THE POPULATIONS WITH WHOM THEY WORK, AS WELL AS OF THE COMMUNITY OVERALL FOCUS GROUP CANDIDATES WERE FIRST CONTACTED BY LETTER TO REQUEST THEIR PARTICIPATION FOLLOW-UP PHONE CALLS WERE THEN MADE TO ASCERTAIN WHETHER OR NOT THEY WOULD BE ABLE TO ATTEND CONFIRMATION CALLS WERE PLACED THE DAY BEFORE THE GROUPS WERE SCHEDULED TO INSURE A REASONABLE TURNOUT FINAL PARTICIPATION INCLUDED REPRESENTATIVES OF THE ORGANIZATIONS OUTLINED IN THE FOLLOWING TABLES THROUGH THIS PROCESS, INPUT WAS GATHERED FROM A REPRESENTATIVE OF PUBLIC HEALTH, AS WELL AS SEVERAL INDIVIDUALS WHOSE ORGANIZATIONS WORK WITH LOW-INCOME, MINORITY (INCLUDING AFRICAN AMERICAN, HISPANIC, ASIAN AMERICANS/PACIFIC ISLANDERS, AND UNDOCUMENTED RESIDENTS), OR OTHER MEDICALLY UNDERSERVED POPULATIONS
COMMUNITY HOSP OF THE MONTEREY PENINSULA	PART V, SECTION B, LINE 6I IMPLEMENTATION STRATEGY ADOPTED IN 2014
COMMUNITY HOSP OF THE MONTEREY PENINSULA	PART V, SECTION B, LINE 7 OPTIONAL FOR 2013 IMPLEMENTATION STRATEGY WAS ADOPTED IN 2014

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? _____

	Name and address	Type of Facility (describe)
1		
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 I, LINE 7	A RATIO OF COST TO CHARGES FROM WORKSHEET 2 WAS USED ON LINE (A) ALL OTHER LINES IN THIS SECTION EITHER USE DIRECTLY ATTRIBUTABLE EXPENSES FROM THE GENERAL LEDGER OR RELY ON ESTIMATES FROM OUR COST ACCOUNTING SYSTEM THE COST ACCOUNTING SYSTEM ADDRESSES ALL PATIENT SEGMENTS
PART I, LINE 7, COLUMN (F)	THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS $ 24,222,594

Form and Line Reference	Explanation
PART II, COMMUNITY BUILDING ACTIVITIES	COMMUNITY BUILDING ACTIVITIES ARE OFFERED IN DIRECT RESPONSE TO COMMUNITY NEED COMMUNITY HEALTH IS PROMOTED BY ENSURING ADEQUATE PHYSICIAN AVAILABILITY IN THE AREA, MAKING HEALTH INFORMATION AVAILABLE TO PARTICIPATING PHYSICIANS AND ENSURING PROPER EMERGENCY PREPAREDNESS ON THE PENINSULA THE HOSPITAL GOES ABOVE AND BEYOND REQUIREMENTS AS IT RELATES TO DISASTER PLANNING INCLUDED ON PART II LINE 3 ARE A BASE HOSPITAL COORDINATOR AND EMERGENCY PREPAREDNESS EXPENSES THE HOSPITAL SERVES AS THE KEY RESOURCE IN AREA DISASTER SUPPORT THE HOSPITAL PROVIDES NUMEROUS INCENTIVES TO REDUCE TRAFFIC ON THE PENINSULA, AS FOUND ON LINE 4 IN PART II FULL EMPLOYEE SHUTTLE SERVICE TO SURROUNDING COMMUNITIES AS WELL AS CARPOOL INCENTIVES COMPRISE A KEY BENEFIT TO THE LOCAL COMMUNITY PART II, LINE 8 INCLUDES THE HOSPITAL'S PHYSICIAN RECRUITMENT PROGRAM WHICH IS FURTHER DESCRIBED BELOW SINCE 1999, COMMUNITY HOSPITAL HAS ENGAGED IN PERIODIC ASSESSMENT OF THE ADEQUACY OF PHYSICIAN RESOURCES NEEDED TO MEET COMMUNITY HEALTHCARE NEEDS THE FIRST STUDY DEMONSTRATED THAT THERE WERE UNMET NEEDS IN CERTAIN PHYSICIAN SPECIALTIES, AND THAT THE PROBLEM WOULD LIKELY WORSEN OVER THE NEXT SEVERAL YEARS BECAUSE THE SHORTAGES DID, IN FACT, WORSEN IN THE INTERVENING YEARS, THE BOARD OF TRUSTEES ESTABLISHED A FORMAL PHYSICIAN RECRUITMENT PROGRAM IN 2001 TO PROVIDE SIGNIFICANT FINANCIAL SUPPORT AND A MORE AGGRESSIVE ORGANIZATIONAL COMMITMENT TO MEETING THESE COMMUNITY NEEDS AND IMPROVING ACCESS TO CARE FOR LOCAL RESIDENTS THE PHYSICIAN RECRUITMENT PROGRAM INCLUDES ONGOING ASSESSMENT OF THE CHANGING NEEDS AND DEMOGRAPHICS OF THE HOSPITAL'S SERVICE AREA, CHANGING MARKET CONDITIONS, AND ACTIVE MEDICAL STAFF DEMOGRAPHICS AND PRACTICE PATTERNS THE PROGRAM IS REGULARLY UPDATED TO REFLECT THIS ASSESSMENT DATA (AS WELL AS CHANGES IN APPLICABLE LAWS GOVERNING SUCH PROGRAMS), AND RECRUITMENT PRIORITIES ARE ESTABLISHED ANNUALLY BY HOSPITAL ADMINISTRATION AND MEDICAL STAFF LEADERSHIP THE PROGRAM IS DESIGNED TO PROVIDE THE ASSISTANCE NECESSARY TO BRING PHYSICIANS IN SPECIALTIES WITH DEMONSTRATED LOCAL SHORTAGES TO THE HOSPITAL'S PRIMARY SERVICE AREA THROUGH SEPTEMBER 2012, THE HOSPITAL HAD SUCCESSFULLY RECRUITED OVER 66 PHYSICIANS TO THE MONTEREY PENINSULA UNDER THE PROGRAM ALL ARE REQUIRED TO PARTICIPATE IN THE MEDICARE, MEDI-CAL, AND CHAMPUS/TRICARE PROGRAMS, BECAUSE THE SHORTAGE OF PHYSICIANS ON THE MONTEREY PENINSULA WILLING TO DO SO IS PARTICULARLY ACUTE CURRENT RECRUITMENT PRIORITIES INCLUDE ADULT PRIMARY CARE (FAMILY AND INTERNAL MEDICINE), PEDIATRICS, ENDOCRINOLOGY, NEUROLOGY, PULMONARY MEDICINE/CRITICAL CARE, GENERAL AND VASCULAR SURGERY AS WELL AS OBSTETRICS BECAUSE THE SHORTAGE OF PRIMARY CARE PHYSICIANS IS THE MOST ACUTE PHYSICIAN MANPOWER ISSUE AND UNMET HEALTHCARE NEED FACING THE HOSPITAL'S COMMUNITY, IN 2008 THE BOARD OF TRUSTEES TOOK OFFICIAL ACTION TO CREATE PENINSULA PRIMARY CARE, A NEW NONPROFIT SUBSIDIARY OF COMMUNITY HOSPITAL FOUNDATION PENINSULA PRIMARY CARE (PPC) OPENED ITS INITIAL SITE AT THE CROSSROADS IN CARMEL IN SEPTEMBER 2009 THIS SITE WAS SELECTED TO HELP ADDRESS A SIGNIFICANT UNMET NEED AMONG THE MEDICARE POPULATION IN THAT COMMUNITY A SECOND OPENED IN 2011 IN MARINA NOT ONLY IS THIS COMMUNITY UNDERSERVED IN PRIMARY CARE, BUT MARINA RESIDENTS ALSO VISIT AN EMERGENCY ROOM AT A MUCH HIGHER RATE THAN RESIDENTS OF OTHER LOCAL COMMUNITIES AS A RESULT, THE SITE WILL INCLUDE AN URGENT CARE CENTER AS WELL AS X-RAY AND LABORATORY SERVICES THE GOAL IS TO RECRUIT ADDITIONAL PHYSICIANS TO PRACTICE IN OUR COMMUNITY, AS WELL AS PROVIDE A STABLE PRACTICE ENVIRONMENT FOR SOME EXISTING PHYSICIANS TO PREVENT THEIR LEAVING THE COMMUNITY WE ANTICIPATE THAT EACH PPC SITE WILL REQUIRE AN ANNUAL SUBSIDY FROM COMMUNITY HOSPITAL OF APPROXIMATELY $1 MILLION WHEN FULLY OPERATIONAL THOSE EXPENDITURES ARE NOT INCLUDED IN THIS COMMUNITY BENEFIT SECTION AS EXPENDITURES ORIGINATE FROM THE PARENT COMPANY UNDER A DIFFERENT TAX ID A MAJORITY OF THE HOSPITAL'S GOVERNING BODY IS COMPRISED OF PERSONS WHO RESIDE IN THE PRIMARY SERVICE AREA AND ARE INDEPENDENT THE HOSPITAL EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY THE ORGANIZATION INVESTS ALL SURPLUS FUNDS THAT ARE NOT PRESERVED FOR THE FUTURE INTO PHYSICAL PLANT UPGRADES, SERVICE AND FACILITY EXPANSION AND ENHANCED MEDICAL TECHNOLOGIES, ALL OF WHICH ARE INTENDED TO FURTHER BENEFIT THE COMMUNITY NOT INCLUDED ANYWHERE ARE THE NEARLY 25,000 UNPAID HOURS CONTRIBUTED TO COMMUNITY BENEFIT ACTIVITIES KEY CONTRIBUTORS INCLUDE AUXILIARY VOLUNTEERS, BOARD MEMBERS, PHYSICIANS AND HOSPITAL STAFF PART II, LINE 9 INCLUDES THE ORGANIZATION'S DEVELOPMENT & SUPPORT OF PENINSULA HEALTH INFORMATION LINK, A HEALTH INFORMATION EXCHANGE DESIGNED TO NETWORK LOCAL PHYSICIANS WITH THE HOSPITAL, SHARING INFORMATION & IMPROVING CARE COORDINATION
PART III, LINE 4	A RATIO OF COST TO CHARGES WAS USED ON LINE (A) ALL OTHER LINES IN THIS SECTION EITHER USE DIRECTLY ATTRIBUTABLE EXPENSES FROM THE GENERAL LEDGER OR RELY ON ESTIMATES FROM OUR COST ACCOUNTING SYSTEM THE COST ACCOUNTING SYSTEM ADDRESSES ALL PATIENT SEGMENTS BAD DEBT IS NET OF BOTH PAYMENTS AND DISCOUNTS THE AMOUNT ATTRIBUTABLE TO INDIVIDUALS WHO MAY QUALIFY FOR CHARITY CARE IS BASED ON AN INTERNAL ESTIMATE IT IS LIKELY THAT SOME OF THIS IS TRUE CHARITY CARE THAT IS WRITTEN OFF AS BAD DEBT BECAUSE THE PATIENT WON'T FILL OUT THE APPLICATION ALL CHARITY CARE IS COMMUNITY BENEFIT CHOMP'S ALLOWANCE FOR DOUBTFUL ACCOUNTS REMAINED CONSISTENT AT 79% OF SELF-PAY ACCOUNTS RECEIVABLE AT DECEMBER 31, 2013 AND 2012 WHILE THE ORGANIZATION'S NET BAD DEBT WRITE OFFS INCREASED FROM $23,355,000 TO $31,522,000 IN 2013, SELF-PAY ACCOUNTS RECEIVABLE DECREASED $9,600,000 YEAR TO YEAR CHOMP HAS NOT CHANGED ITS CHARITY CARE OF BAD-DEBT COLLECTION POLICIES DURING FISCAL YEARS 2012 AND 2013 WHILE CHOMP DOES MAINTAIN AN ALLOWANCE FOR DOUBTFUL ACCOUNTS FROM THIRD-PARTY PAYERS, IT IS IMATERIAL TO THE TOTAL ASSOCIATED WITH SELF-PAY PATIENTS

