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

OMB No 1545-0047

**2014**

**Open to Public Inspection**

**A For the 2014 calendar year, or tax year beginning 01-01-2014 , and ending 12-31-2014**

**B** Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Final return/terminated
- ☐ Amended return
- ☐ Application pending

**C** Name of organization
COLUMBIA LUTHERAN CHARITIES

Doing business as
COLUMBIA MEMORIAL HOSPITAL

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

City or town, state or province, country, and ZIP or foreign postal code
ASTORIA, OR 971033329

**D Employer identification number**
93-0583856

E Telephone number
(503) 325-4321

**G** Gross receipts $ 80,254,326

**F** Name and address of principal officer
STEPHANIE D BRENDEN
2111 EXCHANGE STREET
ASTORIA,OR 971033329

**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 COLUMBIAMEMORIAL ORG

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

**L** Year of formation 1958

**M** State of legal domicile OR

## Part I Summary

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

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

Activities & Governance

| | | | |
|---|---|---|---|
| **3** | Number of voting members of the governing body (Part VI, line 1a) | **3** | 12 |
| **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 2014 (Part V, line 2a) | **5** | 610 |
| **6** | Total number of volunteers (estimate if necessary) | **6** | 103 |
| **7a** | Total unrelated business revenue from Part VIII, column (C), line 12 | **7a** | 0 |
| **b** | Net unrelated business taxable income from Form 990-T, line 34 | **7b** | 0 |

| | | Prior Year | Current Year |
|---|---|---|---|
| **8** | Contributions and grants (Part VIII, line 1h) | 857,064 | 733,743 |
| **9** | Program service revenue (Part VIII, line 2g) | 67,712,027 | 76,151,726 |
| **10** | Investment income (Part VIII, column (A), lines 3, 4, and 7d ) | 429,765 | 698,482 |
| **11** | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 2,383,349 | 2,590,754 |
| **12** | Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 71,382,205 | 80,174,705 |
| **13** | Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) | 65,100 | 38,065 |
| **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) | 39,941,801 | 41,698,697 |
| **16a** | Professional fundraising fees (Part IX, column (A), line 11e) | 0 | 0 |
| **b** | Total fundraising expenses (Part IX, column (D), line 25) ▶241,576 | | |
| **17** | Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) | 27,626,143 | 33,427,207 |
| **18** | Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) | 67,633,044 | 75,163,969 |
| **19** | Revenue less expenses Subtract line 18 from line 12 | 3,749,161 | 5,010,736 |

Revenue / Expenses

| | | Beginning of Current Year | End of Year |
|---|---|---|---|
| **20** | Total assets (Part X, line 16) | 90,849,713 | 93,169,432 |
| **21** | Total liabilities (Part X, line 26) | 47,251,547 | 50,819,948 |
| **22** | Net assets or fund balances Subtract line 21 from line 20 | 43,598,166 | 42,349,484 |

Net Assets or Fund Balances

## 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**

****** | 2015-08-18
Signature of officer | Date

STEPHANIE D BRENDEN 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 |
|---|---|---|---|---|
| MARK E EKLUND CPA | MARK E EKLUND CPA | 2015-08-18 | | P00156145 |

Firm's name ▶ DELAP LLP — Firm's EIN ▶ 93-0418710

Firm's address ▶ 5885 MEADOWS ROAD NO 200
LAKE OSWEGO, OR 97035 — Phone no (503) 697-4118

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

**Part III** **Statement of Program Service Accomplishments**

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

**1** Briefly describe the organization's mission

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

**2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ 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 $ 64,462,154 including grants of $ 38,065 ) (Revenue $ 78,423,371 )

SEE SCHEDULE O

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

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

**4d** Other program services (Describe in Schedule O )

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

**4e** **Total program service expenses** ▶ 64,462,154

## Part IV Checklist of Required Schedules

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

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

| | | | | |
|---|---|---|---|---|
| **21** | Did the organization report more than $5,000 of grants or other assistance to any domestic organization or domestic 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 or for domestic individuals 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), 501(c)(4), and 501(c)(29) 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 "Yes," complete Schedule L, Part II* | **26** | Yes | |
| **27** | Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or 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** | Yes | |
| **b** | A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV* | **28b** | | No |
| **c** | An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV* | **28c** | Yes | |
| **29** | Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M* | **29** | | No |
| **30** | Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M* | **30** | | No |
| **31** | Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I* | **31** | | No |
| **32** | Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II* | **32** | | No |
| **33** | Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I* | **33** | | No |
| **34** | Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, 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 | 116 | | |
| 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 | 610 | | |
| 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 FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR) | | | | |
| 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 | | No |
| h | If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? . . . . . | | 7h | | No |
| 8 | **Sponsoring organizations maintaining donor advised funds.** Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year? . . . . . | | 8 | | |
| 9a | Did the sponsoring organization make any taxable distributions under section 4966? . . . | | 9a | | |
| b | Did the sponsoring 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** 12 | | | |
| | 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** | Yes | |
| **b** | If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? | **10b** | Yes | |
| **11a** | Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? . . . . . | **11a** | Yes | |
| **b** | Describe in Schedule O the process, if any, used by the organization to review this Form 990 . . . . . | | | |
| **12a** | Did the organization have a written conflict of interest policy? *If "No," go to line 13* . . . . . | **12a** | Yes | |
| **b** | Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . . | **12b** | Yes | |
| **c** | Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done* . . . . . | **12c** | Yes | |
| **13** | Did the organization have a written whistleblower policy? . . . . . | **13** | Yes | |
| **14** | Did the organization have a written document retention and destruction policy? . . . . . | **14** | Yes | |
| **15** | Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? | | | |
| **a** | The organization's CEO, Executive Director, or top management official . . . . . | **15a** | Yes | |
| **b** | Other officers or key employees of the organization . . . . . | **15b** | Yes | |
| | If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions) | | | |
| **16a** | Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . . | **16a** | Yes | |
| **b** | If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements? . . . . . | **16b** | | No |

## Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request ☐ Other (explain in Schedule O)

**19** Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year

**20** State the name, address, and telephone number of the person who possesses the organization's books and records ▶ STEPHANIE D BRENDEN CFO

2111 EXCHANGE STREET
ASTORIA, OR 97103 (503) 338-7505

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

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

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

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

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

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

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

| (A) Name and Title | (B) Average hours per week (list any hours for related organizations below dotted line) | (C) Position (do not check more than one box, unless person is both an officer and a director/trustee) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | | | |

**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 | | | |
| **1b Sub-Total** | | | | | | | | | | |
| **c Total from continuation sheets to Part VII, Section A** | | | | | | | | | | |
| **d Total (add lines 1b and 1c)** | | | | | | | | 3,835,334 | 0 | 459,245 |

**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 ▶ 59

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

## Section B. Independent Contractors

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

| (A) Name and business address | (B) Description of services | (C) Compensation |
|---|---|---|
| P&C CONTRUCTION<br>2133 NW YORK STREET<br>PORTLAND, OR 97210 | GENERAL CONTRACTOR | 7,178,794 |
| CERNER CORPORATION<br>2800 ROCKCREEK PKWY<br>KANSAS CITY, MO 64117 | HOSPITAL SOFTWARE | 2,872,131 |
| NORTH COAST EMERGENCY<br>2111 EXCHANGE STREET<br>ASTORIA, OR 97103 | EMERGENCY ROOM PHYSICIANS | 1,833,465 |
| ANESTHESIA ASSOC NW LLC<br>6400 SE LAKE RD STE 130<br>PORTLAND, OR 97222 | ANESTHESIOLOGY PHYSICIANS | 1,422,844 |
| RICKENBACK CONSTRUCTION INC<br>37734 EAGLE LANE<br>ASTORIA, OR 97103 | GENERAL CONTRACTOR | 1,246,538 |

**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 ▶ 22

## 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 | 7,047 | | | |
| | e | Government grants (contributions) | 1e | 36,769 | | | |
| | f | All other contributions, gifts, grants, and similar amounts not included above | 1f | 689,927 | | | |
| | g | Noncash contributions included in lines 1a-1f $ | | | | | |
| | h | **Total.** Add lines 1a-1f . . . . . ▶ | | 733,743 | | | |
| Program Service Revenue | | | Business Code | | | | |
| | 2a | OUTPATIENT REVENUE | 621990 | 83,693,608 | 83,693,608 | | |
| | b | EMERGENCY ROOM REVENUE | 621990 | 33,220,776 | 33,220,776 | | |
| | c | INPATIENT REVENUE | 621990 | 29,276,504 | 29,276,504 | | |
| | d | PROVISION FOR CHARITY CARE | 621990 | -1,445,114 | -1,445,114 | | |
| | e | CONTRACTUAL ALLOWANCE | 621990 | -66,811,842 | -66,811,842 | | |
| | f | All other program service revenue | | -1,782,206 | -1,782,206 | | |
| | g | **Total.** Add lines 2a–2f . . . . . ▶ | | 76,151,726 | | | |
| | 3 | Investment income (including dividends, interest, and other similar amounts) . . . . . ▶ | | 59,213 | | | 59,213 |
| | 4 | Income from investment of tax-exempt bond proceeds . . ▶ | | 382,075 | | | 382,075 |
| | 5 | Royalties . . . . . ▶ | | | | | |
| | | | (i) Real / (ii) Personal | | | | |
| | 6a | Gross rents | 309,590 | | | | |
| | b | Less rental expenses | 50,704 | | | | |
| | c | Rental income or (loss) | 258,886 | | | | |
| | d | Net rental income or (loss) . . . . . ▶ | | 258,886 | 258,886 | | |
| | | | (i) Securities / (ii) Other | | | | |
| | 7a | Gross amount from sales of assets other than inventory | 286,111 | | | | |
| | b | Less cost or other basis and sales expenses | 28,917 | | | | |
| | c | Gain or (loss) | 257,194 | | | | |
| | d | Net gain or (loss) . . . . . ▶ | | 257,194 | | | 257,194 |
| 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 | JOINT VENTURE | 621500 | 1,078,476 | 1,078,476 | | |
| | b | CAFETERIA AND VENDING | 722210 | 319,109 | | | 319,109 |
| | c | PHARMACY SERVICES | 446110 | 174,629 | 174,629 | | |
| | d | All other revenue . . . . | | 759,654 | 759,654 | | |
| | e | **Total.** Add lines 11a–11d . . . . . ▶ | | 2,331,868 | | | |
| | 12 | **Total revenue.** See Instructions . . . . . ▶ | | 80,174,705 | 78,423,371 | 0 | 1,017,591 |