Form and Line Reference	Explanation
PART III, LINE 8	THE MEDICARE SHORTFALL AT THE HOSPITAL IS A SUBSTANTIAL FIGURE OUR COMMUNITY HAS A SIGNIFICANT MEDICARE POPULATION AND WE EXIST TO SERVE THAT COMMUNITY IN OUR OPINION, 100% OF THE MEDICARE SHORTFALL MEETS COMMUNITY BENEFIT CRITERIA BASED ON THE DEFINITION OF "COMMUNITY HEALTH IMPROVEMENT SERVICES" AS DEFINED IN THE 990 INSTRUCTIONS THAT IS, "ACTIVITIES OR PROGRAMS CARRIED OUT OR SUPPORTED FOR THE EXPRESS PURPOSE OF IMPROVING COMMUNITY HEALTH THAT ARE SUBSIDIZED BY THE HEALTH CARE ORGANIZATION "COSTS ASSIGNED TO MEDICARE PATIENTS ARE BASED ON THE REPORTED AMOUNTS FOUND IN THE 2013 HOSPITAL COST REPORT THOSE COSTS ARE ALLOCATED TO MEDICARE PATIENTS BASED ON THE RATIOS DEVELOPED WITHIN THAT COST REPORT
PART III, LINE 9B	COMMUNITY HOSPITAL OF THE MONTEREY PENINSULA PURSUES A COLLECTION POLICY IN KEEPING WITH BEST PRACTICES IN THE INDUSTRY, CALIFORNIA HOSPITAL ASSOCIATION (CHA) RECOMMENDATIONS, THE HOSPITAL FAIR PRICING POLICIES ACT, AND ALL FEDERAL, STATE AND LOCAL LAWS GOVERNING THE COLLECTION OF A PATIENT DEBT THE HOSPITAL WILL CLEARLY AND CONSPICUOUSLY POST AND MAINTAIN SIGNS NOTIFYING PATIENTS OF THE HOSPITAL'S SPONSORED CARE AND DISCOUNT PAYMENT PROGRAMS, AND THE AVAILABILITY OF FUNDS FROM OTHER PROGRAMS TO ASSIST WITH PAYMENT OF BILLS THE SIGNS ARE PLACED IN EVERY REGISTRATION SITE, THE PATIENT BUSINESS OFFICE, THE EMERGENCY DEPARTMENT, THE BILLING OFFICE, THE ADMISSIONS OFFICE, AND OTHER OUTPATIENT SETTINGS PATIENT BUSINESS SERVICES SHALL ADHERE TO THE FOLLOWING GUIDELINES IN THE COLLECTION OF ANY PATIENT DEBT TO THE HOSPITAL STEMMING FROM MEDICAL SERVICES RENDERED AT ANY SITE OR IN ANY DEPARTMENT EVERY PATIENT WILL BE ACCORDED RESPECT AND TREATED WITH DIGNITY AT ALL TIMES THESE COLLECTION GUIDELINES ARE ESTABLISHED UNDER THE AUTHORITY OF THE PATIENT BUSINESS SERVICES DEPARTMENT, AND DEBTS WILL NOT BE ADVANCED FOR COLLECTION WITHOUT REVIEW BASED ON THE AUTHORIZATION PROCESS BY DOLLAR THRESHOLD THE DECISION TO ADVANCE A DEBT FOR COLLECTION WILL BE MADE ON A CASE-BY-CASE BASIS, FOLLOWING THE POLICY AND PROCESSES SET FORTH BELOW THE COLLECTION PROCESS MAY BE AUTOMATED IF CERTAIN CRITERIA ARE MET THE DECISION TO ADVANCE A DEBT FOR COLLECTION WILL BE BASED ON SUCH FACTORS AS LACK OF PAYMENT, FAILURE TO APPLY FOR AVAILABLE PROGRAMS, FAILURE TO RESPOND TO HOSPITAL REQUESTS, OR FAILURE TO CONTACT THE HOSPITAL IN RESPONSE TO A BILL AT THE DISCRETION OF THE PATIENT BUSINESS SERVICES AND FOLLOWING THE AUTHORIZATION PROCESS BY DOLLAR THRESHOLD BELOW, A DEBT MAY BE ADVANCED FOR COLLECTION IF PAYMENT IN FULL IS NOT RECEIVED WITHIN 30 DAYS OF THE INITIAL BILL, SUBJECT TO THE LIMITATIONS STATED BELOW REGARDLESS OF THE AGE OF A BILL, THE HOSPITAL WILL ALWAYS BE OPEN TO COMPROMISE REGARDING A DEBT COLLECTION IS INITIALLY CONDUCTED BY THE HOSPITAL BUT MAY BE ADVANCED FOR COLLECTION BY AN EXTERNAL COLLECTION AGENCY OR LEGAL ACTION AS SET FORTH BELOW THIS COLLECTION POLICY GOVERNS ALL COMMUNICATIONS BETWEEN THE HOSPITAL AND A PATIENT CONCERNING COLLECTION OF AMOUNTS OWED TO THE HOSPITAL POLICY APPLIES TO ALL PATIENT TYPES AND ALL VISIT TYPES COLLECTION PROCEDURES WILL VARY DEPENDING ON THE TYPE OF VISIT, WITH SPONSORED CARE/DISCOUNT ELIGIBLE PATIENTS OUTLINED BELOW 1 PATIENT HAS APPLIED OR QUALIFIED FOR THE HOSPITAL'S SPONSORED CARE OR DISCOUNT PAYMENT PROGRAM PATIENTS WHO MEET INCOME AND/OR ASSET REQUIREMENTS MAY QUALIFY FOR THE HOSPITAL'S SPONSORED CARE OR DISCOUNT PAYMENT PROGRAM ALL EFFORTS SHOULD BE MADE TO DETERMINE ELIGIBILITY FOR THESE PROGRAMS PRE-SERVICE IF POSSIBLE, OR AS SOON AS PRACTICABLE AFTER SERVICES ARE PROVIDED THE HOSPITAL'S SOCIAL SERVICES DEPARTMENT OR THE PATIENT BUSINESS SERVICES DEPARTMENT WILL REVIEW APPLICATIONS FOR SPONSORED CARE OR DISCOUNT PAYMENT PROGRAM ELIGIBILITY IN ACCORDANCE WITH HOSPITAL POLICY WHILE THE PATIENT'S APPLICATION IS PENDING, THE HOSPITAL MAY SEND BILLING STATEMENTS, BUT WILL NOT COMMENCE ANY COLLECTION ACTIVITY 2 COLLECTING FOR A VISIT FROM A PATIENT WHO IS ELIGIBLE FOR THE HOSPITAL'S SPONSORED CARE OR DISCOUNT PAYMENT PROGRAM UPON REACHING A DETERMINATION THAT THE PATIENT IS ELIGIBLE FOR THE SPONSORED CARE OR DISCOUNT PAYMENT PROGRAM, THE HOSPITAL WILL DETERMINE THE AMOUNT OWED BY THE PATIENT IN ACCORDANCE WITH THE HOSPITAL'S SPONSORED CARE & DISCOUNT PAYMENT PROGRAM POLICY IF THE PATIENT IS NOT ABLE TO PAY THE AMOUNT DUE IN A LUMP SUM, THE PATIENT WILL BE OFFERED THE OPPORTUNITY TO NEGOTIATE AND AGREE TO A PAYMENT PLAN THE PATIENT WILL BE ADVISED THAT THE PAYMENTS WILL BE INTEREST FREE PROVIDED THEY ARE TIMELY MADE, BUT IF THE PATIENT FAILS TO MAKE ALL SCHEDULED PAYMENTS DURING ANY 90-DAY PERIOD, THE HOSPITAL MAY TERMINATE THE EXTENDED PAYMENT PLAN AND THE ENTIRE OUTSTANDING BALANCE WILL BE DUE, TOGETHER WITH INTEREST ON THE REMAINING BALANCE AT THE MAXIMUM LEGAL RATE IF THE PATIENT CHOOSES TO ENTER INTO A PAYMENT PLAN, THE SPONSORED CARE & DISCOUNT PAYMENT PROGRAM PAYMENT PLAN SHOULD BE COMPLETED AND THE PATIENT SHOULD SIGN THAT PLAN IF THE PATIENT HAS SIGNED A SPONSORED CARE & DISCOUNT PAYMENT PROGRAM PAYMENT PLAN, AND THE PATIENT FAILS TO TIMELY MAKE ALL SCHEDULED PAYMENTS DURING ANY 90-DAY PERIOD, THE HOSPITAL MAY TERMINATE THE PAYMENT PLAN BEFORE TERMINATING THE PAYMENT PLAN, THE HOSPITAL WILL CONTACT THE PATIENT BY TELEPHONE AND IN WRITING AND INFORM THE PATIENT THAT THE PAYMENT PLAN MAY BE TERMINATED DUE TO DEFAULT IN SCHEDULED PAYMENTS IF THE PATIENT REQUESTS, THE HOSPITAL WILL RENEGOTIATE THE PAYMENT PLAN THE HOSPITAL WILL NOT REPORT ADVERSE INFORMATION TO A CONSUMER CREDIT REPORTING AGENCY OR BEGIN A CIVIL ACTION AGAINST THE PATIENT FOR NONPAYMENT BEFORE THE PAYMENT PLAN IS TERMINATED THE HOSPITAL WILL NOT USE THE MONETARY ASSET INFORMATION IT OBTAINED IN DETERMINING ELIGIBILITY FOR THE SPONSORED CARE PROGRAM FOR COLLECTION ACTIVITIES INFORMATION CONCERNING INCOME AND MONETARY ASSETS THAT ARE OBTAINED AS PART OF THE ELIGIBILITY DETERMINATION ARE MAINTAINED SEPARATELY FROM THE PATIENT'S COLLECTION FILE FOR A PERIOD OF 150 DAYS AFTER THE INITIAL BILLING TO THE PATIENT, THE HOSPITAL WILL NOT REPORT ADVERSE INFORMATION TO A CONSUMER CREDIT REPORTING AGENCY CONCERNING, OR COMMENCE A CIVIL ACTION AGAINST, A PATIENT WHO LACKS COVERAGE OR PROVIDES INFORMATION THAT HE OR SHE MAY BE ELIGIBLE FOR THE SPONSORED CARE OR DISCOUNT PAYMENT PROGRAM IF A PATIENT IS ATTEMPTING TO QUALIFY FOR THE DISCOUNT PAYMENT OR SPONSORED CARE PROGRAM AND IS ATTEMPTING IN GOOD FAITH TO SETTLE AN OUTSTANDING BILL BY NEGOTIATING A PAYMENT PLAN OR MAKING REASONABLE, REGULAR PAYMENTS ON HIS/HER BILL, THE HOSPITAL WILL NOT SEND THE PATIENT'S VISIT TO A COLLECTION AGENCY UNLESS THE AGENCY AGREES TO COMPLY WITH THE HOSPITAL'S COLLECTION POLICY AND THE HOSPITAL FAIR PRICING POLICIES ACT THE HOSPITAL WILL NOT USE WAGE GARNISHMENTS OR LIENS ON PRIMARY RESIDENCES AS A MEANS OF COLLECTING UNPAID HOSPITAL BILLS FROM PATIENTS WHO ARE ELIGIBLE FOR THE DISCOUNT PAYMENT OR SPONSORED CARE PROGRAM IF A PATIENT APPEALS THE HOSPITAL'S DECISION CONCERNING ELIGIBILITY OR LEVEL OF BENEFITS OF THE PATIENT FOR EITHER THE SPONSORED CARE OR DISCOUNT PAYMENT PROGRAM, OR APPEALS A COVERAGE OF DETERMINATION OF A THIRD PARTY, THE HOSPITAL WILL NOT REPORT ADVERSE INFORMATION TO A CONSUMER CREDIT REPORTING AGENCY CONCERNING, OR COMMENCE A CIVIL ACTION AGAINST, THE PATIENT PROVIDED THE PATIENT HAS FILED AN APPEAL IN COMPLIANCE WITH THE HOSPITAL'S SPONSORED CARE & DISCOUNT PAYMENT PROGRAM POLICY, OR MAKES A REASONABLE EFFORT TO COMMUNICATE WITH THE HOSPITAL ABOUT THE PROGRESS OF ANY COVERAGE APPEAL PENDING WITH A THIRD PARTY THE HOSPITAL WILL NOT BEGIN THE 150-DAY PERIOD REFERENCED ABOVE UNTIL AFTER THE RESOLUTION OF THE PATIENT'S APPEAL IS COMPLETED TO AFFORD THE PATIENT THE FULL 150 DAYS TO MAKE PAYMENT BEFORE BEGINNING ANY COLLECTION ACTIVITY AGAINST ANY PATIENT, INCLUDING THOSE WHO ARE NOT ELIGIBLE FOR THE SPONSORED CARE OR DISCOUNT PAYMENT PROGRAMS, THE HOSPITAL WILL PROVIDE THE PATIENT WITH A CLEAR AND CONSPICUOUS NOTICE OF THE PATIENT'S RIGHTS UNDER THE FAIR PRICING POLICIES ACT, THE ROSENTHAL FAIR DEBT COLLECTION PRACTICES ACT, AND THE FEDERAL FAIR DEBT COLLECTION PRACTICES ACT THE NOTICE WILL STATE "STATE AND FEDERAL LAW REQUIRE DEBT COLLECTORS TO TREAT YOU FAIRLY AND PROHIBIT DEBT COLLECTORS FROM MAKING FALSE STATEMENTS OR THREATS OF VIOLENCE, USING OBSCENE OR PROFANE LANGUAGE, AND MAKING IMPROPER COMMUNICATIONS WITH THIRD PARTIES, INCLUDING YOUR EMPLOYER EXCEPT UNDER UNUSUAL CIRCUMSTANCES, DEBT COLLECTORS MAY NOT CONTACT YOU BEFORE 8 00 A M OR AFTER 9 00 P M IN GENERAL, A DEBT COLLECTOR MAY NOT GIVE INFORMATION ABOUT YOUR DEBT TO ANOTHER PERSON, OTHER THAN YOUR ATTORNEY OR SPOUSE A DEBT COLLECTOR MAY CONTACT ANOTHER PERSON TO CONFIRM YOUR LOCATION OR ENFORCE A JUDGMENT FOR MORE INFORMATION ABOUT DEBT COLLECTION ACTIVITIES, YOU MAY CONTACT THE FEDERAL TRADE COMMISSION BY TELEPHONE AT 877-FTC-HELP (382-4357) OR ONLINE AT WWW FTC GOV NONPROFIT CREDIT COUNSELING SERVICES MAY BE AVAILABLE IN THE AREA IF YOU ARE UNINSURED OR HAVE HIGH MEDICAL COSTS, PLEASE CONTACT COMMUNITY HOSPITAL'S PATIENT BUSINESS SERVICES DEPARTMENT AT (831) 625-4922 OR (888) 625-4922 FOR INFORMATION ON DISCOUNTS AND PROGRAMS FOR WHICH YOU MAY BE ELIGIBLE, INCLUDING THE MEDI-CAL PROGRAM IF YOU HAVE COVERAGE, PLEASE TELL US SO THAT WE MAY BILL YOUR PLAN "THIS NOTICE WILL ALSO BE GIVEN IN ANY DOCUMENT INDICATING THAT THE COMMENCEMENT OF COLLECTION ACTIVITIES MAY OCCUR ANY AMOUNT COLLECTED FROM A PATIENT IN EXCESS OF THE AMOUNT DUE UNDER THE HOSPITAL'S SPONSORED CARE OR DISCOUNT PAYMENT POLICY WILL BE REFUNDED TO THE PATIENT, TOGETHER WITH INTEREST THERON

Form and Line Reference	Explanation
PART VI, LINE 2	IN 2013, COMMUNITY HOSPITAL COMPLETED AN UPDATED AND COMPREHENSIVE ASSESSMENT OF OUR COMMUNITY'S UNMET HEALTHCARE NEEDS PROFESSIONAL RESEARCH CONSULTANTS (PRC) WAS RETAINED TO CONDUCT A STATISTICALLY VALID TELEPHONE SURVEY OF 1,000 RANDOMLY SELECTED LOCAL ADULTS AS WELL AS FACILITATE GROUP DISCUSSIONS WITH PUBLIC HEALTH PROFESSIONALS FROM THE COMMUNITY ALL OF THE DATA WAS THEN COMPILED AND BENCHMARKED AGAINST THE GOALS OF THE NATIONAL HEALTHY PEOPLE 2020 INITIATIVE SPONSORED BY THE U S DEPARTMENT OF HEALTH AND HUMAN SERVICES
PART VI, LINE 3	PATIENT BUSINESS SERVICES AND THE SOCIAL SERVICES DEPARTMENT SCREEN APPLICANTS FOR THE SPONSORED CARE AND DISCOUNT PROGRAMS COMPLETED APPLICATIONS, INCLUDING REQUIRED DOCUMENTATION, ARE SUBMITTED TO PATIENT BUSINESS SERVICES OR SOCIAL SERVICES FOR INITIAL REVIEW AND FOLLOW UP THE PATIENT/RESPONSIBLE PARTY, AND/OR SERVICE DEPARTMENT ARE NOTIFIED OF THE FINAL ELIGIBILITY DECISION IN WRITING SHOULD THERE BE ANY DISPUTE AS TO THE DECISION MADE BY THE HOSPITAL ON THE ELIGIBILITY OR LEVEL OF ELIGIBILITY OF THE PATIENT FOR EITHER THE SPONSORED CARE OR DISCOUNT PAYMENT PROGRAM, AN APPEAL OF THE DECISION MAY BE MADE TO THE DIRECTOR OF PATIENT BUSINESS SERVICES FOR PATIENTS IN THE OUTPATIENT IMMUNOLOGY SERVICES CLINIC, A NURSE CASE MANAGER MAY PROVIDE INITIAL FINANCIAL SCREENING EACH PATIENT ROOM INCLUDES A BROCHURE "WELCOME TO COMMUNITY HOSPITAL " THIS BROCHURE INCLUDES INFORMATION REGARDING OUR FINANCIAL ASSISTANCE PROGRAM IN ADDITION, COMMUNITY HOSPITAL PUBLICLY DISPLAYS INFORMATION ON THE GENERAL PROGRAM IN KEY SERVICE LOCATIONS AND PROVIDES INFORMATION TO EVERY PATIENT AT THE TIME OF REGISTRATION FOR SERVICES AND ENCLOSED WITH BILLING STATEMENTS INFORMATION ON SPECIALTY PROGRAMS (E G , FREE BASELINE MAMMOGRAPHY THROUGH THE SHERRY COCKLE FUND AND REHABILITATION SERVICES THROUGH THE THOMAS A WORK, JR , FUND) ARE PROVIDED TO PATIENTS WHO REGISTER FOR THESE SPECIFIC SERVICES THROUGH ITS PUBLIC WEB SITE, COMMUNITY HOSPITAL ALSO PUBLICIZES THE SPONSORED CARE AND DISCOUNT PROGRAMS AND ILLUSTRATES THE BENEFITS OF THE PROGRAM A FORMAL PRESENTATION ABOUT HOSPITAL BILLING PRACTICES AND SPONSORED CARE REQUIREMENTS IS PROVIDED TO COMMUNITY GROUPS ON REQUEST BY OUR PATIENT BUSINESS SERVICES DEPARTMENT IN ADDITION, THE HOSPITAL PUBLICIZES SPONSORED CARE FOR HIV/AIDS PATIENTS THROUGH REGULAR REPORTS TO COLLABORATING COMMUNITY ORGANIZATIONS ON THE PROGRAM USAGE AND THE POPULATION SERVED FINANCIAL COUNSELORS WORK IN CONJUNCTION WITH A PRIVATE VENDOR (DIVERSIFIED HEALTH RESOURCES) TO GUIDE UNINSURED PATIENTS THROUGH THE PROCESS OF OBTAINING AVAILABLE GOVERNMENT BENEFITS, SUCH AS MEDI-CAL OR OTHER STATE PROGRAMS THESE COUNSELORS ALSO ASSIST THOSE PATIENTS THROUGH THE QUALIFICATION PROCESS