## 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 domestic organizations and domestic governments See Part IV, line 21 | 38,065 | 38,065 | | |
| 2 Grants and other assistance to domestic individuals See Part IV, line 22 | | | | |
| 3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals See Part IV, lines 15 and 16 | | | | |
| 4 Benefits paid to or for members | | | | |
| 5 Compensation of current officers, directors, trustees, and key employees | 1,711,387 | | 1,711,387 | |
| 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 | 31,317,648 | 28,065,318 | 3,079,316 | 173,014 |
| 8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) | 1,855,014 | 1,598,206 | 243,235 | 13,573 |
| 9 Other employee benefits | 4,341,006 | 3,802,000 | 514,060 | 24,946 |
| 10 Payroll taxes | 2,473,642 | 2,148,276 | 312,843 | 12,523 |
| 11 Fees for services (non-employees) | | | | |
| a Management | | | | |
| b Legal | 229,264 | | 229,264 | |
| c Accounting | 127,460 | | 109,940 | 17,520 |
| d Lobbying | | | | |
| e Professional fundraising services See Part IV, line 17 | | | | |
| f Investment management fees | | | | |
| g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O) | 6,541,735 | 5,902,280 | 639,455 | |
| 12 Advertising and promotion | 255,525 | 3,675 | 251,850 | |
| 13 Office expenses | 274,401 | 169,030 | 105,371 | |
| 14 Information technology | 1,397,613 | 1,223,104 | 174,509 | |
| 15 Royalties | | | | |
| 16 Occupancy | 1,635,641 | 1,365,124 | 270,517 | |
| 17 Travel | 60,173 | 51,888 | 8,285 | |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials | | | | |
| 19 Conferences, conventions, and meetings | 435,768 | 240,590 | 195,178 | |
| 20 Interest | 940,615 | 940,615 | | |
| 21 Payments to affiliates | | | | |
| 22 Depreciation, depletion, and amortization | 4,089,496 | 3,156,209 | 933,287 | |
| 23 Insurance | 931,647 | 931,647 | | |
| 24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O) | | | | |
| a MEDICAL SUPPLIES & PHAR | 9,640,856 | 9,640,856 | | |
| b OTHER PURCHASED SERVICE | 1,667,320 | 675,776 | 991,544 | |
| c REPAIRS & MAINTENANCE | 1,294,219 | 1,265,347 | 28,872 | |
| d OUTSIDE MEDICAL SERVICE | 691,899 | 688,362 | 3,537 | |
| e All other expenses | 3,213,575 | 2,555,786 | 657,789 | |
| 25 **Total functional expenses.** Add lines 1 through 24e | 75,163,969 | 64,462,154 | 10,460,239 | 241,576 |
| 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 | | | 1 | |
| | 2 | Savings and temporary cash investments | | 5,676,971 | 2 | 2,422,186 |
| | 3 | Pledges and grants receivable, net | | | 3 | |
| | 4 | Accounts receivable, net | | 12,030,548 | 4 | 19,245,687 |
| | 5 | Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L | | 28,889 | 5 | 22,222 |
| | 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 | | 179,810 | 7 | 151,735 |
| | 8 | Inventories for sale or use | | 1,380,522 | 8 | 1,794,224 |
| | 9 | Prepaid expenses and deferred charges | | 1,000,508 | 9 | 971,257 |
| | 10a | Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D | 10a 79,304,172 | | | |
| | b | Less accumulated depreciation | 10b 37,402,963 | 33,001,773 | 10c | 41,901,209 |
| | 11 | Investments—publicly traded securities | | 29,322,648 | 11 | 22,664,385 |
| | 12 | Investments—other securities See Part IV, line 11 | | | 12 | |
| | 13 | Investments—program-related See Part IV, line 11 | | 1,935,112 | 13 | 1,881,411 |
| | 14 | Intangible assets | | 777,767 | 14 | 722,194 |
| | 15 | Other assets See Part IV, line 11 | | 5,515,165 | 15 | 1,392,922 |
| | 16 | **Total assets.** Add lines 1 through 15 (must equal line 34) | | 90,849,713 | 16 | 93,169,432 |
| Liabilities | 17 | Accounts payable and accrued expenses | | 11,105,782 | 17 | 9,379,141 |
| | 18 | Grants payable | | | 18 | |
| | 19 | Deferred revenue | | | 19 | |
| | 20 | Tax-exempt bond liabilities | | 30,917,985 | 20 | 30,513,084 |
| | 21 | Escrow or custodial account liability Complete Part IV of Schedule D | | | 21 | |
| | 22 | Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L | | | 22 | |
| | 23 | Secured mortgages and notes payable to unrelated third parties | | | 23 | |
| | 24 | Unsecured notes and loans payable to unrelated third parties | | | 24 | |
| | 25 | Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D | | 5,227,780 | 25 | 10,927,723 |
| | 26 | **Total liabilities.** Add lines 17 through 25 | | 47,251,547 | 26 | 50,819,948 |
| 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 | | 43,528,835 | 27 | 42,286,216 |
| | 28 | Temporarily restricted net assets | | 69,331 | 28 | 63,268 |
| | 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 | | 43,598,166 | 33 | 42,349,484 |
| | 34 | Total liabilities and net assets/fund balances | | 90,849,713 | 34 | 93,169,432 |

## 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 | 80,174,705 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 75,163,969 |
| 3 | Revenue less expenses Subtract line 2 from line 1 | 3 | 5,010,736 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | 43,598,166 |
| 5 | Net unrealized gains (losses) on investments | 5 | 309,509 |
| 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 | -6,568,927 |
| 10 | Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B)) | 10 | 42,349,484 |

## 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 | | |

## Additional Data

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

### Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

| (A) Name and Title | (B) Average hours per week (list any hours for related organizations below dotted line) | (C) Position (do not check more than one box, unless person is both an officer and a director/trustee) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| (1) DAVID PHILLIPS<br>BOARD MEMBER | 3 00 | X | | | | | | 0 | 0 | 0 |
| (1) BILL LIND<br>BOARD MEMBER | 3 00 | X | | | | | | 0 | 0 | 0 |
| (2) HEATHER SEPPA<br>BOARD MEMBER | 3 00 | X | | | | | | 0 | 0 | 0 |
| (3) KEVIN BAXTER<br>BOARD MEMBER | 3 00 | X | | | | | | 0 | 0 | 0 |
| (4) BILL LANDWEHR<br>BOARD MEMBER | 3 00 | X | | | | | | 0 | 0 | 0 |
| (5) NANCY MCALLISTER<br>BOARD MEMBER | 3 00 | X | | | | | | 0 | 0 | 0 |
| (6) KATHERINE HELLBERG<br>BOARD MEMBER | 3 00 | X | | | | | | 0 | 0 | 0 |
| (7) ED NELSON JR<br>BOARD MEMBER | 3 00 | X | | | | | | 0 | 0 | 0 |
| (8) NORMAN SHATTO<br>BOARD MEMBER | 3 00 | X | | | | | | 0 | 0 | 0 |
| (9) MALCOLM SMITH<br>BOARD MEMBER | 3 00 | X | | | | | | 0 | 0 | 0 |
| (10) MARK SMITH<br>BOARD MEMBER | 3 00 | X | | | | | | 0 | 0 | 0 |
| (11) CONSTANCE WAISANEN<br>BOARD MEMBER | 3 00 | X | | | | | | 0 | 0 | 0 |
| (12) HOUMAN SABAHI<br>BOARD MEMBER | 3 00 | X | | | | | | 0 | 0 | 0 |
| (13) ROBERT HOLLAND<br>BOARD MEMBER | 40 00 | X | | | | | | 301,878 | 0 | 32,160 |
| (14) ERIK THORSEN<br>CEO | 40 00 | | | X | | | | 339,845 | 0 | 21,465 |
| (15) STEPHANIE D BRENDEN<br>CFO | 40 00 | | | X | | | | 201,642 | 0 | 29,483 |
| (16) TERESA L GURRAD<br>CCO | 40 00 | | | X | | | | 179,163 | 0 | 28,049 |
| (17) JARROD P KARNOFSKI<br>VP - ANCILLIARY SERVICES | 40 00 | | | X | | | | 155,004 | 0 | 43,742 |
| (18) KATRINA M MCPHERSON<br>VP - MEDICAL GROUP OPERATIONS | 40 00 | | | X | | | | 222,962 | 0 | 44,428 |
| (19) DOUGLAS ABBOTT MD<br>PHYSICIAN | 40 00 | | | | | X | | 583,342 | 0 | 51,354 |
| (20) RICHARD CRASS MD<br>PHYSICIAN | 40 00 | | | | | X | | 370,448 | 0 | 42,762 |
| (21) EDOUARD DURET MD<br>PHYSICIAN | 40 00 | | | | | X | | 363,287 | 0 | 51,493 |
| (22) CHRISTOPHER NYTE MD<br>PHYSICIAN | 40 00 | | | | | X | | 384,300 | 0 | 37,532 |
| (23) DAVID LEIBEL DO<br>PHYSICIAN | 40 00 | | | | | X | | 318,001 | 0 | 46,636 |
| (24) WILLIAM G RIVERS<br>FORMER CIO | 40 00 | | | | | | X | 179,578 | 0 | 9,525 |

## Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

| (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 | | | |
| (26) KENNETH M BOUCHER<br>.....<br>FORMER COO | 40 00<br>..... | | | | | | X | 235,884 | 0 | 20,616 |

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493230008095

# 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.**

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

OMB No 1545-0047

**2014**

**Open to Public Inspection**

**Name of the organization**
COLUMBIA LUTHERAN CHARITIES

**Employer identification number**
93-0583856

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

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

1 ☐ A church, convention of churches, or association of churches 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 in lines 11a through 11d that describes the type of supporting organization and complete lines 11e, 11f, and 11g

a ☐ **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization **You must complete Part IV, Sections A and B.**

b ☐ **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s) **You must complete Part IV, Sections A and C.**

c ☐ **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions) **You must complete Part IV, Sections A, D, and E.**

d ☐ **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions) **You must complete Part IV, Sections A and D, and Part V.**

e ☐ Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization

f Enter the number of supported organizations . . . . . _____

g 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 listed in your governing document? Yes | (iv) No | (v) Amount of monetary support (see instructions) | (vi) Amount of other support (see instructions) |
|---|---|---|---|---|---|---|
| | | | | | | |
| | | | | | | |
| **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) 2010 | (b) 2011 | (c) 2012 | (d) 2013 | (e) 2014 | (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) 2010 | (b) 2011 | (c) 2012 | (d) 2013 | (e) 2014 | (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 VI ) | | | | | | |
| 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 section 501(c)(3) organization, check this box and **stop here** . . . . . ▶☐

## Section C. Computation of Public Support Percentage

| | | |
|---|---|---|
| 14 | Public support percentage for 2014 (line 6, column (f) divided by line 11, column (f)) | **14** |
| 15 | Public support percentage for 2013 Schedule A, Part II, line 14 | **15** |

**16a** **33 1/3% support test—2014.** 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—2013.** 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—2014.** 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 VI how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

**b** **10%-facts-and-circumstances test—2013.** 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 VI 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) 2010 | (b) 2011 | (c) 2012 | (d) 2013 | (e) 2014 | (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) 2010 | (b) 2011 | (c) 2012 | (d) 2013 | (e) 2014 | (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 VI ) | | | | | | |
| 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 section 501(c)(3) organization, check this box and **stop here** ▶☐

## Section C. Computation of Public Support Percentage

| | | | |
|---|---|---|---|
| 15 | Public support percentage for 2014 (line 8, column (f) divided by line 13, column (f)) | 15 | |
| 16 | Public support percentage from 2013 Schedule A, Part III, line 15 | 16 | |

## Section D. Computation of Investment Income Percentage

| | | | |
|---|---|---|---|
| 17 | Investment income percentage for **2014** (line 10c, column (f) divided by line 13, column (f)) | 17 | |
| 18 | Investment income percentage from **2013** Schedule A, Part III, line 17 | 18 | |

19a **33 1/3% support tests—2014.** 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—2013.** 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 Supporting Organizations

(Complete only if you checked a box on line 11 of Part I If you checked 11a of Part I, complete Sections A and B If you checked 11b of Part I, complete Sections A and C If you checked 11c of Part I, complete Sections A, D, and E If you checked 11d of Part I, complete Sections A and D, and complete Part V )

### Section A. All Supporting Organizations

| | | | Yes | No |
|---|---|---|---|---|
| 1 | Are all of the organization's supported organizations listed by name in the organization's governing documents? *If "No," describe in* ***Part VI*** *how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.* | 1 | | |
| 2 | Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? *If "Yes," explain in* ***Part VI*** *how the organization determined that the supported organization was described in section 509(a)(1) or (2).* | 2 | | |
| 3a | Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? *If "Yes," answer (b) and (c) below.* | 3a | | |
| b | Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? *If "Yes," describe in* ***Part VI*** *when and how the organization made the determination.* | 3b | | |
| c | Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? *If "Yes," explain in* ***Part VI*** *what controls the organization put in place to ensure such use.* | 3c | | |
| 4a | Was any supported organization not organized in the United States ("foreign supported organization")? *If "Yes" and if you checked 11a or 11b in Part I, answer (b) and (c) below.* | 4a | | |
| b | Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? *If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations. . . .* | 4b | | |
| c | Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? *If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.* | 4c | | |
| 5a | Did the organization add, substitute, or remove any supported organizations during the tax year? *If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed, (ii) the reasons for each such action, (iii) the authority under the organization's organizing document authorizing such action, and (iv) how the action was accomplished (such as by amendment to the organizing document).* | 5a | | |
| b | **Type I or Type II only.** Was any added or substituted supported organization part of a class already designated in the organization's organizing document? | 5b | | |
| c | **Substitutions only.** Was the substitution the result of an event beyond the organization's control? | 5c | | |
| 6 | Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (a) its supported organizations, (b) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (c) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? *If "Yes," provide detail in* ***Part VI.*** | 6 | | |
| 7 | Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in IRC 4958(c)(3)(C)), a family member of a substantial contributor, or a 35-percent controlled entity with regard to a substantial contributor? *If "Yes," complete Part I of Schedule L (Form 990) .* | 7 | | |
| 8 | Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? *If "Yes," complete Part II of Schedule L (Form 990).* | 8 | | |
| 9a | Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509 (a)(1) or (2))? *If "Yes," provide detail in* ***Part VI.*** | 9a | | |
| b | Did one or more disqualified persons (as defined in line 9(a)) hold a controlling interest in any entity in which the supporting organization had an interest? *If "Yes," provide detail in* ***Part VI.*** | 9b | | |
| c | Did a disqualified person (as defined in line 9(a)) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? *If "Yes," provide detail in* ***Part VI.*** | 9c | | |
| 10a | Was the organization subject to the excess business holdings rules of IRC 4943 because of IRC 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? *If "Yes," answer b below.* | 10a | | |
| b | Did the organization have any excess business holdings in the tax year? *(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings).* | 10b | | |
| 11 | Has the organization accepted a gift or contribution from any of the following persons? | | | |
| a | A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization? | 11a | | |
| b | A family member of a person described in (a) above? | 11b | | |
| c | A 35% controlled entity of a person described in (a) or (b) above? *If "Yes" to a, b, or c, provide detail in Part VI.* | 11c | | |

## Part IV Supporting Organizations (continued)

### Section B. Type I Supporting Organizations

| | | Yes | No |
|---|---|---|---|
| 1 | Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? *If "No," describe in* ***Part VI*** *how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.* | 1 | | |
| 2 | Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? *If "Yes," explain in* ***Part VI*** *how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised or controlled the supporting organization.* | 2 | | |

### Section C. Type II Supporting Organizations

| | | Yes | No |
|---|---|---|---|
| 1 | Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? *If "No," describe in* ***Part VI*** *how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).* | 1 | | |

### Section D. All Type III Supporting Organizations

| | | Yes | No |
|---|---|---|---|
| 1 | Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (1) a written notice describing the type and amount of support provided during the prior tax year, (2) a copy of the Form 990 that was most recently filed as of the date of notification, and (3) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided? | 1 | | |
| 2 | Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? *If "No," explain in* ***Part VI*** *how the organization maintained a close and continuous working relationship with the supported organization(s).* | 2 | | |
| 3 | By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? *If "Yes," describe in* ***Part VI*** *the role the organization's supported organizations played in this regard.* | 3 | | |

### Section E. Type III Functionally-Integrated Supporting Organizations

1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year **(see instructions)**

- **a** ☐ The organization satisfied the Activities Test Complete **line 2** below
- **b** ☐ The organization is the parent of each of its supported organizations Complete **line 3** below
- **c** ☐ The organization supported a governmental entity Describe in Part VI how you supported a government entity (see instructions)

| | | | Yes | No |
|---|---|---|---|---|
| 2 | Activities Test **Answer (a) and (b) below.** | | | |
| **a** | Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? *If "Yes," then in* ***Part VI identify those supported organizations and explain*** *how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.* | 2a | | |
| **b** | Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? *If "Yes," explain in* ***Part VI*** *the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.* | 2b | | |
| 3 | Parent of Supported Organizations **Answer (a) and (b) below.** | | | |
| **a** | Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? *Provide details in Part VI.* | 3a | | |
| **b** | Did the organization exercise a substantial degree of direction over the policies, programs and activities of each of its supported organizations? *If "Yes," describe in Part VI the role played by the organization in this regard.* | 3b | | |

## Part V – Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

1 ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov 20, 1970 **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E