Form and Line Reference	Explanation
PART VI, LINE 4	COMMUNITY HOSPITAL'S PRIMARY SERVICE AREA IS THE MONTEREY PENINSULA, HEALTH FACILITY PLANNING AREA (HFPA) #707 THE MONTEREY PENINSULA INCLUDES CARMEL, CARMEL VALLEY, DEL REY OAKS, MARINA, MONTEREY, PACIFIC GROVE, PEBBLE BEACH, SAND CITY, SEASIDE, BIG SUR, AND UNINCORPORATED AREAS OF MONTEREY COUNTY APPROXIMATELY 130,000 RESIDENTS EXIST IN THE PRIMARY SERVICE AREA FACTORS USED IN DEFINING THE COMMUNITY FOR COMMUNITY BENEFIT PLANNING PURPOSES INCLUDE 1 COMMUNITY RELIANCE ON COMMUNITY HOSPITAL'S SERVICES THE HOSPITAL'S MARKET SHARE OF PENINSULA RESIDENT DISCHARGES WAS APPROXIMATELY 79 PERCENT IN 2011 2 HOSPITAL RELIANCE ON THE COMMUNITY RESIDENTS OF THE PENINSULA ACCOUNTED FOR APPROXIMATELY 80 PERCENT OF THE HOSPITAL'S PATIENTS IN 2010 3 COMMUNITY BENEFIT HISTORY AND COLLABORATIVE RELATIONSHIPS WITH COMMUNITY ORGANIZATIONS 4 DESIRES AND PERSPECTIVES OF COMMUNITY GROUPS WITH WHICH THE HOSPITAL COLLABORATES THE SOCIOECONOMIC CHARACTERISTICS OF THE MONTEREY PENINSULA SPAN A BROAD SPECTRUM CARMEL AND PEBBLE BEACH ARE RELATIVELY AFFLUENT COMMUNITIES WITH SUBSTANTIAL RETIRED AND SENIOR POPULATIONS BIG SUR AND OTHER UNINCORPORATED PARTS OF THE COUNTY ARE LARGELY RURAL IN CHARACTER THE COMMUNITIES SURROUNDING THE FORMER FORT ORD ARMY BASE (SEASIDE, MARINA, AND SAND CITY) ARE LESS AFFLUENT AND CONTINUING TO GROW, WITH A YOUNGER POPULATION, MORE CHILDREN, AND SIGNIFICANT RACIAL AND ETHNIC DIVERSITY IN SPITE OF THE SOCIOECONOMIC VARIATIONS, THE MONTEREY PENINSULA IS A DISTINCT SUB-REGION OF MONTEREY COUNTY WITH A WELL-DEFINED SENSE OF COMMUNITY NO FEDERALLY-DESIGNATED MEDICALLY UNDERSERVED AREAS OR POPULATIONS ARE PRESENT
PART VI, LINE 7, REPORTS FILED WITH STATES	CA

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990**

▶ **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
COMMUNITY HOSPITAL OF THE MONTEREY PENINSULA

Employer identification number
94-0760193

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. 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) AMERICAN CANCER SOCIETY 945 SOUTH MAIN STREET SUITE 201 SALINAS,CA 93901	94-1170350	501(C)(3)	10,000				RELAY FOR LIFE - RACES TBD BY ACS
(2) AMERICAN HEART ASSOCIATION 1514 MOFFETT STREET SUITE J SALINAS,CA 93905	13-5613797	501(C)(3)	10,000				GO RED FOR WOMEN LUNCHEON & CENTRAL COAST HEART WALK
(3) BOYS AND GIRLS CLUBS OF MONTEREY COUNTY PO BOX 97 SEASIDE,CA 93955	94-1702753	501(C)(3)	10,000				HEALTHY LIFESTYLES (FORMERLY WELLNESS) INITIATIVE & COMICS FOR KIDS 2013
(4) EVERYONE'S HARVEST PO BOX 1423 MARINA,CA 93933	48-1290990	501(C)(3)	10,000				SHORELINE FOOD GARDEN FENCING
(5) COMMUNITY PARTNERSHIP FOR YOUTH PO BOX 42 MONTEREY,CA 93942	77-0310237	501(C)(3)	7,500				HEALTHY INITIATIVE
(6) MONTEREY COUNTY HEALTH DEPARTMENT CSD 1615 BUNKER HILL WY ST 101 SALINAS,CA 93906	94-6000524	MONTEREY COUNTY	75,000				SEASIDE/MARINA CLINIC
(7) MPUSD PO BOX 1031 MONTEREY,CA 93942	77-0320712	115(1)	60,000				PARTTIME NURSE PAYMENT 2 OF 2 FOR 2012-13 SCHOOL YEAR & 1 OF 2 FOR 2013-2014 SCHOOL YEAR
(8) POWER OVER CANCER 5 HARRIS COURT BLDGT SECOND FLOOR MONTEREY,CA 93940	26-0603971	501(C)(3)	10,000				HEALTH-RELATED PROGRAMS
(9) JUVENILE DIABETES RESEARCH FOUNDATION 121 SECOND STREET 2ND FLOOR SAN FRANCISCO,CA 94105	23-1907729	501(C)(3)	10,000				WALK TO CURE DIABETES
(10) MEALS ON WHEELS OF THE MONTEREY PENINSULA 700 JEWELL AVENUE PACIFIC GROVE,CA 93950	94-2157521	501(C)(3)	7,000				GENERAL FUNDINGGENERAL FUNDING
(11) COMMUNITY HOSPITAL FOUNDATION PO BOX HH MONTEREY,CA 93942	94-2789696	501(C)(3)	55,522,454				GENERAL SUPPORT

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

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶ 0

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
PART I, LINE 2	GRANT AMOUNTS ARE REVIEWED AND APPROVED BY AN EXECUTIVE FOR COMMUNITY HOSPITAL FOUNDATION ACTUAL EXPENDITURES ARE REVIEWED AND APPROVED BEFORE TRANSFERRING THE GRANT PROCEEDS

Additional Data

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

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
AMERICAN CANCER SOCIETY 945 SOUTH MAIN STREET SUITE 201 SALINAS,CA 93901	94-1170350	501(C)(3)	10,000				RELAY FOR LIFE - RACES TBD BY ACS

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
AMERICAN HEART ASSOCIATION 1514 MOFFETT STREET SUITE J SALINAS,CA 93905	13-5613797	501(C)(3)	10,000				GO RED FOR WOMEN LUNCHEON & CENTRAL COAST HEART WALK

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
BOYS AND GIRLS CLUBS OF MONTEREY COUNTY PO BOX 97 SEASIDE,CA 93955	94-1702753	501(C)(3)	10,000				HEALTHY LIFESTYLES (FORMERLY WELLNESS) INITIATIVE & COMICS FOR KIDS 2013

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
EVERYONE'S HARVEST PO BOX 1423 MARINA,CA 93933	48-1290990	501(C)(3)	10,000				SHORELINE FOOD GARDEN FENCING

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
COMMUNITY PARTNERSHIP FOR YOUTH PO BOX 42 MONTEREY,CA 93942	77-0310237	501(C)(3)	7,500				HEALTHY INITIATIVE

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
MONTEREY COUNTY HEALTH DEPARTMENT CSD 1615 BUNKER HILL WY ST 101 SALINAS,CA 93906	94-6000524	MONTEREY COUNTY	75,000				SEASIDE/MARINA CLINIC

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
MPUSD PO BOX 1031 MONTEREY,CA 93942	77-0320712	115(1)	60,000				PARTTIME NURSE PAYMENT 2 OF 2 FOR 2012-13 SCHOOL YEAR & 1 OF 2 FOR 2013-2014 SCHOOL YEAR

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
POWER OVER CANCER 5 HARRIS COURT BLDGT SECOND FLOOR MONTEREY,CA 93940	26-0603971	501(C)(3)	10,000				HEALTH-RELATED PROGRAMS

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
JUVENILE DIABETES RESEARCH FOUNDATION 121 SECOND STREET 2ND FLOOR SAN FRANCISCO,CA 94105	23-1907729	501(C)(3)	10,000				WALK TO CURE DIABETES

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
MEALS ON WHEELS OF THE MONTEREY PENINSULA 700 JEWELL AVENUE PACIFIC GROVE,CA 93950	94-2157521	501(C)(3)	7,000				GENERAL FUNDINGGENERAL FUNDING

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
COMMUNITY HOSPITAL FOUNDATION PO BOX HH MONTEREY,CA 93942	94-2789696	501(C)(3)	55,522,454				GENERAL SUPPORT

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, 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
COMMUNITY HOSPITAL OF THE MONTEREY PENINSULA

Employer identification number
94-0760193

Part I Questions Regarding Compensation

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

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	HOUSING ALLOWANCE OR RESIDENCE FOR PERSONAL USE - CERTAIN EXECUTIVES ARE OFFERED AN EQUITY HOME SHARE OPTION WHEREBY THE HOSPITAL OWNS HALF OF THE EXECUTIVE'S RESIDENCE THE PURPOSE OF THIS IS TO ASSIST THE EXECUTIVE WITH BUYING A HOME IN THIS EXPENSIVE AREA THE COST OF REAL ESTATE IS OFTEN A BARRIER TO RECRUITMENT IN MONTEREY THE VALUE IS REPORTED AS TAXABLE INCOME ON THE EMPLOYEE'S W-2

Additional Data

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

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				
STEVEN PACKER MD CEO PRESIDENT/CEO	(I) (II)	593,291 0	238,911 0	37,140 0	110,209 0	35,987 0	1,015,538 0	0 0
LAURA ZEHM VICE PRESIDENT/CFO	(I) (II)	429,634 0	63,422 0	20,873 0	54,788 0	23,218 0	591,935 0	0 0
ANTHONY CHAVIS VICE PRESIDENT	(I) (II)	401,526 0	56,851 0	22,319 0	46,367 0	24,547 0	551,610 0	0 0
CYNTHIA PECK VICE PRESIDENT	(I) (II)	301,998 0	61,266 0	10,242 0	35,938 0	24,547 0	433,991 0	0 0
TERRIL LOWE VICE PRESIDENT	(I) (II)	273,324 0	57,072 0	122,109 0	37,337 0	31,926 0	521,768 0	0 0
TIM NYLEN VICE PRESIDENT	(I) (II)	284,744 0	60,415 0	18,285 0	21,459 0	12,274 0	397,177 0	0 0
STIVER JARED ASST DIR THI	(I) (II)	272,495 0	0 0	0 0	12,959 0	38,294 0	323,748 0	0 0
GRAY RICHARD MEDICAL DIRECTOR THI	(I) (II)	254,647 0	0 0	0 0	29,136 0	24,727 0	308,510 0	0 0
MISISCO DAVID PHYSICIST MASTERS	(I) (II)	246,184 0	0 0	0 0	25,744 0	31,926 0	303,854 0	0 0
NOVARINA MARIANN DIRECTOR PHARMACY	(I) (II)	208,052 0	35,996 0	396 0	44,138 0	24,547 0	313,129 0	0 0
BENSCH FRED DIRECTOR FACILITIES	(I) (II)	191,674 0	29,053 0	18,694 0	43,839 0	12,274 0	295,534 0	0 0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in 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

Name of the organization
COMMUNITY HOSPITAL OF THE MONTEREY PENINSULA

Employer identification number
94-0760193

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	CA STATEWIDE COMMUNITIES DEVELOP AUTHORITY	68-0164610	1307953L9	05-12-2011	86,414,265	WELLNESS CENTER, HOSP ADMIN SERVICES, REFUND BONDS ISSUED 7/10/03		X		X		X
B	CA STATEWIDE COMMUNITIES DEVELOP AUTHORITY	68-0164610	1307957B7	09-28-2012	34,935,000	REFUND BONDS ISSUED 7/10/13		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	1,709,265	2,345,000		
2	Amount of bonds legally defeased				
3	Total proceeds of issue	86,415,173	34,935,000		
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	1,418,224	437,362		
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	29,877,277			
11	Other spent proceeds	54,968,924	34,497,595		
12	Other unspent proceeds	150,748	43		
13	Year of substantial completion	2011	2012		

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X		X				
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %		0 %					
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 ▶	0 %		0 %					
6	Total of lines 4 and 5	0 %		0 %					
7	Does the bond issue meet the private security or payment test?		X		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		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		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		X				
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X	X					
b	Exception to rebate?		X		X				
c	No rebate due?	X			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			X				
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	X			X				
b	Name of provider	MORGAN STANLEY/GOLDMAN							
c	Term of hedge	22 100000000000							
d	Was the hedge superintegrated?		X						
e	Was the hedge terminated?		X						

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		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		X				
7	Has the organization established written procedures to monitor the requirements of section 148?	X		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?	X		X					

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

Return Reference	Explanation
DATE REBATE COMPUTATION PERFORMED	ISSUER NAME CA STATEWIDE COMMUNITIES DEVELOP AUTHORITY DATE THE REBATE COMPUTATION WAS PERFORMED 06/01/2013
SCHEDULE K, PART II, PROCEEDS	EXPLANATION OF DIFFERENCE BETWEEN LINE 3 AND ISSUE PRICE IN PART I INVESTMENT EARNINGS

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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
COMMUNITY HOSPITAL OF THE MONTEREY PENINSULA

Employer identification number
94-0760193

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11	THE AUDIT COMMITTEE REVIEWS FORM 990 AND ELECTRONIC COPIES ARE SENT TO ALL BOARD OF TRUSTEES PRIOR TO FILING
FORM 990, PART VI, SECTION B, LINE 12C	THE ORGANIZATION USES SELF DISCLOSURE TO REGULARLY AND CONSISTENTLY MONITOR AND ENFORCE COMPLIANCE WITH THE CONFLICT OF INTEREST POLICY
FORM 990, PART VI, SECTION B, LINE 15	THE COMPENSATION COMMITTEE OF THE BOARD OF TRUSTEES REVIEWS AND APPROVES THE OFFICERS' COM PENSATION A CONSULTING FIRM IS ENGAGED TO PROVIDE COMPARABLE DATA
FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST IT ALSO MAKES ITS FINANCIAL STATEMENTS A VAILABLE TO THE PUBLIC ON ITS OWN WEBSITE
FORM 990, PART XI, LINE 9	UNREALIZED GAIN ON INTEREST RATE SWAPS 6,781,323 INCREASE IN MINIMUM PENSION 71,508,884

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" 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

Name of the organization
COMMUNITY HOSPITAL OF THE MONTEREY PENINSULA

Employer identification number
94-0760193

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

(a) Name, address, and EIN (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
(1) PENINSULA WELLNESS CENTER LLC 23625 HOLMAN HIGHWAY MONTEREY, CA 93940 27-3554386	HEALTH SERVICES	CA	2,161,948	739,682	COMMUNITY HOSPITAL OF THE MONTEREY PENINSULA