### Section A - Adjusted Net Income

| | | | (A) Prior Year | (B) Current Year (optional) |
|---|---|---|---|---|
| 1 | Net short-term capital gain | 1 | | |
| 2 | Recoveries of prior-year distributions | 2 | | |
| 3 | Other gross income (see instructions) | 3 | | |
| 4 | Add lines 1 through 3 | 4 | | |
| 5 | Depreciation and depletion | 5 | | |
| 6 | Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions) | 6 | | |
| 7 | Other expenses (see instructions) | 7 | | |
| 8 | **Adjusted Net Income** (subtract lines 5, 6 and 7 from line 4) | 8 | | |

### Section B - Minimum Asset Amount

| | | | (A) Prior Year | (B) Current Year (optional) |
|---|---|---|---|---|
| 1 | Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year) | 1 | | |
| a | Average monthly value of securities | 1a | | |
| b | Average monthly cash balances | 1b | | |
| c | Fair market value of other non-exempt-use assets | 1c | | |
| d | **Total** (add lines 1a, 1b, and 1c) | 1d | | |
| e | **Discount** claimed for blockage or other factors (explain in detail in Part VI) _____ | | | |
| 2 | Acquisition indebtedness applicable to non-exempt use assets | 2 | | |
| 3 | Subtract line 2 from line 1d | 3 | | |
| 4 | Cash deemed held for exempt use Enter 1-1/2% of line 3 (for greater amount, see instructions) | 4 | | |
| 5 | Net value of non-exempt-use assets (subtract line 4 from line 3) | 5 | | |
| 6 | Multiply line 5 by 035 | 6 | | |
| 7 | Recoveries of prior-year distributions | 7 | | |
| 8 | **Minimum Asset Amount** (add line 7 to line 6) | 8 | | |

### Section C - Distributable Amount

| | | | | Current Year |
|---|---|---|---|---|
| 1 | Adjusted net income for prior year (from Section A, line 8, Column A) | 1 | | |
| 2 | Enter 85% of line 1 | 2 | | |
| 3 | Minimum asset amount for prior year (from Section B, line 8, Column A) | 3 | | |
| 4 | Enter greater of line 2 or line 3 | 4 | | |
| 5 | Income tax imposed in prior year | 5 | | |
| 6 | **Distributable Amount.** Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions) | 6 | | |
| 7 | ☐ Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions) | | | |

| Section D - Distributions | Current Year |
|---|---|
| 1 Amounts paid to supported organizations to accomplish exempt purposes | |
| 2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity | |
| 3 Administrative expenses paid to accomplish exempt purposes of supported organizations | |
| 4 Amounts paid to acquire exempt-use assets | |
| 5 Qualified set-aside amounts (prior IRS approval required) | |
| 6 Other distributions (describe in Part VI) See instructions | |
| 7 **Total annual distributions.** Add lines 1 through 6 | |
| 8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI) See instructions | |
| 9 Distributable amount for 2014 from Section C, line 6 | |
| 10 Line 8 amount divided by Line 9 amount | |

| Section E - Distribution Allocations (see instructions) | (i) Excess Distributions | (ii) Underdistributions Pre-2014 | (iii) Distributable Amount for 2014 |
|---|---|---|---|
| 1 Distributable amount for 2014 from Section C, line 6 | | | |
| 2 Underdistributions, if any, for years prior to 2014 (reasonable cause required--see instructions) | | | |
| 3 Excess distributions carryover, if any, to 2014 | | | |
| a From 2009. . . . . | | | |
| b From 2010. . . . . | | | |
| c From 2011. . . . . | | | |
| d From 2012. . . . . | | | |
| e From 2013. . . . . | | | |
| f **Total** of lines 3a through e | | | |
| g Applied to underdistributions of prior years | | | |
| h Applied to 2014 distributable amount | | | |
| i Carryover from 2009 not applied (see instructions) | | | |
| j Remainder Subtract lines 3g, 3h, and 3i from 3f | | | |
| 4 Distributions for 2014 from Section D, line 7 $ _____ | | | |
| a Applied to underdistributions of prior years | | | |
| b Applied to 2014 distributable amount | | | |
| c Remainder Subtract lines 4a and 4b from 4 | | | |
| 5 Remaining underdistributions for years prior to 2014, if any Subtract lines 3g and 4a from line 2 (if amount greater than zero, see instructions) | | | |
| 6 Remaining underdistributions for 2014 Subtract lines 3h and 4b from line 1 (if amount greater than zero, see instructions) | | | |
| 7 **Excess distributions carryover to 2015.** Add lines 3j and 4c | | | |
| 8 Breakdown of line 7 | | | |
| a From 2010. . . . . | | | |
| b From 2011. . . . . | | | |
| c From 2012. . . . . | | | |
| d From 2013. . . . . | | | |
| e From 2014. . . . . | | | |

**Part VI** **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a and 3b; Part V, line 1; Part V, Section B, line 1e; Part V Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions).

| Facts And Circumstances Test |
| --- |
| |

| Return Reference | Explanation |
| --- | --- |

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493230008095

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

OMB No 1545-0047

**2014**

**Open to Public Inspection**

**Name of the organization**
COLUMBIA LUTHERAN CHARITIES

**Employer identification number**
93-0583856

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

| | | (a) Donor advised funds | (b) Funds and other accounts |
|---|---|---|---|
| 1 | Total number at end of year | | |
| 2 | Aggregate value of contributions to (during year) | | |
| 3 | Aggregate value of 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 |
| b | Total acreage restricted by conservation easements | 2b |
| c | Number of conservation easements on a certified historic structure included in (a) | 2c |
| d | Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register | 2d |

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

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

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

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

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

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

9 In Part 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) Revenue included in Form 990, Part VIII, line 1 ▶ $ _____

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

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

a Revenue 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, for escrow or custodial account liability? ☐ 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 | (c) Two years back | (d) Three years back | (e) Four years back |
|---|---|---|---|---|---|
| 1a Beginning of year balance | | | | | |
| b Contributions | | | | | |
| c Net investment earnings, gains, and losses | | | | | |
| d Grants or scholarships | | | | | |
| e Other expenditures for facilities and programs | | | | | |
| f Administrative expenses | | | | | |
| g End of year balance | | | | | |

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶
- c Temporarily restricted endowment ▶

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

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

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

4 Describe in Part 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 | 7,480,255 | 1,125,135 | | 8,605,390 |
| b Buildings | 6,905,421 | 23,807,239 | 15,040,522 | 15,672,138 |
| c Leasehold improvements | | 1,257,051 | 473,468 | 783,583 |
| d Equipment | | 38,631,961 | 21,888,973 | 16,742,988 |
| e Other | | 97,110 | | 97,110 |
| **Total.** Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶ | | | | 41,901,209 |

**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 |
|---|---|---|
| | | |
| | | |
| | | |
| | | |
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| | | |
| | | |
| | | |
| | | |
| | | |
| **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 |
|---|---|
| | |
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| | |
| **Total.** *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶ | |

**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 | |
| MEDICAL MALPRACTICE CLAIMS | 576,616 |
| ACCRUED RETIREMENT PLAN LIABILITY | 9,963,107 |
| ESTIMATED 3RD PARTY PAYOR | 388,000 |
| | |
| | |
| | |
| | |
| | |
| | |
| **Total.** *(Column (b) must equal Form 990, Part X, col (B) line 25 )* ▶ | 10,927,723 |

**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 | 80,199,609 |
| 2 | Amounts included on line 1 but not on Form 990, Part VIII, line 12 | | | | |
| a | Net unrealized gains (losses) on investments | 2a | 309,508 | | |
| b | Donated services and use of facilities | 2b | | | |
| c | Recoveries of prior year grants | 2c | | | |
| d | Other (Describe in Part XIII ) | 2d | 50,704 | | |
| e | Add lines **2a** through **2d** | | | 2e | 360,212 |
| 3 | Subtract line **2e** from line **1** | | | 3 | 79,839,397 |
| 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 | 335,308 | | |
| c | Add lines **4a** and **4b** | | | 4c | 335,308 |
| 5 | Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12 ) | | | 5 | 80,174,705 |

**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 | 74,880,348 |
| 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 | 50,704 | | |
| e | Add lines **2a** through **2d** | | | 2e | 50,704 |
| 3 | Subtract line **2e** from line **1** | | | 3 | 74,829,644 |
| 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 | 334,325 | | |
| c | Add lines **4a** and **4b** | | | 4c | 334,325 |
| 5 | Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18 ) | | | 5 | 75,163,969 |

**Part XIII Supplemental Information**

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

| Return Reference | Explanation |
|---|---|
| PART XI, LINE 2D - OTHER ADJUSTMENTS | RENTAL EXPENSE 50,704 |
| PART XI, LINE 4B - OTHER ADJUSTMENTS | INCOME REPORTED AS EXPENSES ON FORM 990 335,308 |
| PART XII, LINE 2D - OTHER ADJUSTMENTS | RENTAL EXPENSE 50,704 |
| PART XII, LINE 4B - OTHER ADJUSTMENTS | INCOME REPORTED AS EXPENSES ON FORM 990 334,325 |
| | |
| | |
| | |

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

OMB No 1545-0047

**2014**

**Open to Public Inspection**

**Name of the organization**
COLUMBIA LUTHERAN CHARITIES

**Employer identification number**
93-0583856

## Part I Financial Assistance and Certain Other Community Benefits at Cost

| | | | Yes | No |
|---|---|---|---|---|
| 1a | Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a | 1a | Yes | |
| b | If "Yes," was it a written policy? | 1b | Yes | |
| 2 | If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year<br>☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities<br>☐ 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<br>☐ 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<br>☐ 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 criteria used for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care | | | |
| 4 | Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? | 4 | Yes | |
| 5a | Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? | 5a | Yes | |
| b | If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? | 5b | | No |
| c | If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care? | 5c | | |
| 6a | Did the organization prepare a community benefit report during the tax year? | 6a | Yes | |
| b | If "Yes," did the organization make it available to the public? | 6b | Yes | |
| | Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H | | | |

**7** Financial Assistance and Certain Other Community Benefits at Cost

| Financial Assistance and Means-Tested Government Programs | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community benefit expense | (d) Direct offsetting revenue | (e) Net community benefit expense | (f) Percent of total expense |
|---|---|---|---|---|---|---|
| a Financial Assistance at cost (from Worksheet 1) | | | 1,184,505 | 58,542 | 1,125,963 | 1 500 % |
| b Medicaid (from Worksheet 3, column a) | | | 17,099,588 | 14,378,970 | 2,720,618 | 3 620 % |
| c Costs of other means-tested government programs (from Worksheet 3, column b) | | | | | | |
| d **Total** Financial Assistance and Means-Tested Government Programs | | | 18,284,093 | 14,437,512 | 3,846,581 | 5 120 % |
| **Other Benefits** | | | | | | |
| e Community health improvement services and community benefit operations (from Worksheet 4) | | | 141,100 | 1,150 | 139,950 | 0 190 % |
| f Health professions education (from Worksheet 5) | | | 14,930 | 3,000 | 11,930 | 0 020 % |
| g Subsidized health services (from Worksheet 6) | | | | | | |
| h Research (from Worksheet 7) | | | 246,644 | | 246,644 | 0 330 % |
| i Cash and in-kind contributions for community benefit (from Worksheet 8) | | | | | | |
| j **Total.** Other Benefits | | | 402,674 | 4,150 | 398,524 | 0 540 % |
| k **Total.** Add lines 7d and 7j | | | 18,686,767 | 14,441,662 | 4,245,105 | 5 660 % |

**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 Economic development | | | | | | |
| 3 Community support | | | 72,464 | 9,046 | 63,418 | 0 080 % |
| 4 Environmental improvements | | | | | | |
| 5 Leadership development and training for community members | | | | | | |
| 6 Coalition building | | | | | | |
| 7 Community health improvement advocacy | | | | | | |
| 8 Workforce development | | | | | | |
| 9 Other | | | | | | |
| 10 **Total** | | | 72,464 | 9,046 | 63,418 | 0 080 % |

**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 3,485,540 | | |
| 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 2,732,910 | | |
| 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 | 17,099,588 |
| 6 | Enter Medicare allowable costs of care relating to payments on line 5 | 6 | 32,682,530 |
| 7 | Subtract line 6 from line 5 This is the surplus (or shortfall) | 7 | -15,582,942 |
| 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 | 1 COASTAL HEALTH ASSURANCE | PHYSICIAN ASSC MEDICAL CONTRACTS | 50 000 % | | 50 000 % |
| 2 | 2 ASTORIA IMAGING LLC | MRI JOINT VENTURE | 51 000 % | | 51 000 % |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
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| 8 | | | | | |
| 9 | | | | | |
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| 11 | | | | | |
| 12 | | | | | |
| 13 | | | | | |

## Part V Facility Information

### Section A. Hospital Facilities

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

Name, address, primary website address, and state license number (and if a group return, the name and EIN of the subordinate hospital organization that operates the hospital facility)

| | Name, address, primary website address, and state license number (and if a group return, the name and EIN of the subordinate hospital organization that operates the hospital facility) | 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 | | | | | | | | | | |
| | | | | | | | | | | | |
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## 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 letter of facility reporting group** COLUMBIA MEMORIAL HOSPITAL

**Line number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A):** 1

| | | | Yes | No |
|---|---|---|---|---|
| **Community Health Needs Assessment** | | | | |
| 1 | Was the hospital facility first licensed, registered, or similarly recognized by a State as a hospital facility in the current tax year or the immediately preceding tax year? | 1 | | No |
| 2 | Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C | 2 | | No |
| 3 | 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 12 | 3 | 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 significant 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 Section C) | | | |
| 4 | Indicate the tax year the hospital facility last conducted a CHNA 2013 | | | |
| 5 | 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 Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted | 5 | Yes | |
| 6a | Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C | 6a | | No |
| b | Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities?" If "Yes," list the other organizations in Section C | 6b | | No |
| 7 | Did the hospital facility make its CHNA report widely available to the public? | 7 | Yes | |
| | If "Yes," indicate how the CHNA report was made widely available (check all that apply) | | | |
| a | ☑ Hospital facility's website (list url) HTTP //COLUMBIAMEMORIAL NETRETURNS BIZ/CLIENT_FILES/COLUMBIAMEMORIAL/CM/SYS | | | |
| b | ☐ Other website (list url) | | | |
| c | ☐ Made a paper copy available for public inspection without charge at the hospital facility | | | |
| d | ☐ Other (describe in Section C) | | | |
| 8 | Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11 | 8 | Yes | |
| 9 | Indicate the tax year the hospital facility last adopted an implementation strategy 2013 | | | |
| 10 | Is the hospital facility's most recently adopted implementation strategy posted on a website? | 10 | Yes | |
| a | If "Yes" (list url) WWW COLUMBIAMEMORIAL ORG | | | |
| b | If "No," is the hospital facility's most recently adopted implementation strategy attached to this return? | 10b | | No |
| 11 | Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed | | | |
| 12a | 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)? | 12a | | No |
| b | If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax? | 12b | | |
| c | If "Yes" to line 12b, 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)*

COLUMBIA MEMORIAL HOSPITAL

**Name of hospital facility or letter of facility reporting group**

| | | | Yes | No |
|---|---|---|---|---|
| **Financial Assistance Policy (FAP)** | | | | |
| | Did the hospital facility have in place during the tax year a written financial assistance policy that | | | |
| 13 | Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care? | 13 | Yes | |
| | If "Yes," indicate the eligibility criteria explained in the FAP | | | |
| a | ☑ Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of 200 000000000000% and FPG family income limit for eligibility for discounted care of 400 000000000000% | | | |
| b | ☐ Income level other than FPG (describe in Section C) | | | |
| c | ☐ Asset level | | | |
| d | ☐ Medical indigency | | | |
| e | ☐ Insurance status | | | |
| f | ☐ Underinsurance discount | | | |
| g | ☐ Residency | | | |
| h | ☑ Other (describe in Section C) | | | |
| 14 | Explained the basis for calculating amounts charged to patients? | 14 | Yes | |
| 15 | Explained the method for applying for financial assistance? | 15 | Yes | |
| | If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply) | | | |
| a | ☑ Described the information the hospital facility may require an individual to provide as part of his or her application | | | |
| b | ☑ Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application | | | |
| c | ☑ Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process | | | |
| d | ☑ Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications | | | |
| e | ☐ Other (describe in Section C) | | | |
| 16 | Included measures to publicize the policy within the community served by the hospital facility? | 16 | Yes | |
| | If "Yes," indicate how the hospital facility publicized the policy (check all that apply) | | | |
| a | ☐ The FAP was widely available on a website (list url) | | | |
| b | ☐ The FAP application form was widely available on a website (list url) | | | |
| c | ☐ A plain language summary of the FAP was widely available on a website (list url) | | | |
| d | ☑ The FAP was available upon request and without charge (in public locations in the hospital facility and by mail) | | | |
| e | ☑ The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail) | | | |
| f | ☑ A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail) | | | |
| g | ☑ Notice of availability of the FAP was conspicuously displayed throughout the hospital facility | | | |
| h | ☐ Notified members of the community who are most likely to require financial assistance about availability of the FAP | | | |
| i | ☐ Other (describe in Section C) | | | |
| **Billing and Collections** | | | | |
| 17 | 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 all of the actions the hospital facility or other authorized party may take upon non-payment? | 17 | Yes | |
| 18 | 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(ies) | | | |
| b | ☐ Selling an individual's debt to another party | | | |
| c | ☑ Actions that require a legal or judicial process | | | |
| d | ☐ Other similar actions (describe in Section C) | | | |
| e | ☐ None of these actions or other similar actions were permitted | | | |

## Part V Facility Information *(continued)*

COLUMBIA MEMORIAL HOSPITAL

**Name of hospital facility or letter of facility reporting group**

| | | | Yes | No |
|---|---|---|---|---|
| **19** | Did the hospital facility or other 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? | **19** | Yes | |
| | If "Yes," check all actions in which the hospital facility or a third party engaged | | | |
| **a** | ☑ Reporting to credit agency(ies) | | | |
| **b** | ☐ Selling an individual's debt to another party | | | |
| **c** | ☑ Actions that require a legal or judicial process | | | |
| **d** | ☐ Other similar actions (describe in Section C) | | | |
| **20** | Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 18 (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) | | | |
| **f** | ☐ None of these efforts were made | | | |
| **Policy Relating to Emergency Medical Care** | | | | |
| **21** | Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required 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? | **21** | 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 Section C) | | | |
| **d** | ☐ Other (describe in Section C) | | | |
| **Charges to Individuals Eligible for Assistance Under the FAP (FAP-Eligible Individuals)** | | | | |
| **22** | 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 Section C) | | | |
| **23** | 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? | **23** | | No |
| | If "Yes," explain in Section C | | | |
| **24** | 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? | **24** | | No |
| | If "Yes," explain in Section C | | | |