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	(g) No
(1) COMMUNITY HOSPITAL PROPERTIES PO BOX HH MONTEREY, CA 93942 94-2795922	SUPPORT SERVICES	CA	501(C)(3)	LINE 11A, I	COMMUNITY HOSPITAL FOUNDATION	Yes	
(2) COMMUNITY HOSPITAL ENDOWMENTS PO BOX HH MONTEREY, CA 93942 94-2795423	SUPPORT SERVICES	CA	501(C)(3)	LINE 11A, I	COMMUNITY HOSPITAL FOUNDATION	Yes	
(3) COMMUNITY HOSPITAL FOUNDATION PO BOX HH MONTEREY, CA 93942 94-2789696	SUPPORT SERVICES	CA	501(C)(3)	LINE 9	N/A		No
(4) PENINSULA PRIMARY CARE PO BOX HH MONTEREY, CA 93942 26-4826604	HEALTHCARE SERVICES	CA	501(C)(3)	LINE 3	COMMUNITY HOSPITAL FOUNDATION		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? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity? Yes	(i) No
(1) CYPRESS MEDICAL NETWORK INC PO BOX HH MONTEREY, CA 93942 77-0438780	MEDICAL SERVICES	CA	COMMUNITY HOSPITAL OF MONTEREY PENINSULA	C	2,119,140	1,834,571	100 000 %	Yes	
(2) CENTRAL COAST COMMUNITY MUTUAL INSURANCE COMPANY 40 MAIN STREET SUITE 200 BURLINGTON, VT 05401 45-4016797	INSURANCE	VT	COMMUNITY HOSPITAL OF MONTEREY PENINSULA	C	1,759,003	3,941,254	95 000 %	Yes	
(3) ASPIRE HEALTH PLAN 23625 HOLMAN HIGHWAY MONTEREY, CA 93940 46-1567681	INSURANCE	CA	N/A	C					No

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

		Yes	No
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 orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity	1a		No
b Gift, grant, or capital contribution to related organization(s)	1b	Yes	
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
d Loans or loan guarantees to or for related organization(s)	1d	Yes	
e Loans or loan guarantees by related organization(s)	1e	Yes	
f Dividends from related organization(s)	1f		No
g Sale of assets to related organization(s)	1g		No
h Purchase of assets from related organization(s)	1h		No
i Exchange of assets with related organization(s)	1i		No
j Lease of facilities, equipment, or other assets to related organization(s)	1j		No
k Lease of facilities, equipment, or other assets from related organization(s)	1k		No
l Performance of services or membership or fundraising solicitations for related organization(s)	1l	Yes	
m Performance of services or membership or fundraising solicitations by related organization(s)	1m	Yes	
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	Yes	
o Sharing of paid employees with related organization(s)	1o	Yes	
p Reimbursement paid to related organization(s) for expenses	1p	Yes	
q Reimbursement paid by related organization(s) for expenses	1q		No
r Other transfer of cash or property to related organization(s)	1r	Yes	
s Other transfer of cash or property from related organization(s)	1s	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) CYPRESS MEDICAL NETWORK INC	M	2,119,140	CASH VALUE
(2) COMMUNITY HOSPITAL ENDOWMENTS	C	2,641,560	BOOK VALUE
(3) COMMUNITY HOSPITAL PROPERTIES	D	69,253,854	BOOK VALUE
(4) COMMUNITY HOSPITAL PROPERTIES	E	29,719,534	BOOK VALUE

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

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

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

Part VII Supplemental Information

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

Return Reference	Explanation

Report of Independent Auditors and
Consolidated Financial Statements with
Supplementary Information

Community Hospital Foundation and Related Corporations

December 31, 2013 and 2012

MOSS-ADAMS LLP

CONTENTS

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees
Community Hospital Foundation and Related Corporations

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Community Hospital Foundation and Related Corporations (the "Organization"), which comprise the consolidated balance sheets 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

Auditor's 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 auditor's 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 auditor considers 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 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 consolidated financial position of Community Hospital Foundation and Related Corporations as of December 31, 2013 and 2012, and the consolidated results of their operations, changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

MOSS-ADAMS LLP

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole The accompanying supplementary schedules of consolidating balance sheet, consolidating statement of operations, consolidating balance sheet (CHOMP), consolidating statement of operations (CHOMP), consolidating balance sheet (CHF), consolidating statement of operations (CHF), consolidating balance sheet (Obligated Group), and consolidating statement of operations (Obligated Group) for the year ended December 31, 2013, presented as supplementary information, are presented for the purpose of additional analysis and are not a required part of the basic consolidated financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements Such information has been subjected to the auditing procedures applied in the audit of the basic 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 consolidated financial statements or to the 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 information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole

The supplementary information – community benefit cost for the year ended December 31, 2013, is presented for the purposes of additional analysis and is not a required part of the basic consolidated financial statements Such information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it

Moss Adams LLP

San Francisco, California
April 18, 2014

CONSOLIDATED FINANCIAL STATEMENTS

COMMUNITY HOSPITAL FOUNDATION AND RELATED CORPORATIONS
CONSOLIDATED BALANCE SHEETS
December 31, 2013 and 2012
(In Thousands)

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 71,048	$ 74,338
Patient accounts receivable, less allowance for uncollectible accounts of $21,399 in 2013 and $28,697 in 2012	71,133	67,265
Accrued interest and other receivables	3,290	2,379
Supply inventories	2,172	2,128
Prepaid expenses and deposits	18,111	17,049
Current portion of assets limited as to use (Note 4)	151	161
Receivable from governmental agencies	1,950	-
Reinsurance recoverable-unpaid losses	1,336	4,798
Pledges receivable	3,157	2,072
Total current assets	172,348	170,190
ASSETS LIMITED AS TO USE (NOTE 4)		
For capital replacement and expansion	289,286	216,760
Donor restricted	146,988	127,792
Community Hospital Auxiliary	259	323
Beneficial interest in Hospice Foundation	13,343	12,880
Total assets limited as to use, net of current portion	449,876	357,755
OTHER ASSETS		
Other investments and long-term receivables	24,220	23,461
Real property	996	996
Annuity investments	667	1,699
Assets held in remainder trusts	4,345	3,918
Beneficial interest in remainder trusts	1,201	940
Deferred financing costs, net	1,642	1,738
Total other assets	33,071	32,752
PROPERTY, PLANT, AND EQUIPMENT, NET (NOTE 6)	356,890	361,987
Total assets	$ 1,012,185	$ 922,684

See accompanying notes

(In Thousands)

	2013	2012
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current maturities of long-term debt (Note 9)	$ 4,300	$ 4,218
Line of credit	6,000	-
Accounts payable	16,264	8,734
Accrued liabilities		
Payroll and payroll taxes	18,103	15,216
Vacation	16,114	15,663
Current portion of workers' compensation and professional liabilities (Note 7)	3,639	3,040
Interest and other	9,343	14,699
Payable to governmental agencies	-	3,685
Losses and loss adjustment liability	2,502	5,852
Claims payable	524	-
Total current liabilities	76,789	71,107
Long-term debt, net of current maturities (Note 9)	116,568	117,567
Annuity payment liabilities	1,449	1,479
Liabilities under trust agreements	2,401	2,329
Accrued professional liability, net of current portion (Note 7)	2,527	3,237
Workers' compensation liability, net of current portion	13,251	12,356
Pension benefit obligation (Note 8)	108,380	175,688
Postretirement health benefit liability (Note 8)	40,159	40,229
Interest rate swaps	7,178	13,960
Community Hospital Auxiliary net assets	259	323
Total liabilities	368,961	438,275
COMMITMENTS AND CONTINGENCIES (NOTE 10)		
NET ASSETS (NOTE 11)		
Unrestricted	482,893	343,737
Temporarily restricted	120,897	101,242
Permanently restricted - endowment funds	39,434	39,430
Total net assets	643,224	484,409
Total liabilities and net assets	$ 1,012,185	$ 922,684

See accompanying notes

COMMUNITY HOSPITAL FOUNDATION AND RELATED CORPORATIONS
CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended December 31, 2013 and 2012
(In Thousands)

	2013	2012
UNRESTRICTED REVENUES, GAINS, AND OTHER SUPPORT		
Net patient revenue (net of contractual allowances and discounts)	$ 448,116	$ 430,763
Provision for bad debts	(24,223)	(30,580)
Net patient revenue less provision for bad debts	423,893	400,183
Other revenue	38,608	23,118
Unrestricted contributions	6,212	3,243
Net assets released from restrictions used for operations	6,571	4,764
Total unrestricted revenues, gains, and other support	475,284	431,308
OPERATING EXPENSES		
Salaries and wages	152,947	146,507
Employee benefits	113,270	103,654
Supplies and services	152,136	115,453
Depreciation and amortization	29,498	30,514
Interest	4,681	5,726
Total operating expenses	452,532	401,854
Operating income	22,752	29,454
OTHER INCOME (LOSS)		
Net investment gains	3,697	7,005
(Loss) gain on interest rate swaps	(961)	1,127
Other	2,223	1,861
Total other income	4,959	9,993
Excess of revenues over expenses	27,711	39,447
Net change in unrealized gains and losses on investments	33,181	15,828
Transfers of net assets released from restrictions used for purchase of property, plant, and equipment	63	483
Inter-fund transfers, net	(903)	(773)
Change in pension benefit obligation	71,509	(57,182)
Interest rate swaps	7,743	(880)
Other	(148)	14
Increase (decrease) in unrestricted net assets	$ 139,156	$ (3,063)

See accompanying notes

COMMUNITY HOSPITAL FOUNDATION AND RELATED CORPORATIONS
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Years Ended December 31, 2013 and 2012
(In Thousands)

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
Balance at December 31, 2011	$ 346,800	$ 89,193	$ 39,425	$ 475,418
Change in net assets				
Excess of revenues over expenses	39,447	-	-	39,447
Net change in unrealized gains and losses on investments	15,828	8,358	-	24,186
Restricted fund transactions				
Contributions and bequests	-	3,401	5	3,406
Net realized gains on investments (including other than temporary investment impairment)	-	3,647	-	3,647
Net assets released from restrictions used for operations	-	(4,764)	-	(4,764)
Transfers for net assets released from restrictions used for purchase of property, plant, and equipment, net	483	(483)	-	-
Inter-fund transfers, net	(773)	773	-	-
Beneficial interest in Hospice Foundation	-	1,177	-	1,177
Change in pension benefit obligation	(57,182)	-	-	(57,182)
Interest rate swap	(880)	-	-	(880)
Other	14	(60)	-	(46)
Total change in net assets	(3,063)	12,049	5	8,991
Balance at December 31, 2012	343,737	101,242	39,430	484,409
Change in net assets				
Excess of revenues over expenses	27,711	-	-	27,711
Net change in unrealized gains and losses on investments	33,181	16,517	-	49,698
Restricted fund transactions				
Contributions and bequests	-	7,762	4	7,766
Net realized gains on investments (including other than temporary investment impairment)	-	1,229	-	1,229
Net assets released from restrictions used for operations	-	(6,571)	-	(6,571)
Transfers for net assets released from restrictions used for purchase of property, plant, and equipment, net	63	(63)	-	-
Inter-fund transfers, net	(903)	903	-	-
Beneficial interest in Hospice Foundation	-	464	-	464
Change in pension benefit obligation	71,509	-	-	71,509
Interest rate swap	7,743	-	-	7,743
Other	(148)	(586)	-	(734)
Total change in net assets	139,156	19,655	4	158,815
Balance at December 31, 2013	$ 482,893	$ 120,897	$ 39,434	$ 643,224

See accompanying notes

COMMUNITY HOSPITAL FOUNDATION AND RELATED CORPORATIONS
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2013 and 2012
(In Thousands)

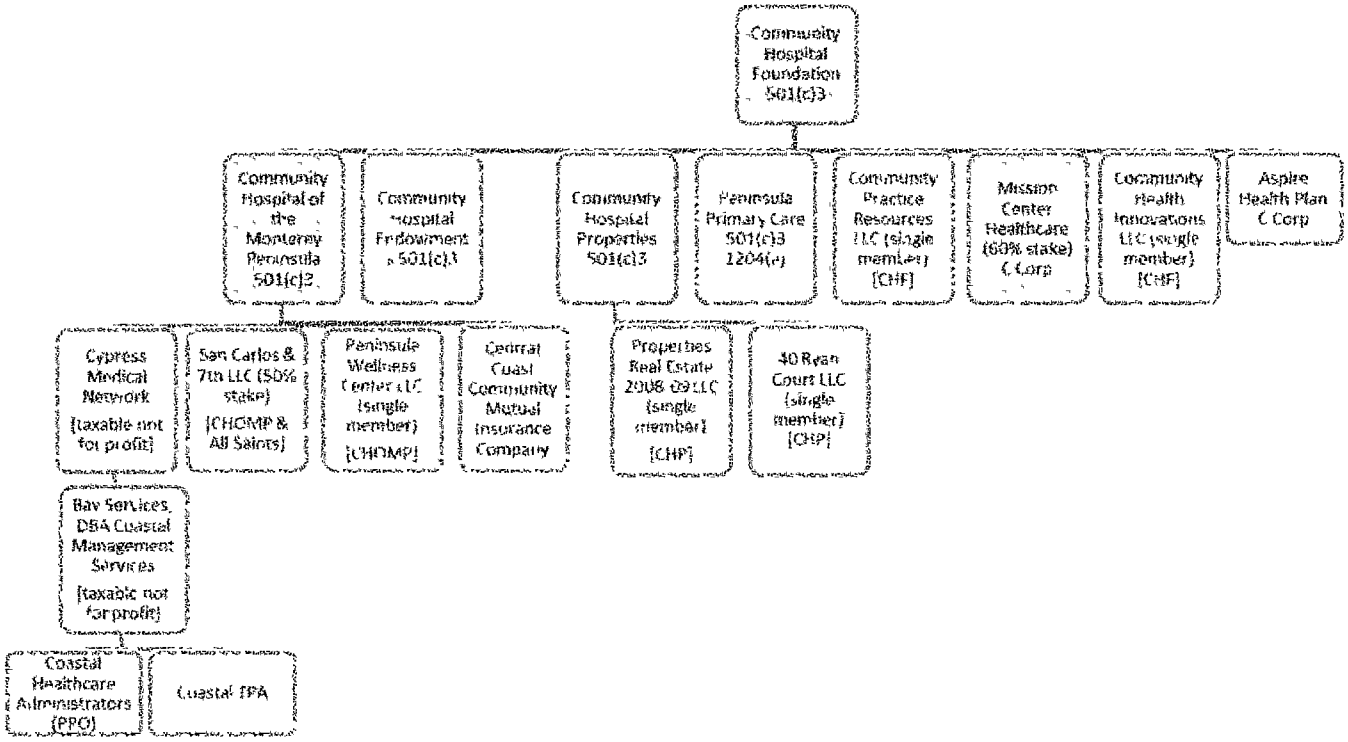
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 158,815	$ 8,991
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net unrealized and realized gains and losses on investments	(51,412)	(32,050)
Donor restricted contributions	(7,766)	(3,406)
Provision for uncollectible accounts	24,223	30,580
Depreciation and amortization	29,498	30,514
Loss on sale of fixed assets	508	-
Interest rate swap	(6,782)	(247)
Change in split interest agreements	386	(193)
Changes in operating assets and liabilities		
Patient accounts receivable, net	(28,091)	(26,501)
Supplies, prepaid expenses and deposits, accrued interest, and other	(2,017)	(12,226)
Reinsurance recoverable-unpaid losses	3,462	(4,798)
Losses and loss adjustment liability and losses payable	(2,826)	5,852
Pledges receivable	(1,085)	1,666
Net payable/receivable to governmental agencies	(5,635)	3,685
Accounts payable and accrued liabilities	5,512	14,286
Accrued workers' compensation	781	1,839
Accrued professional liability	3	(574)
Pension benefit obligation	(67,308)	57,825
Postretirement health benefit liability	(70)	614
Net cash provided by operating activities	50,196	75,857
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(21,616)	(17,053)
Proceeds on sale of fixed assets	8	293
Sales of marketable securities	14,699	96,901
Purchases of marketable securities	(54,999)	(119,972)
Change in other investments and long-term receivables, beneficial interest and deferred financing costs	(1,126)	(2,519)
Net cash used in investing activities	(63,034)	(42,350)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted by donors	7,766	3,406
Proceeds from issuance of new debt	-	34,935
Cash paid for debt issuance costs	-	(437)
Repayments of debt	(4,218)	(42,019)
Line of credit, net	6,000	-
Net cash provided by (used in) financing activities	9,548	(4,115)
Net (decrease) increase in cash and cash equivalents	(3,290)	29,392
CASH AND CASH EQUIVALENTS, beginning of year	74,338	44,946
CASH AND CASH EQUIVALENTS, end of year	$ 71,048	$ 74,338
SUPPLEMENTAL DISCLOSURE OF CASH-FLOW INFORMATION		
Cash paid during the year for interest	$ 4,309	$ 5,174
Acquisition of equipment financed with a capital lease	$ 3,301	$ 470
Noncash proceeds from sale of fixed assets	$ -	$ 550

See accompanying notes

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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

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



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

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

Fair value of financial instruments – Unless otherwise indicated, the fair value of all reported assets and liabilities that represent financial instruments approximate their carrying values The Organization's policy is to recognize transfers in and transfer out of Level 1 and Level 2 as of the end of the reporting period Assets held in trust, annuity investments, assets held in remainder trusts, annuity payment liabilities, and liabilities under trust agreements are classified as Level 2 in the fair value hierarchy Please see Note 5 for fair value hierarchy disclosures of available for sale investments, beneficial interest in net assets of Hospice Foundation, interest rate swap agreements, and long-term debt

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

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

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

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

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

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

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

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

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

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

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

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

Prepaid expenses and deposits – Prepaid expenses and other consist of dues, premiums paid in advance, and receivables from insurance coverage In 2013, included in prepaid expenses are payments made in advance for the California Hospital Fee Program (see Note 2)

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

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

The Organization periodically evaluates the carrying value of its long-lived assets for impairment The evaluations address the estimated recoverability of the assets' carrying value, which is principally determined based on projected undiscounted cash flows generated by the underlying tangible assets When the carrying value of an asset exceeds estimated recoverability, an asset impairment is recognized No impairment was recognized for the years ended December 31, 2013 and 2012

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

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

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

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

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

Workers' compensation benefits – The Organization is self-insured for workers' compensation benefits up to $500,000 The Organization has contracted with an independent organization to administer the program An actuarially determined liability, recorded at 70% confidence level, discounted at 3 75% for both 2013 and 2012, has been recorded and includes the unpaid portion of claims that have been reported and the estimates of amounts for claims that have been incurred but have not been reported The Organization has recorded a total estimated liability of $15,469,000 and $14,688,000 as of December 31, 2013 and 2012, respectively, which are allocated between current and noncurrent liabilities in the accompanying consolidated balance sheets The estimated insurance recovery receivable of $2,839,000 and $2,887,000 are recorded under other investments and long-term receivables in the accompanying consolidated balance sheets, at December 31, 2013 and 2012, respectively The Organization participates in the California Self Insurers' Security Fund's alternative security deposit program Participation in this program satisfies the security deposit requirement of $6,853,000 for workers' compensation claims

Health benefits for active employees – The Organization is self-insured for its health benefits for active employees and plan beneficiaries with a maximum per claim specific limit of $175,000, (January 1 to June 30) and $250,000 (July 1 to December 31) The Organization purchases reinsurance to cover claim expenses in excess of stated limits This reinsurance is purchased annually in the month of June Liabilities of $3,402,000 and $3,264,000 for estimates of incurred but not reported claims are recorded in accrued payroll and payroll taxes at December 31, 2013 and 2012, respectively

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

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

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

Other revenue – Under certain provisions of the American Recovery and Reinvestment Act of 2009 ("ARRA"), federal incentive payments are available to hospitals, physicians, and certain other professionals ("Providers") when they adopt, implement, or upgrade ("AIU") certified electronic health record ("EHR") technology or become "meaningful users," as defined under ARRA, of EHR technology in ways that demonstrate improved quality, safety, and effectiveness of care Providers can become eligible for annual Medicare incentive payments by demonstrating meaningful use of EHR technology in each period over four periods Medicaid providers can receive their initial incentive payment by satisfying AIU criteria, but must demonstrate meaningful use of EHR technology in subsequent years in order to qualify for additional payments Hospitals may be eligible for both Medicare and Medicaid EHR incentive payments, however, physicians and other professionals may be eligible for either Medicare or Medicaid incentive payments, but not both Hospitals that are meaningful users under the Medicare EHR incentive payment program are deemed meaningful users under the Medicaid EHR incentive payment program and do not need to meet additional criteria imposed by a state Medicaid EHR incentive payments to Providers are 100% federally funded and administered by the states The Centers for Medicare & Medicaid Services ("CMS") established calendar year 2011 as the first year states could offer EHR incentive payments Before a state may offer EHR incentive payments, the state must submit and CMS must approve the state's incentive plan

During the years ended December 31, 2013 and 2012, CHOMP satisfied the CMS AIU and/or meaningful use criteria As a result, the Organization recognized approximately $1,047,000 and $1,700,000, respectively, of Medicare EHR incentive payments included in other revenue in the consolidated statements of operations

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

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

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

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

CHE recorded its beneficial interest in the assets transferred to Central Coast Hospice Foundation ("CCHF") CCHF is a charitable organization dedicated to addressing the needs of patients with life-threatening illnesses and enhancing the quality of life for those persons

CHE transferred $10,000,000 to CCHF in 1997 CCHF holds these funds as a permanent endowment dedicated to and used solely for the CHF-owned hospice core business Through December 31, 2013 and 2012, CHE received $5,184,000 and $4,787,000, respectively, of cumulative investment income from CCHF The principal and the nonexpendable accumulated income are only to be distributed back to CHE if CCHF terminates its corporate existence as defined by the acquisition agreement

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

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

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

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

Income taxes – CHF, CHOMP, CHE, CHP, and PPC have been determined to be exempt organizations by the Internal Revenue Service and the California Franchise Tax Board and generally are not subject to taxes on income pursuant to Section 501(c)(3) and Section 23701(d) of the Internal Revenue Code and California Revenue and Taxation Code, respectively Aspire, CCCMIC, CMN, and Coastal are taxable entities that have net cumulative losses The deferred tax assets associated with these losses have been fully reserved There was no tax provision recorded for the years ended December 31, 2013 and 2012

The Organization assesses uncertain tax positions in accordance with the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740-10, *Income Taxes* The Organization recognizes the tax benefit from uncertain tax positions only if it is more than likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement The Organization recognizes interest and penalties related to income tax matters in operating expenses There were no uncertain tax positions as of December 31, 2013, and 2012

New accounting pronouncements – In October 2012, the FASB issued ASU No 2012-05, *Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows* ("ASU 2012-05") to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated financial assets that upon receipt were directed without any NFP-imposed limitations for sale and were converted nearly immediately into cash Accordingly, the cash receipts from the sale of those financial assets should be classified as cash inflows from operating activities, unless the donor restricted the use of the contributed resources to long-term purposes, in which case those cash receipts should be classified as cash flows from financing activities Otherwise, cash receipts from the sale of donated financial assets should be classified as cash flows from investing activities by the NFP The adoption of ASU 2012-05 is effective for the Organization beginning January 1, 2014 The adoption of ASU 2012-05 is not expected to have a material impact on the Organization's consolidated financial statements

In April 2013, the FASB issued ASU No 2013-06, *Services Received from Personnel of an Affiliate* ("ASU 2013-06") 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 The adoption of ASU 2013-06 is effective for the Organization beginning January 1, 2015 The adoption of ASU 2013-06 is not expected to have a material impact on the Organization's consolidated financial statements

Reclassifications – Certain 2012 amounts have been reclassified to conform to the 2013 presentation

NOTE 2 – NET PATIENT REVENUE

Services are provided to the beneficiaries of federal Medicare, State of California Medi-Cal, Champus/Tricare, workers' compensation, and some commercial insurance programs and are reimbursed at amounts lower than the hospital charges For all programs, the difference between charges and the actual reimbursement is recorded as a provision for contractual discounts, as shown below for the years ended December 31, 2013 and 2012 (in thousands)

	2013	2012
Inpatient services	$ 248,958	$ 233,837
Ancillary inpatient services	581,874	552,071
Outpatient services	393,406	370,367
Gross patient charges	1,224,238	1,156,275
Provision for contractual discounts	(725,155)	(679,752)
Provision for bad debts	(24,223)	(30,580)
Provision for charity allowances and other discounts	(50,967)	(45,760)
Net patient revenue	$ 423,893	$ 400,183

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

Approximately 55% and 53% of gross patient revenue is for services provided to Medicare beneficiaries in 2013 and 2012, respectively Inpatient services are reimbursed a stipulated amount per discharge for each inpatient beneficiary Outpatient services are reimbursed a stipulated amount per service

Approximately 9% of gross patient revenue is for services provided to patients under the Medi-Cal program in both 2013 and 2012 Services provided to inpatient beneficiaries are reimbursed at negotiated rates or at cost-based payments Reimbursement for outpatient services is based on a fee schedule

Estimated settlements under third-party reimbursement agreements are accrued in the period in which the related services are rendered and are adjusted in future periods, based upon information received in future periods and as a result of final settlements The carrying amounts reported in the consolidated balance sheets for estimated third-party payor settlements as recorded in receivable/payable from governmental agencies approximate fair value Medicare cost reports have been reviewed and/or audited by the fiscal intermediary through 2010 Medi-Cal cost reports have been audited through 2011

CHOMP's allowance for doubtful accounts remained consistent at 79% of self-pay accounts receivable at December 31, 2013 and 2012 While the organization's net bad-debt write offs increased from $23,355,000 to $31,522,000 in 2013, self-pay accounts receivable decreased $9,600,000 year to year CHOMP has not changed its charity care or bad-debt collection policies during fiscal years 2012 and 2013 While CHOMP does maintain an allowance for doubtful accounts from third-party payers, it is immaterial to the total associated with self-pay patients

Hospital fee – In November 2009, the California Hospital Fee Program (the "Program") was signed into California state law and became effective in 2010 after approval from the CMS The program provides supplemental Medi-Cal payments to certain California hospitals The Program is funded by a quality assurance fee (the "Fee") paid by participating hospitals and by matching federal funds Hospitals receive supplemental payments from either the California Department of Health Care Services ("DHCS"), managed care plans, or a combination of both In September 2011, Senate Bill 335 ("Part Three") was signed into law, which extends the Program to cover the period beginning July 1, 2011, through December 31, 2013 In 2012, the Organization paid $15,746,000 in fees for Part Three of the Program Further, the Organization received supplemental payments of $16,119,000 from State Medi-Cal and CHFT As not all required approval has been received as of December 31, 2012, only expenses of $3,874,000, net patient revenue of $1,812,000, and other operating revenue of $1,647,000 have been recorded in the consolidated statement of operations for the year then ended Further, $11,871,000 and $12,660,000 have been recorded as prepaid expenses and deferred revenue, respectively, in the consolidated balance sheets

In 2013, the Organization paid $19,523,000 in fees for Part Three of the Program Further, the Organization received supplemental payments of $20,173,000 from State Medi-Cal and CHFT As not all required approval for the final six months of the program has been received as of December 31, 2013, only expenses of $9,164,000, net patient revenue of $5,269,000, and other operating revenue of $3,895,000 have been recorded in the consolidated statement of operations for the year then ended Further, $6,581,000 and $6,581,000 have been recorded as prepaid expenses and deferred revenue, respectively, in the consolidated balance sheets Lastly, as the required approvals for 2012 were obtained in 2013, 2013 financial statements also include $19,744,000 in expenses, $11,353,000 in net patient revenue and $8,391,000 in other operating revenue as recorded, but related to a prior period

NOTE 3 – CONCENTRATION OF CREDIT RISK

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

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

	2013	2012
Medicare	38 %	32 %
Medi-Cal	9 %	9 %
Commercial and other	33 %	33 %
Self-pay	20 %	26 %
	100 %	100 %

NOTE 4 – ASSETS LIMITED AS TO USE

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

	2013	2012
Cash and cash equivalents	$ 15,612	$ 33,382
Short-term investments	151	161
Marketable securities	420,662	311,170
	436,425	344,713
Auxiliary cash and inventory	259	323
Beneficial interest in Hospice Foundation	13,343	12,880
Total assets limited as to use	450,027	357,916
Less current portion	(151)	(161)
Noncurrent portion	$ 449,876	$ 357,755

Short-term investments and marketable securities at December 31, 2013 and 2012, are classified as other than trading and are invested 93% and 92% in diversified public equity funds, 7% and 8% in private equity funds, and 0% and 0% in government securities, respectively

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

	2013	2012
Investment income	$ 3,462	$ 3,527
Net realized gains on sales of securities	485	4,217
	3,947	7,744
Less net gains recorded in temporarily restricted net assets	250	739
	$ 3,697	$ 7,005
Other changes in unrestricted net assets		
Unrealized gains on investments	$ 33,181	$ 15,828

The above table does not include net unrealized gains/(losses) on CHE investments of $14,320,000 and $7,952,000 for the years ended December 31, 2013 and 2012, respectively, as these amounts are recorded directly to temporarily restricted net assets

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

	Fair Value Below Cost as of December 31, 2013					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair value	Unrealized Losses	Fair Value	Unrealized Losses
Managed future	$ -	$ -	$ 21,062	$ (1,764)	$ 21,062	$ (1,764)
Absolute return	-	-	-	-	-	-
Real estate	-	-	-	-	-	-
Equity fund	30,482	(465)	-	-	30,482	(465)
Total temporarily impaired investments	$ 30,482	$ (465)	$ 21,062	$ (1,764)	$ 51,544	$ (2,229)

	Fair Value Below Cost as of December 31, 2012					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair value	Unrealized Losses	Fair Value	Unrealized Losses
Managed future	$ 14,135	$ (1,591)	$ -	$ -	$ 14,135	$ (1,591)
Absolute return	-	-	-	-	-	-
Real estate	-	-	-	-	-	-
Equity fund	-	-	9,698	(266)	9,698	(266)
Total temporarily impaired investments	$ 14,135	$ (1,591)	$ 9,698	$ (266)	$ 23,833	$ (1,857)

The fair market value of these investments has declined due to a number of reasons, including changes in interest rates, changes in economic conditions, and changes in market outlook for various industries, among others The securities disclosed above have not met the criteria for recognition of other than temporary impairment under management's policy described below The Organization follows a policy of evaluating securities for impairment which considers available evidence in evaluating potential impairment of its investments This review considers the severity and duration of the decline in market value, the volatility of the security's market price, third-party analyst reports, credit rating changes, and regulatory or legal action changes, among other factors Once a decline in fair value is determined to be other than temporary, an impairment charge is recorded to investment income (loss) and a new cost basis in the investment is established For the years ended December 31, 2013 and 2012, no securities were determined to be other than temporarily impaired

NOTE 5 – FAIR VALUE OF ASSETS AND LIABILITIES

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

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

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

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

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

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

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

Beneficial interest in net assets of Hospice Foundation – The beneficial interest in net assets of CCHF is recorded at the fair value of the Organization's 100% interest in the net asset value of the endowment fund Investments held by the fund consist of publicly traded mutual funds There were no further adjustments made to the Organization's interest