**Part V Facility Information** *(continued)*

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

| Form and Line Reference | Explanation |
|---|---|
| COLUMBIA MEMORIAL HOSPITAL | PART V, SECTION B, LINE 5 THERE ARE SEVERAL SOURCES OF PRIMARY AND SECONDARY DATA FOR THE CHNA ON WHICH THE GOALS AND OUTCOMES OF THIS REPORT ARE BASED PRIMARY DATA ENVIRONMENT ASSESSMENT - CONDUCTED IN JUNE 2013 BY AN INDEPENDENT CONSULTANT,STROUDWATER ASSOCIATES, THIS ASSESSMENT UPDATED THE ENVIRONMENT AND PROVIDER NEEDASSESSMENT DATA GATHERED IN 2011 IN SUPPORT OF THE DEVELOPMENT OF COLUMBIAMEMORIAL HOSPITAL'S 2014 TO 2016 STRATEGIC PLAN COMMUNITY OPINION SURVEY AND PROVIDER NEED ASSESSMENT - CONDUCTED IN JULY2011 BY AN INDEPENDENT CONSULTANT, HEALTH FACILITIES PLANNING & DEVELOPMENT, THISSURVEY AND ASSESSMENT DATA PROVIDES INSIGHT INTO COMMUNITY AWARENESS, PERCEPTIONSAND PRIORITIES FOR THE LOCAL HEALTH SYSTEM KEY INFORMANT INTERVIEWS - FACE-TO-FACE INTERVIEWS WITH BOTH INDEPENDENT ANDEMPLOYED PROVIDERS WERE CONDUCTED IN 2011, 2012, AND 2013 TO ASSESS THE NEEDS OFTHE COMMUNITY FROM THE PROVIDER PERSPECTIVE IN ADDITION, A COMMUNITY LEADERSHIPROUND TABLE WAS HELD IN 2011 AND INCLUDED REPRESENTATIVES FROM THE CITY OF ASTORIA,U S COAST GUARD, CLATSOP COUNTY HEALTH DEPARTMENT, COASTAL FAMILY HEALTH CLINIC,CLATSOP CARE CENTER AND OTHERS FOCUS GROUPS, PATIENT & FAMILY ADVISORY COUNCIL, AND COMMUNITY LEADERSHIPCOUNCIL -O PATIENT FOCUS GROUPS CONSISTING OF PREVIOUS INPATIENT, EMERGENCY, OUTPATIENT,AND CLINIC PATIENTS WERE CONDUCTED IN BOTH SEPTEMBER OF 2011 AND DECEMBEROF 2012 TO GATHER INFORMATION ABOUT AWARENESS, PATIENT-CENTERED PRACTICES,AND OPINIONS ABOUT OPPORTUNITIES FOR IMPROVEMENT FOR LOCAL HEALTHCARE O A PATIENT & FAMILY ADVISORY COUNCIL (PFAC) WAS ESTABLISHED IN 2012 TO FORM ACONTINUOUS FEEDBACK LOOP TO IDENTIFY OPPORTUNITIES O A COMMUNITY LEADERSHIP COUNCIL REPRESENTING LOCAL GOVERNMENT, SCHOOLDISTRICTS, AND LOCAL BUSINESSES WAS RECENTLY ESTABLISHED IN LATE 2013 TO SUPPORTTHE NEXT STEPS IN CREATING A HEALTHIER COMMUNITY SECONDARY DATA CLATSOP COUNTY COMMUNITY ASSESSMENT JULY 2013, THIS ASSESSMENT CREATES AFOUNDATION OF SHARED KNOWLEDGE ABOUT THE COMMUNITY HEALTH AND WELL-BEING INCLATSOP COUNTY AT LEAST 75% OF CMH PATIENTS RESIDE IN CLATSOP COUNTY, WITH THEREMAINDER LARGELY RESIDING IN PACIFIC COUNTY, WASHINGTON |

**Part V Facility Information** *(continued)*

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

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

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

## Part VI Supplemental Information

Provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b

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

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

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

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

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

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

### 990 Schedule H, Supplemental Information

| Form and Line Reference | Explanation |
|---|---|
| PART II, COMMUNITY BUILDING ACTIVITIES | |
| PART III, LINE 4 | THE COLLECTION OF RECEIVABLES FROM THIRD PARTY PAYERS AND PATIENTS IS THE HOSPITAL'S PRIMA RY SOURCE OF CASH AND IS CRITICAL TO ITS OPERATING PERFORMANCE WHEN THE HOSPITAL PROVIDES CARE TO PATIENTS, IT DOES NOT REQUIRE COLLATERAL, HOWEVER, IT MAINTAINS AN ESTIMATED ALLO WANCE FOR DOUBTFUL ACCOUNTS THE PRIMARY COLLECTION RISKS RELATE TO UNINSURED PATIENT ACCO UNTS AND PATIENT ACCOUNTS FOR WHICH THE PRIMARY INSURANCE PAYOR HAS PAID, BUT PATIENT RESP ONSIBILITY AMOUNTS (GENERALLY DEDUCTIBLES AND CO PAYMENTS) REMAIN OUTSTANDING THE ALLOWAN CE FOR DOUBTFUL ACCOUNTS IS ESTIMATED BASED PRIMARILY UPON THE HOSPITAL'S HISTORICAL COLLE CTION EXPERIENCE, THE AGE OF THE PATIENT'S ACCOUNT, MANAGEMENT'S ESTIMATE OF THE PATIENT'S ECONOMIC ABILITY TO PAY AND THE EFFECTIVENESS OF COLLECTION EFFORTS PATIENT ACCOUNTS REC EIVABLE BALANCES ARE ROUTINELY REVIEWED IN CONJUNCTION WITH HISTORICAL COLLECTION RATES AN D OTHER ECONOMIC CONDITIONS WHICH MIGHT ULTIMATELY AFFECT THE COLLECTIBILITY OF PATIENT AC COUNTS WHEN CONSIDERING THE ADEQUACY OF THE AMOUNTS RECORDED IN THE ALLOWANCE FOR DOUBTFUL ACCOUNTS ACTUAL WRITE-OFFS HAVE HISTORICALLY BEEN WITHIN MANAGEMENT'S EXPECTATIONS SIGNI FICANT CHANGES IN PAYOR MIX, BUSINESS OFFICE OPERATIONS, ECONOMIC CONDITIONS, OR TRENDS IN FEDERAL AND STATE GOVERNMENTAL HEALTHCARE COVERAGE COULD AFFECT THE HOSPITAL'S COLLECTION OF PATIENT ACCOUNTS RECEIVABLE, CASH FLOWS, AND RESULTS OF OPERATIONS |
| PART III, LINE 8 | AS A MISSION-DRIVEN HOSPITAL, HEALTHCARE SERVICES ARE OFFERED TO THE COMMUNITY EVEN WHEN T HE COST OF THAT CARE IS KNOWN TO BE MORE THAN THE REVENUE THAT WILL BE RECEIVED AS THE HO SPITAL ABSORBS THESE LOSSES FROM MEDICARE (DETERMINED BY THE RATIOS USED IN THE MEDICARE C OST REPORT), THE ENTIRE COMMUNITY BENEFITS BECAUSE MANY OF THESE PROGRAMS/SERVICES WOULD N OT EXIST WITHOUT HOSPITAL SUPPORT |
| PART III, LINE 9B | PERSONAL PAY ACCOUNTS AND THE BALANCE AFTER INSURANCE ARE SUBJECT TO A MINIMUM PAYMENT SCH EDULE IF THE PATIENT OR GUARANTOR IS UNABLE TO MEET THIS PAYMENT SCHEDULE, APPLICATION MA Y BE MADE THROUGH PATIENT FINANCIAL SERVICES CREDIT AND COLLECTION CLERK'(S) AND OR THE PA TIENT FINANCIAL SERVICES MANAGER FOR CHARITY, FINANCIAL ASSISTANCE, OR REDUCED PAYMENTS |
| PART VI, LINE 7, REPORTS FILED WITH STATES | OR |

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**Schedule I (Form 990)**

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990.**

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

OMB No 1545-0047

**2014**

**Open to Public Inspection**

Name of the organization
COLUMBIA LUTHERAN CHARITIES

**Employer identification number**
93-0583856

## Part I General Information on Grants and Assistance

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

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

## Part II Grants and Other Assistance to Domestic Organizations and Domestic Governments.

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 section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|---|---|---|---|---|---|---|---|
| (1) CLATSOP COMMUNITY COLLEGE<br>1651 LEXINGTON AVE<br>ASTORIA,OR 97103 | 93-0505508 | 501(C)3 | 5,310 | 0 | | | SCHOLARSHIPS |
| (2) ASTORIA-WARRENTON CHAMBER OF COMMERCE<br>PO BOX 176<br>ASTORIA,OR 97103 | 93-0115760 | 501(C)6 | 10,000 | 0 | | | GREAT COLUMBIA CROSSING RUN/WALK EVENT |

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

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

**Part III** **Grants and Other Assistance to Domestic Individuals.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

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

**Part IV** **Supplemental Information.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

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

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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.**

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

OMB No 1545-0047

**2014**

**Open to Public Inspection**

Name of the organization
COLUMBIA LUTHERAN CHARITIES

**Employer identification number**
93-0583856

## Part I Questions Regarding Compensation

| | | | Yes | No |
|---|---|---|---|---|
| **1a** | Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items | | | |
| | ☐ First-class or charter travel | ☐ Housing allowance or residence for personal use | | |
| | ☐ Travel for companions | ☐ Payments for business use of personal residence | | |
| | ☐ Tax idemnification and gross-up payments | ☑ Health or social club dues or initiation fees | | |
| | ☐ Discretionary spending account | ☐ Personal services (e g , maid, chauffeur, chef) | | |
| **b** | If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement 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** | Yes | |
| **b** | Participate in, or receive payment from, a supplemental nonqualified retirement plan? | **4b** | | No |
| **c** | Participate in, or receive payment from, an equity-based compensation arrangement? | **4c** | | No |
| | If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III | | | |
| | **Only 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.** | | | |
| **5** | For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of | | | |
| **a** | The organization? | **5a** | | No |
| **b** | Any related organization? | **5b** | | No |
| | If "Yes," to line 5a or 5b, describe in Part III | | | |
| **6** | For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of | | | |
| **a** | The organization? | **6a** | Yes | |
| **b** | Any related organization? | **6b** | | No |
| | If "Yes," to line 6a or 6b, describe in Part III | | | |
| **7** | For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III | **7** | | No |
| **8** | Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in 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 in column(B) 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 | ASTORIA GOLF AND COUNTRY CLUB DUES FOR CEO ERIK THORSEN WERE PAID BY THE ORGANIZATION |
| PART I, LINE 6 | MANAGEMENT BONUSES ARE CONTINGENT ON THE NET EARNINGS OF THE ORGANIZATION |

## Additional Data

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

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

| (A) Name and Title | | (B) Breakdown of W-2 and/or 1099-MISC compensation (i) Base Compensation | (ii) Bonus & incentive compensation | (iii) Other reportable compensation | (C) Retirement and other deferred compensation | (D) Nontaxable benefits | (E) Total of columns (B)(i)-(D) | (F) Compensation in column (B) reported as deferred in prior Form 990 |
|---|---|---|---|---|---|---|---|---|
| **1** ROBERT HOLLAND, BOARD MEMBER | (I) | 296,878 | 0 | 5,000 | 0 | 32,160 | 334,038 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **1** ERIK THORSEN, CEO | (I) | 309,238 | 29,419 | 1,188 | 19,500 | 1,965 | 361,310 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **2** STEPHANIE D BRENDEN, CFO | (I) | 186,680 | 14,500 | 462 | 16,094 | 13,389 | 231,125 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **3** TERESA L GURRAD, CCO | (I) | 166,922 | 10,875 | 1,366 | 2,739 | 25,310 | 207,212 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **4** JARROD P KARNOFSKI, VP - ANCILLIARY SERVICES | (I) | 142,731 | 12,199 | 74 | 12,400 | 31,342 | 198,746 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **5** KATRINA M MCPHERSON, VP - MEDICAL GROUP OPERATIONS | (I) | 207,416 | 15,546 | 0 | 12,268 | 32,160 | 267,390 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **6** DOUGLAS ABBOTT MD, PHYSICIAN | (I) | 566,676 | 0 | 16,666 | 19,194 | 32,160 | 634,696 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **7** RICHARD CRASS MD, PHYSICIAN | (I) | 354,746 | 15,702 | 0 | 16,926 | 25,836 | 413,210 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **8** EDOUARD DURET MD, PHYSICIAN | (I) | 352,645 | 10,642 | 0 | 19,500 | 31,993 | 414,780 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **9** CHRISTOPHER NYTE MD, PHYSICIAN | (I) | 374,171 | 10,129 | 0 | 6,500 | 31,032 | 421,832 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **10** DAVID LEIBEL DO, PHYSICIAN | (I) | 318,001 | 0 | 0 | 20,800 | 25,836 | 364,637 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **11** WILLIAM G RIVERS, FORMER CIO | (I) | 162,517 | 16,500 | 561 | 0 | 9,525 | 189,103 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **12** KENNETH M BOUCHER, FORMER COO | (I) | 221,195 | 13,455 | 1,234 | 11,171 | 9,445 | 256,500 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 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.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

**2014**

Open to Public Inspection

Name of the organization
COLUMBIA LUTHERAN CHARITIES

Employer identification number
93-0583856

## Part I Bond Issues

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

## Part II Proceeds

| | | A | B | C | D |
|---|---|---|---|---|---|
| 1 | Amount of bonds retired | | | | |
| 2 | Amount of bonds legally defeased | | | | |
| 3 | Total proceeds of issue | 31,993,533 | | | |
| 4 | Gross proceeds in reserve funds | 2,463,279 | | | |
| 5 | Capitalized interest from proceeds | 268,129 | | | |
| 6 | Proceeds in refunding escrows | | | | |
| 7 | Issuance costs from proceeds | 889,525 | | | |
| 8 | Credit enhancement from proceeds | | | | |
| 9 | Working capital expenditures from proceeds | | | | |
| 10 | Capital expenditures from proceeds | 7,708,816 | | | |
| 11 | Other spent proceeds | | | | |
| 12 | Other unspent proceeds | 1,785,404 | | | |
| 13 | Year of substantial completion | 2014 | | | |

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

## Part III Private Business Use

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

## Part III Private Business Use *(Continued)*

| | | A | | B | | C | | D | |
|---|---|---|---|---|---|---|---|---|---|
| | | Yes | No | Yes | No | Yes | No | Yes | No |
| 3a | Are there any management or service contracts that may result in private business use of bond-financed property? | | X | | | | | | |
| b | If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property? | | | | | | | | |
| c | Are there any research agreements that may result in private business use of bond-financed property? | X | | | | | | | |
| d | If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property? | | X | | | | | | |
| 4 | Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶ | | | | | | | | |
| 5 | Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶ | | | | | | | | |
| 6 | Total of lines 4 and 5 | | | | | | | | |
| 7 | Does the bond issue meet the private security or payment test? | | X | | | | | | |
| 8a | Has there been a sale or disposition of any of the bond-financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued? | | X | | | | | | |
| b | If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of | | | | | | | | |
| c | If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2? | | | | | | | | |
| 9 | Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2? | X | | | | | | | |

## Part IV Arbitrage

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

**Part IV Arbitrage** *(Continued)*

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

**Part V Procedures To Undertake Corrective Action**

| | A | | B | | C | | D | |
|---|---|---|---|---|---|---|---|---|
| | Yes | No | Yes | No | Yes | No | Yes | No |
| Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations? | | X | | | | | | |

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

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**Schedule L** (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

# Transactions with Interested Persons

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

OMB No 1545-0047

**2014**

**Open to Public Inspection**

Name of the organization
COLUMBIA LUTHERAN CHARITIES

**Employer identification number**
93-0583856

## Part I Excess Benefit Transactions (section 501(c)(3), section 501(c)(4), and 501(c)(29) organizations only)

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

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

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

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

## Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

| (a) Name of interested person | (b) Relationship with organization | (c) Purpose of loan | (d) Loan to or from the organization? To | From | (e) Original principal amount | (f) Balance due | (g) In default? Yes | No | (h) Approved by board or committee? Yes | No | (i) Written agreement? Yes | No |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (1) ANALIZA JUSTO | EMPLOYEE | SIGN ON BONUS | | X | 20,000 | 5,555 | | No | Yes | | Yes | |
| (2) PETER BALES | EMPLOYEE | SIGN ON BONUS | | X | 20,000 | 16,667 | | No | Yes | | Yes | |
| Total | ▶ $ | | | | 22,222 | | | | | | | |

## Part III Grants or Assistance Benefiting Interested Persons.

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

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

## Part IV Business Transactions Involving Interested Persons.

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

| (a) Name of interested person | (b) Relationship between interested person and the organization | (c) Amount of transaction | (d) Description of transaction | (e) Sharing of organization's revenues? | |
|---|---|---|---|---|---|
| | | | | Yes | No |
| (1) DAVID PHILLIPS | CMH BOARD MEMBER | 3,219 | REIMBURSEMENT FOR TRAVEL AND CONFERENCE EXPENSES | | No |
| (2) KEVIN BAXTER DO | CMH BOARD MEMBER | 72,000 | HOSPICE MEDICAL DIRECTOR AT BAXTER FAMILY MEDICINE AND MEDICAL DIRECTOR FOR LOWER COLUMBIA HOSPICE, PART OF COLUMBIA MEMORIAL HOSPITAL | | No |
| (3) SCOTT SEPPA | SPOUSE OF CMH BOARD MEMBER | | PARTNER AT KNUTSEN INSURANCE, WHICH PROVIDES INSURANCE FOR COLUMBIA MEMORIAL HOSPITAL | | No |
| (4) HEATHER SEPPA | CMH BOARD MEMBER | | OFFICER AT COLUMBIA STATE BANK, ONE OF THE PRIMARY BANKS USED BY CMH | | No |

## Part V Supplemental Information

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

| Return Reference | Explanation |
|---|---|

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**SCHEDULE O**
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

# Supplemental Information to Form 990 or 990-EZ

**Complete to provide information for responses to specific questions on Form 990 or 990-EZ 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