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

	2013			
	Fair Value	Level 1	Level 2	Level 3
Available-for-sale				
Mutual fund	$ 151	$ 151	$ -	$ -
Global equity	236,789	101,463	135,326	-
Absolute return	84,136	48,948	35,188	-
Real estate	46,714	18,098	27,835	781
Managed future	21,062	21,062	-	-
Private equity	31,961	-	-	31,961
Total available for sale	420,813	189,722	198,349	32,742
Beneficial interest in net assets of Hospice Foundation	13,343	-	-	13,343
Interest rate swaps	(7,178)	-	(7,178)	-
Total	$ 426,978	$ 189,722	$ 191,171	$ 46,085

	2012			
	Fair Value	Level 1	Level 2	Level 3
Available-for-sale				
Mutual fund	$ 161	$ 161	$ -	$ -
Global equity	172,150	75,150	97,000	-
Absolute return	61,779	61,779	-	-
Real estate	37,815	10,534	25,488	1,793
Managed future	14,135	14,135	-	-
Private equity	25,291	-	-	25,291
Total available for sale	311,331	161,759	122,488	27,084
Beneficial interest in net assets	12,880	-	-	12,880
Interest rate swaps	(13,960)	-	(13,960)	-
Total	$ 310,251	$ 161,759	$ 108,528	$ 39,964

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

	Real Estate	Private Equity	Beneficial Interest in net assets of Hospice Foundation
Balance, January 1, 2013	$ 1,793	$ 25,291	$ 12,880
Total realized and unrealized gains and losses			
Included in excess of revenues and expenses	16	35	-
Included in excess of revenues and expenses, investments still held at December 31, 2013	-	-	-
Included in changes in unrestricted net assets	(250)	2,667	-
Included in changes in temporarily restricted net assets	21	1,232	1,407
Purchases/issuances	-	2,736	-
Sales/redemptions	(799)	-	(944)
Transfers in and/or out of Level 3	-	-	-
Balance, December 31, 2013	$ 781	$ 31,961	$ 13,343

	Real Estate	Private Equity	Beneficial Interest in net assets of Hospice Foundation
Balance, January 1, 2012	$ 19,408	$ 21,786	$ 11,703
Total realized and unrealized gains and losses			
Included in excess of revenues and expenses	235	346	-
Included in excess of revenues and expenses, investments still held at December 31, 2012	-	-	-
Included in changes in unrestricted net assets	250	921	-
Included in changes in temporarily restricted net assets	225	1,248	1,569
Purchases/issuances	-	990	-
Sales/redemptions	(18,325)	-	(392)
Transfers in and/or out of Level 3	-	-	-
Balance, December 31, 2012	$ 1,793	$ 25,291	$ 12,880

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

The Organization owns limited partnership interests in private equity funds All limited partnerships are structured as closed-end, commitment-based investment funds where the Organization commits a specified amount of capital upon inception of the fund (committed capital), which is then drawn down over a specified period of the fund's life Such limited partnerships generally do not provide redemption options for investors and, subsequent to final closing, do not permit subscriptions by new or existing investors Accordingly, the Organization generally holds interests in such limited partnerships for which there is no active market, although, in some situations, a transaction may occur in the secondary market where an investor purchases a limited partner's existing interest and remaining commitment

The Organization's ownership is based upon their percentage of limited partnership interests divided by the total commitment of the fund The investments utilize underlying fair values as a practical expedient Specifically, inputs used to determine fair value include financial statements provided by the investment partnerships, which typically include fair market value capital account balances

The Organization has an investment committee that meets at least six times a year with management and the investment advisors to review the strategy and ongoing performance of all investments, including analyzing changes in fair value measurements from period to period The Organization further corroborates third-party information used in the fair value measurement by obtaining audited financial statements of the private equity funds

The following table provides the fair value and redemption terms and restrictions for investments redeemable at net asset value at December 31, 2013

Fund Type	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Global equity	$ 135,326	$ -	Weekly, Monthly	0-15 Days
Absolute return	$ 35,188	$ -	Quarterly	95 days
Real estate	$ 28,616	$ -	Quarterly	45 - 60 Days
Private equity funds	$ 31,961	$ 22,654	None	N/A

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

Absolute return – This category invests in long/short equities, opportunistic, long/short credit, portfolio hedge, macro and event-driven strategies The fair values of the investments in this category have been estimated using the net asset value per share of the investments

Real Estate – This category includes the following 1) an actively managed core portfolio of equity real estate that seeks to provide attractive returns while limiting downside risk and has both relative and real return objectives Its relative performance objective is to outperform the NFI-ODCE index over any given three to five-year period, 2) an open end real estate investment trust ("REIT"), which invests in private real estate throughout the U S Their goal is to provide institutional investors with attractive risk-adjusted returns from predominately core investments in real estate They utilize a low risk/leverage approach that focuses on preservation of capital and high current income returns along with long-term liquidity Fund activities include acquisition, market repositioning, active management, and sale of properties The fair values of the investments in this category have been established using the net asset value per share of the investments

Private Equity Funds – This category includes several private equity fund of funds that invest primarily in distressed securities in both primary partnerships and direct investments, U S buyouts, venture capital and non-U S investments These investments can never be redeemed with the funds Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the fund As of December 31, 2013, it is probable that all of the investments in this category will be sold at an amount different from the net asset value of the Organization's ownership interest in partners' capital The investments in these funds are illiquid, however, a secondary market exists

Notes payable and long-term debt – The fair value of long-term debt is based on quoted market prices in an active market (Level 1), except for $36,163,000 and $36,215,000 at December 31, 2013 and 2012, respectively, which were estimated using discounted cash-flow analyses based on the Organization's current incremental borrowing rates for similar debt instruments (Level 3) The estimated fair value of our long-term debt was $120,868,000 and $126,014,000 at December 31, 2013 and 2012, respectively

NOTE 6 – PROPERTY, PLANT, AND EQUIPMENT

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

	2013	2012
As of December 31, 2013		
Land	$ 15,610	$ 15,610
Land improvements	16,773	16,594
Buildings and building service equipment	440,995	429,665
Leasehold improvements	6,705	6,428
Equipment	283,918	271,950
Construction in progress	15,730	16,260
	779,731	756,507
Accumulated depreciation	(422,841)	(394,520)
	$ 356,890	$ 361,987

Property under capital leases (see Note 9) consists of computer hardware and software and is recorded as part of property, plant, and equipment in the accompanying consolidated balance sheets CHOMP had a total of $8,175,000 and $5,437,000 of capitalized lease property, as of December 31, 2013 and 2012, respectively Total accumulated depreciation on the leased property was $3,140,000 and $2,951,000 as of December 31, 2013 and 2012, respectively

NOTE 7 – PROFESSIONAL LIABILITY

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

There are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted from services provided to patients The Organization has retained independent actuaries to estimate the ultimate costs of the settlement of such claims Actuarially determined liabilities, discounted at 3 75% for both 2013 and 2012, and recorded at a 70% confidence level for both fiscal years, have been recorded in the accompanying consolidated balance sheets

NOTE 8 – RETIREMENT BENEFIT PLANS

The following summarizes information as of and for the years ended December 31, 2013 and 2012, for the defined benefit retirement plan and defined benefit health and welfare plan for retirees maintained by CHF and related corporations (in thousands)

	Pension		Retiree Health	
	2013	2012	2013	2012
Change in projected benefit obligation				
Benefit obligation at beginning of year	$ 509,578	$ 423,384	$ 44,633	$ 46,760
Service cost	19,423	15,704	257	377
Interest cost	21,313	21,980	1,771	2,276
Plan participants' contributions	-	-	123	136
Actuarial (gain) loss	(69,443)	79,917	(6,384)	(2,323)
Benefits paid	(14,200)	(13,757)	(2,221)	(2,593)
Plan amendments	-	151	-	-
Settlements/lump sum offering	-	(17,801)	-	-
Projected benefit obligation at end of year	$ 466,671	$ 509,578	$ 38,179	$ 44,633
Change in plan assets				
Fair value of plan assets at beginning of year	$ 334,430	$ 305,521	$ -	$ -
Actual return on plan assets	10,537	31,328	-	-
Employer contribution	28,400	22,980	2,098	2,457
Plan participants' contributions	-	-	123	136
Settlements/lump sum offering	-	(11,642)	-	-
Benefits paid	(14,200)	(13,757)	(2,221)	(2,593)
Fair value of plan assets at end of year	$ 359,167	$ 334,430	$ -	$ -
Funded status	$ (107,504)	$ (175,148)	$ (38,179)	$ (44,633)
Unrecognized net actuarial loss	127,076	198,601	(1,980)	4,404
Unrecognized prior service cost	(80)	(93)	-	-
Accumulated other comprehensive loss	(126,996)	(198,508)	-	-
	$ (107,504)	$ (175,148)	$ (40,159)	$ (40,229)

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

The accumulated benefit obligation for the defined benefit pension plan was $441,360,000 and $477,419,000 at December 31, 2013 and 2012, respectively

The following assumptions were utilized in developing the benefit obligations

	Pension		Retiree Health	
	2013	2012	2013	2012
Weighted average assumptions as of December 31				
Assumed discount rate	5 18 %	4 22 %	5 00 %	4 09 %
Rate of compensation increase	4 00 %	4 00 %	N/A	N/A
Expected rate of return on plan assets	7 00 %	7 00 %	N/A	N/A
Components of net periodic benefit cost (In thousands)				
Service cost	$ 19,423	$ 15,704	$ 257	$ 377
Interest cost	21,313	21,980	1,771	2,276
Expected return on plan assets	(23,293)	(22,880)	-	-
Amortization of prior service cost	(13)	(13)	-	-
Recognized net actuarial loss	14,838	8,126	-	418
Net periodic benefit cost	$ 32,268	$ 22,917	$ 2,028	$ 3,071

The estimated net loss and prior service cost for the defined benefit pension plan that will be amortized into net periodic benefit over the next fiscal year is $13,000 for both 2013 and 2012

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

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

	Percent of Total Fund	
	2013	2012
Asset class		
Global equity	24 %	24 %
Absolute return	15 %	15 %
Real estate	2 %	2 %
Private equity	5 %	5 %
Other	4 %	4 %
Managed future	4 %	4 %
Fixed income	46 %	46 %
	100 %	100 %

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

	Percent of Total Fund	
	2013	2012
Asset class		
Global equity	28 %	24 %
Absolute return	14 %	12 %
Real estate	3 %	3 %
Private equity	6 %	6 %
Fixed income	43 %	46 %
Managed future	3 %	3 %
Other	- %	4 %
Cash	3 %	2 %
	100 %	100 %

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

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

	2013			
	Fair Value	Level 1	Level 2	Level 3
Available for sale				
Global equity	$ 102,104	$ 39,844	$ 62,260	$ -
Fixed income	155,561	-	155,561	-
Absolute return	51,260	40,002	11,258	-
Real estate	8,980	7,102	-	1,878
Private equity	20,888	-	-	20,888
Managed future	11,564	11,564	-	
Total available for sale	350,357	98,512	229,079	22,766
Cash and cash equivalents	8,810	8,810	-	-
Total	$ 359,167	$ 107,322	$ 229,079	$ 22,766

	2012			
	Fair Value	Level 1	Level 2	Level 3
Available for sale				
Global equity	$ 79,712	$ 30,105	$ 49,607	$ -
Fixed income	153,817	51,324	102,493	-
Absolute return	41,674	41,674	-	-
Real estate	9,174	6,957	-	2,217
Private equity	20,806	-	-	20,806
Managed future	9,728	9,728	-	-
Other	13,606	13,606	-	-
Total available for sale	328,517	153,394	152,100	23,023
Cash and cash equivalents	5,913	5,913	-	-
Total	$ 334,430	$ 159,307	$ 152,100	$ 23,023

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

	Real Estate	Private Equity
Balance, January 1, 2013	$ 2,217	$ 20,806
Actual return on plan assets		
Relating to assets still held at December 31, 2013	(283)	(141)
Relating to assets sold during the period	-	-
Purchases/issuance	-	1,405
Sales/redemption	(56)	(1,182)
Transfers in and/or out of Level 3	-	-
Balance, December 31, 2013	$ 1,878	$ 20,888

	Real Estate	Private Equity
Balance, January 1, 2012	$ 15,537	$ 18,564
Actual return on plan assets		
Relating to assets still held at December 31, 2012	-	2,043
Relating to assets sold during the period	740	-
Purchases/issuance	-	1,501
Sales/redemption	(14,060)	(1,302)
Transfers in and/or out of Level 3	-	-
Balance, December 31, 2012	$ 2,217	$ 20,806

For the defined benefit pension plan, the Organization expects to make approximately $27,300,000 in cash contributions to plan year 2013 in calendar year 2014 and expects to make future cash contributions of approximately $24,700,000 to its pension plan for plan year 2014

For measurement purposes, a 5% annual rate of increase for vision services in the per capita costs was assumed for both 2013 and 2012 A 7 0% and 7 5% annual rate of increase for healthcare services in the per-capita costs was assumed for 2013 and 2012, respectively The rates are assumed to remain at 5% for vision services and to decrease gradually to 5% for healthcare services in 2018 and remain at that level thereafter The following table shows the effect of a 1% increase or 1% decrease in the health care cost trend rates for the defined benefit retiree health plan (in thousands)

	Retiree Health	
	1% Increase	1% Decrease
As of December 31, 2013		
Effect on total of service and interest components	$ 267	$ (220)
Effect on postretirement benefit obligation	$ 4,061	$ (3,407)
As of December 31, 2012		
Effect on total of service and interest components	$ 312	$ (261)
Effect on postretirement benefit obligation	$ 5,275	$ (4,377)

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

	Pension	Retiree Health
2014	$ 16,292	$ 2,535
2015	17,518	2,566
2016	18,819	2,582
2017	20,289	2,676
2018	21,818	2,632
2019 - 2023	137,676	13,141
Total	$ 232,412	$ 26,132

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

The following summarizes information as of and for the years ended December 31, 2013 and 2012, for the Cash Balance Retirement Plan (in thousands)

	Cash Balance Plan	
	2013	2012
Change in projected benefit obligation		
Benefit obligation at beginning of year	$ 544	$ -
Service cost	689	566
Interest cost	25	
Actuarial loss (gain)	(1)	74
Benefits paid	(65)	(2)
Plan change	13	-
Administrative expenses paid	(106)	(94)
Projected benefit obligation at end of year	$ 1,099	$ 544
Change in plan assets		
Fair value of plan assets at beginning of year	$ 4	$ -
Employer contribution	390	100
Administrative expenses paid	(106)	(94)
Benefits paid	(65)	(2)
Fair value of plan assets at end of year	$ 223	$ 4
Funded status	$ (876)	$ (540)
Unrecognized net actuarial loss	78	75
Unrecognized prior service cost	13	-
Accumulated other comprehensive loss	(91)	(75)
Accrued cost	$ (876)	$ (540)

CHF and related corporations use a December 31 measurement date for their cash balance pension plan The accumulated benefit obligation for the cash benefit pension plan was $872,000 and $424,000 at December 31, 2013 and 2012, respectively

The following assumptions were utilized in developing the cash balance benefit obligations

	Cash Balance Plan	
	2013	2012
Weighted average assumptions as of December 31		
Assumed discount rate	5 05 %	4 15 %
Rate of compensation increase	4 00 %	4 00 %
Expected rate of return on plan assets	4 00 %	4 00 %
Components of net periodic benefit cost (In thousands)		
Service cost	$ 689	$ 566
Interest cost	26	-
Expected return on plan assets	(13)	(2)
Net periodic benefit cost	$ 702	$ 564

The estimated net loss and prior service cost for the cash balance pension plan that will be amortized into net periodic benefit over the next fiscal year are $13,000 and $0 for 2013 and 2012, respectively

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

Expected benefit payments for the cash benefit retirement plan are as follows (in thousands)

	Cash Balance Plan
2014	$ 68
2015	113
2016	133
2017	157
2018	208
2019 - 2023	1,431
Total	$ 2,110

For cash balance retirement plan, the Organization made approximately $523,000 in cash contributions to plan year 2013 in calendar year 2014 and expects to make future cash contributions of approximately $500,000 to its cash balance plan for plan year 2013 In addition, the Organization expects to make approximately $908,000 in cash contributions for plan year 2014

NOTE 9 – LONG-TERM DEBT

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

	2013	2012
Series 2012 Health Facility Revenue Bonds, Series 2012A, effective rate 1 87%, annual payments beginning 2013 continuing to 2023	$ 32,590	$ 34,935
Health Facility Revenue Bonds, Series 2011A, effective rate 5 31% for 2013 and 5 69% for 2012, annual payments beginning 2012 continuing to 2033	29,705	30,570
Health Facility Revenue Bonds, Series 2011B, effective rate 0 08% in 2013 and 0 19% for 2012, annual payments beginning 2023 continuing to 2033	55,000	55,000
Capital lease obligations at effective interest rates of 3 83% to 4 25%, payable monthly to 2018	3,544	1,251
Other	29	29
	120,868	121,785
Current maturities	(4,300)	(4,218)
	$ 116,568	$ 117,567

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

In 2012, CHF, CHE, CHOMP, and CHP entered into a financing agreement whereby $34,935,000 in Health Facilities Revenue Bonds (the "Bonds") were issued by the California Statewide Communities Development Authority The total financing agreement is comprised of one fixed rate bond series with a coupon rate of 1 87%

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

At December 31, 2013 and 2012, the swap agreements were in a liability position with a fair value of $(7,178,000) and $(13,960,000) respectively

CHF, CHE, CHOMP, and CHP (the "Obligated Group") are jointly obligated to repay the Bonds There are restrictive covenants requiring compliance by all members of the Obligated Group, including limitations on the issuance of additional debt and the maintenance of certain financial ratios Management believes all financial debt covenants were met for the years ended December 31, 2013 and 2012

In October 2013, CHOMP obtained a $6,000,000 revolving line of credit The line of credit was used to provide interim financing for property acquisition As of December 31, 2013, draws against this line total $6,000,000

Scheduled principal payments on long-term debt and capital lease obligations during the five years subsequent to December 31, 2013, are as follows (in thousands)

	On Long-Term Debt	On Capital Lease Obligations
2014	$ 3,285	$ 1,015
2015	3,360	881
2016	4,500	843
2017	4,605	843
2018	4,725	113
Thereafter	96,849	-
	$ 117,324	3,695
Less amount representing interest under capital lease obligations		151
		$ 3,544

NOTE 10 – COMMITMENTS AND CONTINGENCIES

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

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

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

NOTE 11 – NET ASSETS

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

	2013	2012
Operating	$ 158,976	$ 109,420
Depreciation	322,699	233,367
Board-designated - specific purpose	1,218	950
	$ 482,893	$ 343,737

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

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

	2013	2012
Sponsored care under certain circumstances	$ 55,702	$ 48,447
Clinical services	8,438	7,715
Building and equipment	13,628	10,443
Scholarships	2,979	2,104
Community and staff education, outreach	8,798	6,136
Special projects related to improvement of patient care and other	31,352	26,397
	$ 120,897	$ 101,242

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

		2013	2012
McCreery Fund	Improvement of patient care	$ 3,686	$ 3,686
Maurine Church Coburn Fund	Sponsored care under certain circumstances, uses related to the nursing school costs, artwork, and other costs to improve the aesthetic environment	9,785	9,785
Interest in the Hospice Foundation of the Central Coast	Fund CHF hospice care	10,000	10,000
Other	Sponsored care, scholarships, and other uses	15,963	15,959
		$ 39,434	$ 39,430

The Organization is required to provide information about net assets that are defined as endowments The changes in endowment net assets for the years ended December 31, 2013 and 2012, were as follows (in thousands)

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2012	$ 67,642	$ 39,425	$ 107,067
Investment return			
Investment income	1,177	-	1,177
Net appreciation (realized and unrealized)	10,859	-	10,859
Total investment return	12,036	-	12,036
Contributions	122	5	127
Appropriation of endowment assets for expenditure	(2,066)	-	(2,066)
Other changes			
Transfers to/from other affiliated entities	773	-	773
Endowment net assets, December 31, 2012	$ 78,507	$ 39,430	$ 117,937

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2013	$ 78,507	$ 39,430	$ 117,937
Investment return			
Investment income	464	-	464
Net appreciation (realized and unrealized)	15,293	-	15,293
Total investment return	15,757	-	15,757
Contributions	261	4	265
Appropriation of endowment assets for expenditure	(3,575)	-	(3,575)
Other changes			
Transfers to/from other affiliated entities	808	-	808
Endowment net assets, December 31, 2013	$ 91,758	$ 39,434	$ 131,192

NOTE 12 – FUNCTIONAL EXPENSES

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

	2013	2012
Healthcare services	$ 295,862	$ 285,237
General and administrative	152,285	111,295
Fundraising	4,385	5,322
Total	$ 452,532	$ 401,854

NOTE 13 – DISCONTINUED OPERATIONS

On January 1, 2005, CHOMP discontinued the operations of Cypress Medical Network and absorbed the remaining CMN net assets Certain functions provided by CMN were absorbed into CHOMP, CHP, and Coastal CMN is a taxable entity that has net cumulative losses (Note 1) As a result, this corporation was not closed as of December 31, 2013

NOTE 14 – SUBSEQUENT EVENTS

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

As of January 1, 2014, Aspire began formal operations as an insurance plan Premiums have been received from the Centers for Medicare & Medicaid Services as well as from enrollees

The Organization has evaluated subsequent events through April 18, 2014, which is the date the consolidated financial statements are issued

SUPPLEMENTARY INFORMATION

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COMMUNITY HOSPITAL FOUNDATION AND RELATED CORPORATIONS
CONSOLIDATING BALANCE SHEET
December 31, 2013
(In Thousands)

	CHF	CHE	CHOMP	CHP	PPC	Aspire	Eliminations	Consolidated
ASSETS								
Current assets								
Cash and cash equivalents	$ 756	$ -	$ 67,284	$ 40	$ 130	$ 2,838	$ -	$ 71,048
Patients accounts receivable, less allowance for uncollectible accounts of $21,399	327	-	70,374	-	432	-	-	71,133
Accrued interest and other receivables	-	-	3,190	49	51	-	-	3,290
Supply inventories	-	-	2,172	-	-	-	-	2,172
Prepaid expenses and deposits	6,272	23	11,567	138	111	-	-	18,111
Current portion of assets limited as to use	-	-	151	-	-	-	-	151
Receivable from governmental agencies	-	-	1,950	-	-	-	-	1,950
Reinsurance recoverable-unpaid losses	-	-	1,336	-	-	-	-	1,336
Pledges receivable	3,157	-	-	-	-	-	-	3,157
Receivables from related corporations	5,487	2,999	72,914	29,720	-	1	(111,121)	-
Total current assets	15,999	3,022	230,938	29,947	724	2,839	(111,121)	172,348
Assets limited as to use								
For capital replacement and expansion	289,286	-	-	-	-	-	-	289,286
Donor restricted	29,139	117,849	-	-	-	-	-	146,988
Community Hospital Auxiliary	259	-	-	-	-	-	-	259
Beneficial interest in net assets of Hospice Foundation	-	13,343	-	-	-	-	-	13,343
Total assets limited as to use, net of current portion	318,684	131,192	-	-	-	-	-	449,876
Other assets								
Other investments and long-term receivables	21,121	-	14,022	1,250	-	300	(12,473)	24,220
Real property	-	-	-	996	-	-	-	996
Annuity investments	667	-	-	-	-	-	-	667
Assets held in remainder trusts	4,345	-	-	-	-	-	-	4,345
Beneficial interest in remainder trusts	-	1,201	-	-	-	-	-	1,201
Deferred financing costs, net	-	-	1,642	-	-	-	-	1,642
Total other assets	26,133	1,201	15,664	2,246	-	300	(12,473)	33,071
Property, plant, and equipment, net	432	617	292,444	62,837	543	17	-	356,890
Total assets	$ 361,248	$ 136,032	$ 539,046	$ 95,030	$ 1,267	$ 3,156	$ (123,594)	$ 1,012,185

(In Thousands)

	CHF	CHE	CHOMP	CHP	PPC	Aspire	Eliminations	Consolidated
LIABILITIES AND NET ASSETS								
Current liabilities								
Current maturities of long-term debt	$ -	$ -	$ 4,300	$ -	$ -	$ -	$ -	$ 4,300
Line of credit	-	-	6,000	-	-	-	-	6,000
Accounts payable	19	-	15,534	-	52	659	-	16,264
Accrued liabilities								
Payroll and payroll taxes	87	-	17,412	-	568	36	-	18,103
Vacation	-	-	16,114	-	-	-	-	16,114
Current portion of workers' compensation and professional liabilities	-	-	3,639	-	-	-	-	3,639
Interest and other	33	-	9,257	46	-	7	-	9,343
Losses and loss adjustment liability	-	-	2,502	-	-	-	-	2,502
Losses payable	-	-	524	-	-	-	-	524
Payable to related corporations	3,655	4,840	33,269	69,357	-	-	(111,121)	-
Total current liabilities	3,794	4,840	108,551	69,403	620	702	(111,121)	76,789
Long-term debt, net of current maturities	-	-	116,568	-	1,328	4,134	(5,462)	116,568
Annuity payment liabilities	1,449	-	-	-	-	-	-	1,449
Liabilities under trust agreements	2,401	-	-	-	-	-	-	2,401
Accrued professional liability, net of current portion	-	-	2,527	-	-	-	-	2,527
Workers' compensation liability, net of current portion	-	-	13,251	-	-	-	-	13,251
Pension benefit obligation	-	-	108,380	-	-	-	-	108,380
Postretirement health benefit liability	-	-	40,159	-	-	-	-	40,159
Interest rate swaps	-	-	7,178	-	-	-	-	7,178
Community Hospital Auxiliary net assets	259	-	-	-	-	-	-	259
Total liabilities	7,903	4,840	396,614	69,403	1,948	4,836	(116,583)	368,961
Net assets (deficit)								
Unrestricted	324,206	-	142,432	25,627	(681)	(1,680)	(7,011)	482,893
Temporarily restricted	29,139	91,758	-	-	-	-	-	120,897
Permanently restricted - endowment funds	-	39,434	-	-	-	-	-	39,434
Total net assets (deficit)	353,345	131,192	142,432	25,627	(681)	(1,680)	(7,011)	643,224
Total liabilities and net assets (deficit)	$ 361,248	$ 136,032	$ 539,046	$ 95,030	$ 1,267	$ 3,156	$ (123,594)	$ 1,012,185

COMMUNITY HOSPITAL FOUNDATION AND RELATED CORPORATIONS
CONSOLIDATING STATEMENT OF OPERATIONS
Year Ended December 31, 2013
(In Thousands)

	CHF	CHE	CHOMP	CHP	PPC	Aspire	Eliminations	Consolidated
Unrestricted revenues, gains, and other support								
Net patient revenue (net of contractual allowances and discounts)	$ -	$ -	$ 448,116	$ -	$ -	$ -	$ -	$ 448,116
Provision for bad debts	-	-	(24,223)	-	-	-	-	(24,223)
Net patient revenue less provision for bad debts	-	-	423,893	-	-	-	-	423,893
Other revenue	3,071	-	31,188	4,218	3,755		(3,624)	38,608
Unrestricted contributions	6,212	-	-	-	-	-	-	6,212
Net assets released from restrictions used for operations	298	934	4,339	-	1,000	-	-	6,571
Total unrestricted revenues, gains, and other support	9,581	934	459,420	4,218	4,755	-	(3,624)	475,284
Operating expense								
Salaries and wages	4,176	314	144,741	151	2,984	581	-	152,947
Employee benefits	1,595	485	109,770	123	1,065	232	-	113,270
Supplies and services	4,601	-	141,796	1,855	1,557	5,951	(3,624)	152,136
Depreciation and amortization	83	135	27,000	2,220	60	-	-	29,498
Interest	-	-	4,681	-	-	-	-	4,681
Total operating expenses	10,455	934	427,988	4,349	5,666	6,764	(3,624)	452,532
Operating (loss) income	(874)	-	31,432	(131)	(911)	(6,764)	-	22,752
Other income (loss)								
Net investment gains	3,624	-	73	-	-	-	-	3,697
Loss on interest rate swaps	-	-	(961)	-	-	-	-	(961)
Other	(777)	-	3,000	-	-	-	-	2,223
Total other income	2,847	-	2,112	-	-	-	-	4,959
Excess (deficit) of revenues over expenses	1,973	-	33,544	(131)	(911)	(6,764)	-	27,711
Net change in unrealized gains and losses on investments	33,181	-	-	-	-	-	-	33,181
Transfers of net assets released from restrictions used for purchase of property, plant, and equipment	(104)	-	167	-	-	-	-	63
Contributed capital	-	-	-	-	-	5,085	(5,085)	-
Inter-fund transfers, net	54,619	-	(55,522)	-	-	-	-	(903)
Change in pension benefit obligation	-	-	71,509	-	-	-	-	71,509
Interest rate swaps	-	-	7,743	-	-	-	-	7,743
Other	3	-	(150)	-	-	(1)	-	(148)
Increase (decrease) in unrestricted net assets	$ 89,672	$ -	$ 57,291	$ (131)	$ (911)	$ (1,680)	$ (5,085)	$ 139,156

COMMUNITY HOSPITAL FOUNDATION AND RELATED CORPORATIONS
CONSOLIDATING BALANCE SHEET (CHOMP)
December 31, 2013
(In Thousands)

	CHOMP*	CMN	PWC	CCCMIC	Eliminations	Consolidated
ASSETS						
Current assets						
Cash and cash equivalents	$ 63,624	$ 1,460	$ 478	$ 1,722	$ -	$ 67,284
Patients accounts receivable, less allowance for uncollectible accounts of $21,399	69,870	499	5	-	-	70,374
Accrued interest and other receivables	2,602	-	-	653	(65)	3,190
Supply inventories	2,172	-	-	-	-	2,172
Prepaid expenses and deposits	11,556	1	10	-	-	11,567
Current portion of assets limited as to use	151	-	-	-	-	151
Receivable from governmental agencies	1,950	-	-	-	-	1,950
Reinsurance recoverable-unpaid losses	-	-	-	1,336	-	1,336
Receivables from related corporations	72,910	-	-	437	(433)	72,914
Total current assets	224,835	1,960	493	4,148	(498)	230,938
Other assets						
Other investments and long-term receivables	15,513	1	-	-	(1,492)	14,022
Deferred financing costs, net	1,642	-	-	-	-	1,642
Total other assets	17,155	1	-	-	(1,492)	15,664
Property, plant, and equipment, net	291,955	242	247	-	-	292,444
Total assets	$ 533,945	$ 2,203	$ 740	$ 4,148	$ (1,990)	$ 539,046

* Hospital only

(In Thousands)

	CHOMP*	CMN	PWC	CCCMIC	Eliminations	Consolidated
LIABILITIES AND NET ASSETS						
Current liabilities						
Current maturities of long-term debt	$ 4,300	$ -	$ -	$ -	$ -	$ 4,300
Line of credit	6,000	-	-	-	-	6,000
Accounts payable	14,854	505	97	78	-	15,534
Accrued liabilities						
Payroll and payroll taxes	17,347	65	-	-	-	17,412
Vacation	16,022	92	-	-	-	16,114
Current portion of workers' compensation and professional liabilities	3,639	-	-	-	-	3,639
Interest and other	8,668	-	45	544	-	9,257
Losses and loss adjustment liability	-	-	-	2,502	-	2,502
Losses payable	-	-	-	524	-	524
Payable to related corporations	33,702	-	-	-	(433)	33,269
Total current liabilities	104,532	662	142	3,648	(433)	108,551
Long-term debt, net of current maturities	116,539	29	65	-	(65)	116,568
Accrued professional liability, net of current	2,527	-	-	-	-	2,527
Workers' compensation liability, net of current	13,251	-	-	-	-	13,251
Pension benefit obligation	108,380	-	-	-	-	108,380
Postretirement health benefit liability	40,159	-	-	-	-	40,159
Interest rate swaps	7,178	-	-	-	-	7,178
Total liabilities	392,566	691	207	3,648	(498)	396,614
Net assets						
Unrestricted	141,379	1,512	533	500	(1,492)	142,432
Total liabilities and net assets	$ 533,945	$ 2,203	$ 740	$ 4,148	$ (1,990)	$ 539,046

* Hospital only

COMMUNITY HOSPITAL FOUNDATION AND RELATED CORPORATIONS
CONSOLIDATING STATEMENT OF OPERATIONS (CHOMP)
Year Ended December 31, 2013
(In Thousands)

	CHOMP*	CMN	PWC	CCCMIC	Eliminations	Consolidated
Unrestricted revenues, gains, and other support						
Net patient revenue (net of contractual allowances and discounts)	$ 448,116	$ -	$ -	$ -	$ -	$ 448,116
Provision for bad debts	(24,223)	-	-	-	-	(24,223)
Net patient revenue less provision for bad debts	423,893	-	-	-	-	423,893
Other revenue	25,502	2,108	2,162	1,852	(436)	31,188
Net assets released from restrictions used for operations	4,339	-	-	-	-	4,339
Total unrestricted revenues, gains, and other support	453,734	2,108	2,162	1,852	(436)	459,420
Operating expense						
Salaries and wages	143,713	1,028	-	-	-	144,741
Employee benefits	109,519	251	-	-	-	109,770
Supplies and services	137,120	878	1,929	2,305	(436)	141,796
Depreciation and amortization	26,918	8	74	-	-	27,000
Interest	4,681	-	-	-	-	4,681
Total operating expenses	421,951	2,165	2,003	2,305	(436)	427,988
Operating income (loss)	31,783	(57)	159	(453)	-	31,432
Other income (loss)						
Net investment gains	73	-	-	-	-	73
Loss on interest rate swaps	(961)	-	-	-	-	(961)
Other	3,104	-	1	(105)	-	3,000
Total other income	2,216	-	1	(105)	-	2,112
Excess (deficit) of revenues over expenses	33,999	(57)	160	(558)	-	33,544
Transfers of net assets released from restrictions used for purchase of property, plant, and equipment	167	-	-	-	-	167
Inter-fund transfers, net	(55,522)	-	-	-	-	(55,522)
Change in pension benefit obligation	71,509	-	-	-	-	71,509
Interest rate swaps	7,743	-	-	-	-	7,743
Other	(275)	-	-	558	(433)	(150)
Increase (decrease) in unrestricted net assets (deficit)	$ 57,621	$ (57)	$ 160	$ -	$ (433)	$ 57,291

* Hospital only

COMMUNITY HOSPITAL FOUNDATION AND RELATED CORPORATIONS
CONSOLIDATING BALANCE SHEET (CHF)
Year Ended December 31, 2013
(In Thousands)

	CHF*	MCH	CPR	CHI	Eliminations	Consolidated
ASSETS						
Current assets						
Cash and cash equivalents	$ -	$ 18	$ 207	$ 531	$ -	$ 756
Patients accounts receivable, less allowance for uncollectible accounts of $0	-	318	9	-	-	327
Prepaid expenses and deposits	6,272	-	-	-	-	6,272
Pledges receivable	3,157	-	-	-	-	3,157
Receivables from related corporations	6,581	-	274	577	(1,945)	5,487
Total current assets	16,010	336	490	1,108	(1,945)	15,999
Assets limited as to use						
For capital replacement and expansion	289,286	-	-	-	-	289,286
Donor restricted	29,139	-	-	-	-	29,139
Community Hospital Auxiliary	259	-	-	-	-	259
Total assets limited as to use	318,684	-	-	-	-	318,684
Other assets						
Other investments and long-term receivables	21,090	1,500	-	-	(1,469)	21,121
Annuity investments	667	-	-	-	-	667
Assets held in remainder trusts	4,345	-	-	-	-	4,345
Total other assets	26,102	1,500	-	-	(1,469)	26,133
Property, plant, and equipment, net	97	-	307	28	-	432
Total assets	$ 360,893	$ 1,836	$ 797	$ 1,136	$ (3,414)	$ 361,248

* Foundation only

COMMUNITY HOSPITAL FOUNDATION AND RELATED CORPORATIONS
CONSOLIDATING BALANCE SHEET (CHF) (continued)
Year Ended December 31, 2013
(In Thousands)

	CHF*	MCH	CPR	CHI	Eliminations	Consolidated
LIABILITIES AND NET ASSETS						
Current liabilities						
Accounts payable	$ -	$ 19	$ -	$ -	$ -	$ 19
Accrued liabilities						
Payroll and payroll taxes	-	-	-	87	-	87
Interest and other	-	33	-	-	-	33
Payable to related corporations	20	274	100	5,206	(1,945)	3,655
Total current liabilities	20	326	100	5,293	(1,945)	3,794
Long-term debt, net of current maturities	-	1,631	-	-	(1,631)	-
Annuity payment liability	1,449	-	-	-	-	1,449
Liabilities under trust agreements	2,401	-	-	-	-	2,401
Community Hospital Auxiliary net assets	259	-	-	-	-	259
Total liabilities	4,129	1,957	100	5,293	(3,576)	7,903
Net assets (deficit)						
Unrestricted	327,625	(121)	697	(4,157)	162	324,206
Temporarily restricted	29,139	-	-	-	-	29,139
Total net assets (deficit)	356,764	(121)	697	(4,157)	162	353,345
Total liabilities and net assets (deficit)	$ 360,893	$ 1,836	$ 797	$ 1,136	$ (3,414)	$ 361,248

* Foundation only

COMMUNITY HOSPITAL FOUNDATION AND RELATED CORPORATIONS
CONSOLIDATING STATEMENT OF OPERATIONS (CHF)
Year Ended December 31, 2013
(In Thousands)

	CHF*	MCH	CPR	CHI	Eliminations	Consolidated
Unrestricted revenues, gains, and other support						
Other revenue	$ -	$ 1,539	$ 879	$ 1,491	$ (838)	$ 3,071
Unrestricted contributions	6,212	-	-	-	-	6,212
Net assets released from restrictions used for operations	-	-	-	298	-	298
Total unrestricted revenues, gains, and other support	6,212	1,539	879	1,789	(838)	9,581
Operating expense						
Salaries and wages	1,492	258	232	2,194	-	4,176
Employee benefits	1,001	67	53	474	-	1,595
Supplies and services	1,873	1,312	423	1,936	(943)	4,601
Depreciation and amortization	19	-	62	2	-	83
Total operating expenses	4,385	1,637	770	4,606	(943)	10,455
Operating (loss) income	1,827	(98)	109	(2,817)	105	(874)
Other income (loss)						
Net investment gains	3,729	-	-	-	(105)	3,624
Other	(1,512)	(15)	-	-	750	(777)
Total other income (loss)	2,217	(15)	-	-	645	2,847
Excess (deficit) of revenues over expenses	4,044	(113)	109	(2,817)	750	1,973
Net change in unrealized gains and losses on investments	33,181	-	-	-	-	33,181
Transfers of net assets released from restrictions used for purchase of property, plant, and equipment	(104)	-	-	-	-	(104)
Inter-fund transfers, net	54,619	-	-	-	-	54,619
Other	3	-	-	-	-	3
Increase (decrease) in unrestricted net assets (deficit)	$ 91,743	$ (113)	$ 109	$ (2,817)	$ 750	$ 89,672

* Foundation only

COMMUNITY HOSPITAL FOUNDATION AND RELATED CORPORATIONS
CONSOLIDATING BALANCE SHEET (Obligated Group)
December 31, 2013
(In Thousands)

	CHF	CHE	CHOMP	CHP	Eliminations	Consolidated
ASSETS						
Current assets						
Cash and cash equivalents	$ -	$ -	$ 63,624	$ 40	$ -	$ 63,664
Patients accounts receivable, less allowance for uncollectible accounts of $21,399	-	-	69,870	-	-	69,870
Accrued interest and other receivables	-	-	2,602	49	-	2,651
Supply inventories	-	-	2,172	-	-	2,172
Prepaid expenses and deposits	6,272	23	11,556	138	-	17,989
Current portion of assets limited as to use	-	-	151	-	-	151
Pledges receivable	3,157	-	-	-	-	3,157
Receivables from governmental agencies	-	-	1,950	-	-	1,950
Receivables from related corporations	6,581	2,999	72,910	29,720	(106,912)	5,298
Total current assets	16,010	3,022	224,835	29,947	(106,912)	166,902
Assets limited as to use						
For capital replacement and expansion	289,286	-	-	-	-	289,286
Donor restricted	29,139	117,849	-	-	-	146,988
Community Hospital Auxiliary	259	-	-	-	-	259
Beneficial interest in net assets of Hospice Foundation	-	13,343	-	-	-	13,343
Total assets limited as to use, net of current portion	318,684	131,192	-	-	-	449,876
Other assets						
Other investments and long-term receivables	21,090	-	15,513	1,250	-	37,853
Real property	-	-	-	996	-	996
Annuity investments	667	-	-	-	-	667
Assets held in remainder trusts	4,345	-	-	-	-	4,345
Beneficial interest in remainder trusts	-	1,201	-	-	-	1,201
Deferred financing costs, net	-	-	1,642	-	-	1,642
Total other assets	26,102	1,201	17,155	2,246	-	46,704
Property, plant, and equipment, net	97	617	291,955	62,837	-	355,506
Total assets	$ 360,893	$ 136,032	$ 533,945	$ 95,030	$ (106,912)	$ 1,018,988

COMMUNITY HOSPITAL FOUNDATION AND RELATED CORPORATIONS
CONSOLIDATING BALANCE SHEET (Obligated Group) (continued)
December 31, 2013
(In Thousands)

	CHF	CHE	CHOMP	CHP	Eliminations	Consolidated
LIABILITIES AND NET ASSETS						
Current liabilities						
Current maturities of long-term debt	$ -	$ -	$ 4,300	$ -	$ -	$ 4,300
Line of credit	-	-	6,000	-	-	6,000
Accounts payable	-	-	14,854	-	-	14,854
Accrued liabilities						
Payroll and payroll taxes	-	-	17,347	-	-	17,347
Vacation	-	-	16,022	-	-	16,022
Current portion of workers' compensation and professional liabilities	-	-	3,639	-	-	3,639
Interest and other	-	-	8,668	46	-	8,714
Payable to related corporations	20	4,840	33,702	69,357	(106,912)	1,007
Total current liabilities	20	4,840	104,532	69,403	(106,912)	71,883
Long-term debt, net of current maturities	-	-	116,539	-	-	116,539
Annuity payment liability	1,449	-	-	-	-	1,449
Liabilities under trust agreements	2,401	-	-	-	-	2,401
Accrued professional liability, net of current portion	-	-	2,527	-	-	2,527
Workers' compensation liability, net of current portion	-	-	13,251	-	-	13,251
Pension benefit obligation	-	-	108,380	-	-	108,380
Postretirement health benefit liability	-	-	40,159	-	-	40,159
Interest rate swaps	-	-	7,178	-	-	7,178
Community Hospital Auxiliary net assets	259	-	-	-	-	259
Total liabilities	4,129	4,840	392,566	69,403	(106,912)	364,026
Net assets						
Unrestricted	327,625	-	141,379	25,627	-	494,631
Temporarily restricted	29,139	91,758	-	-	-	120,897
Permanently restricted - endowment funds	-	39,434	-	-	-	39,434
Total net assets	356,764	131,192	141,379	25,627	-	654,962
Total liabilities and net assets	$ 360,893	$ 136,032	$ 533,945	$ 95,030	$ (106,912)	$ 1,018,988

COMMUNITY HOSPITAL FOUNDATION AND RELATED CORPORATIONS
CONSOLIDATING STATEMENT OF OPERATIONS (Obligated Group)
Year Ended December 31, 2013
(In Thousands)

	CHF	CHE	CHOMP	CHP	Eliminations	Consolidated
Unrestricted revenues, gains, and other support						
Net patient revenue (net of contractual allowances and discounts)	$ -	$ -	$ 448,116	$ -	$ -	$ 448,116
Provision for bad debts	-	-	(24,223)	-	-	(24,223)
Net patient revenue less provision for bad debts	-	-	423,893	-	-	423,893
Other revenue	-	-	25,502	4,218	(3,124)	26,596
Unrestricted contributions	6,212	-	-	-	-	6,212
Net assets released from restrictions used for operations	-	934	4,339	-	-	5,273
Total unrestricted revenues, gains, and other support	6,212	934	453,734	4,218	(3,124)	461,974
Operating expense						
Salaries and wages	1,492	314	143,713	151	-	145,670
Employee benefits	1,001	485	109,519	123	-	111,128
Supplies and services	1,873	-	137,120	1,855	(3,124)	137,724
Depreciation and amortization	19	135	26,918	2,220	-	29,292
Interest	-	-	4,681	-	-	4,681
Total operating expenses	4,385	934	421,951	4,349	(3,124)	428,495
Operating (loss) income	1,827	-	31,783	(131)	-	33,479
Other income (loss)						
Net investment gains	3,729	-	73	-	-	3,802
Loss on interest rate swaps	-	-	(961)	-	-	(961)
Other	(1,512)	-	3,104	-	-	1,592
Total other income	2,217	-	2,216	-	-	4,433
Excess (deficit) of revenues over expenses	4,044	-	33,999	(131)	-	37,912
Net change in unrealized gains and losses on investments	33,181	-	-	-	-	33,181
Transfers of net assets released from restrictions used for purchase of property, plant, and equipment	(104)	-	167	-	-	63
Inter-fund transfers, net	54,619	-	(55,522)	-	-	(903)
Change in pension benefit obligation	-	-	71,509	-	-	71,509
Interest rate swaps	-	-	7,743	-	-	7,743
Other	3	-	(275)	-	-	(272)
Increase (decrease) in unrestricted net assets	$ 91,743	$ -	$ 57,621	$ (131)	$ -	$ 149,233

The following is a summary of CHOMP's community service for the years ended December 31, 2013 and 2012, in terms of services to the indigent and benefits to the broader community (in thousands)

(Unaudited)	2013	2012
Benefits for the indigent		
Traditional charity care, at cost	$ 13,625	$ 12,829
Unpaid costs of Medi-Cal program	29,936	30,560
Total quantifiable benefits for the indigent	43,561	43,389
Benefits for the broader community		
Unpaid costs of Medicare program	75,528	71,543
Unpaid costs of other government programs	11,477	11,289
Negative margin services	16,045	14,563
Education and wellness programs	3,633	3,054
Other community benefits	13,826	14,590
Total quantifiable benefits for the broader community	120,509	115,039
Total quantifiable community benefits	$ 164,070	$ 158,428

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

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

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

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

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

Community benefit cost would equate to approximately 36% and 39% of CHOMP's total operating expenses for the years ended December 31, 2013 and 2012