**2014**

**Open to Public Inspection**

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

## 990 Schedule O, Supplemental Information

| Return Reference | Explanation |
|---|---|
| FORM 990, PART VI, SECTION B, LINE 11 | |
| FORM 990, PART VI, SECTION B, LINE 12C | THE CONFLICT OF INTEREST POLICY IS REVIEWED BY THE BOARD OF TRUSTEES, OFFICERS, AND KEY EM<br>PLOYEES ANNUALLY ALL BOARD MEMBERS, OFFICERS, AND KEY EMPLOYEES MUST SIGN AND DATE THE CO<br>NFLICT OF INTEREST POLICY ACKNOWLEDGEMENT, QUESTIONNAIRE, AND DISCLOSURE STATEMENT ANY PO<br>TENTIAL OR ACTUAL CONFLICTS OF INTEREST AT THE BOARD OR OFFICER LEVEL ARE DISCUSSED AT THE<br>BOARD MEETING ACTUAL CONFLICTS OF INTEREST ARE ADDRESSED, DOCUMENTED, AND FILED IN THE C<br>ONFIDENTIAL PERSONNEL FILE |
| FORM 990, PART VI, SECTION B, LINE 15 | COMPENSATION OF ALL OFFICERS WAS REVIEWED WITH COMPARABILITY DATA BY A THIRD PARTY CONSULT<br>ANT THE RESULTS OF THE STUDY WERE REVIEWED AND DISCUSSED AT A BOARD OF TRUSTEES' MEETING |
| FORM 990, PART VI, SECTION C, LINE 19 | THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL INFORMA<br>TION REPORTED IN THE 990 ARE AVAILABLE UPON REQUEST AT THE HOSPITAL |
| FORM 990, PART XI, LINE 9 | DEFINED BENEFIT RETIREMENT PLAN ADJUSTMENT -6,606,427 NET ASSETS RELEASED FROM RESTRICTION - CITY OF ASTORIA GRANT 37,500 |
| FROM 990, PART XI, LINE 2C | THE BOARD OF TRUSTEE FINANCE COMMITTEE ASSUMES RESPONSIBILITY FOR THE OVERSIGHT OF THE AUD<br>IT, REVIEW, AND SELECTION OF AN INDEPENDENT AUDIT FIRM TRADITIONALLY, A THREE YEAR CONTRA<br>CT WITH A SELECTED AUDIT FIRM IS APPROVED ANNUALLY, A SPECIAL BOARD MEETING IS HELD AND T<br>HE AUDIT FIRM PRESENTS THE AUDITED FINANCIAL STATEMENTS TO THE BOARD OF TRUSTEES DURING T<br>HE MEETING, THE BOARD MEMBERS ARE GIVEN THE OPPORTUNITY TO ASK QUESTIONS WITHOUT MANAGEMEN<br>T PRESENT FOLLOW-UP INFORMATION ON THE MANAGEMENT LETTER RECOMMENDATIONS IS ALSO PRESENTE<br>D SEMI-ANNUALLY TO THE BOARD FINANCE COMMITTEE. |
| FORM 990, PART III, LINE 4A STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS | KEY STATISTICS FOR 2014 INPATIENT ADMISSION, INCLUDING NEWBORNS 1,899 INPATIENT DAYS, IN<br>CLUDING NEWBORNS 4,937 SURGERY PATIENTS 2,265 (INCLUDES OP 1,890 AND IP 375) ANCILLARY V<br>ISITS 60,441 (THIS INCLUDES CARDIAC REHAB VISITS OF 10,695 AND INFUSION OF 2,867) LABORAT<br>ORY TESTS 133,867 IMAGING TOTALS 35,263 CLINIC VISITS 52,891 EMERGENCY & TRAUMA VISITS<br>13,046 HOME HEALTH VISITS 2,963 HOSPICE PATIENT DAYS 5,246 COLUMBIA MEMORIAL HOSPITAL'S<br>(CMH) MISSION IS TO PROVIDE EXCELLENCE, LEADERSHIP, AND COMPASSION IN THE ENHANCEMENT OF<br>HEALTH FOR THOSE WE SERVE. THE CMH 2013-2015 THREE-YEAR STRATEGIC PLAN INCLUDED SEVERAL GO<br>ALS LISTED UNDER THE FOLLOWING PILLARS, QUALITY AND CUSTOMER SERVICE, EMPLOYEE DEVELOPMENT<br>, GROWTH, PROVIDER RELATIONS, AND FINANCIAL PERFORMANCE. AS OF THE YEAR ENDED DECEMBER 31S<br>T, 2014 MANY GOALS HAVE BEEN ACHIEVED ALLOWING CMH TO CONTINUE TO FULFILL THE MISSION OF T<br>HE ORGANIZATION AND TO RAISE BOTH THE QUALITY AND RANGE OF SERVICES PROVIDED TO THE LOCAL<br>COMMUNITY QUALITY AND CUSTOMER SERVICE. -CMH HAS BEEN A PLANETREE AFFILIATED HOSPITAL SIN<br>CE 2001 EMBRACING THE PHILOSOPHY OF PATIENT-CENTERED CARE TO PERSONALIZE, HUMANIZE, AND DE<br>MYSTIFY HEALTHCARE FOR THE PATIENTS OF OUR COMMUNITY IN 2013 THE HOSPITAL OFFICIALLY BECA<br>ME A DESIGNATED HOSPITAL CMH IS NOW ONE OF 20 HOSPITALS IN THE UNITED STATES TO RECEIVE T<br>HIS HONOR AND THE 40TH HOSPITAL WORLD-WIDE. RECERTIFICATION WILL TAKE PLACE IN 2016 CMH W<br>ON 2014 PLANETREE COMMUNITY OUTREACH PROGRAM AWARD IN SPORTS MEDICINE. THERE WAS A SPORTS<br>MEDICINE PROGRAM IMPLEMENTED -THE CMH LABORATORY HAS MAINTAINED ALL CRITERIA FOR LABORATO<br>RY ACCREDITATION BY COLA, A NATIONAL HEALTHCARE ACCREDITATION ORGANIZATION ACCREDITATION<br>IS GIVEN ONLY TO LABORATORIES THAT APPLY RIGID STANDARDS OF QUALITY IN DAY-TO-DAY OPERATIO<br>NS, DEMONSTRATE CONTINUED ACCURACY IN THE PERFORMANCE OF PROFICIENCY TESTING, AND PASS A R<br>IGOROUS ON-SITE LABORATORY SURVEY CMH HAS EARNED COLA ACCREDITATION AS A RESULT OF A LONG<br>-TERM COMMITMENT TO PROVIDE QUALITY SERVICE TO ITS PATIENTS -ACHIEVED THE AMERICAN HOSPIT<br>AL ASSOCIATION'S (AHA) MOST-WIRED HOSPITAL AWARD IN 2011 THROUGH 2014 -CMH WENT LIVE WITH<br>CERNER EMR SYSTEM IN MARCH OF 2014 THIS WILL ENSURE INCREASED PATIENT EXPERIENCES AND SA<br>TISFACTION ALONG WITH THE COMMITMENT TO "ONE PATIENT, ONE RECORD" GOAL THIS PROJECT TOOK<br>FIFTEEN MONTHS OF PREPARATION AND A TREMENDOUS SHOWING OF TEAMWORK AND TENACITY THIS RECO<br>RD CAN NOW BE ACCESSED BY PROVIDERS IN ANY CMH CLINIC OR SERVICE AREA -THE LOWER COLUMBIA<br>HOSPICE PROGRAM WAS NAMED A 2014 HOSPICE HONORS RECIPIENT HOSPICE HONORS IS A PRESTIGIOU<br>S ANNUAL HONOR RECOGNIZING THE HOSPICES THAT CONTINUOUSLY PROVIDE THE HIGHEST LEVEL OF SAT<br>ISFACTION THROUGH THEIR CARE AS MEASURED FROM THE CAREGIVERS POINT OF VIEW -CMH IMAGING D<br>EPARTMENT SUCCESSFULLY ACHIEVED CERTIFICATION ACR/MSQA FOR THEIR MAMMOGRAPHY PROGRAM IN 20<br>14 -THE CMH MEDICAL RECORDS DEPARTMENT WORKED TO PREPARE FOR THE ICD-10-CM IMPLEMENTATION<br>SCHEDULED FOR OCTOBER 2015 ICD-10-CM IS A CODING SYSTEM THAT ASSIGNS ALPHA-NUMERIC CODES<br>TO DISEASES AND IS USED TO SUBMIT INFORMATION TO INSURANCE COMPANIES FOR PAYMENT, RESEARC<br>H, QUALITY IMPROVEMENT AND VARIOUS OTHER REPORTING REQUIREMENTS -THE CARDIOLOGY CLINIC MA<br>INTAINED ACCREDITATION IN ECHOCARDIOGRAPHY FOR A THREE-YEAR TERM BEGINNING IN 2013 FROM TH<br>E INTERSOCIETAL ACCREDITATION COMMISSION (IAC) ONLY TWO OTHER FACILITIES HAVE BEEN ACCRED<br>ITED IN ALL THREE MODALITIES OHSU AND OREGON HEART AND VASCULAR INSTITUTE IN SPRINGFIELD<br>ADDITIONALLY THE CMH CARDIAC REHAB PROGRAM WAS GRANTED 2013 AACVPR PROGRAM CERTIFICATION<br>CERTIFICATION IS GIVEN AFTER STRINGENT STANDARDS ARE MET WITH THE AMERICAN ASSOCIATION O<br>F CARDIOVASCULAR AND PULMONARY REHABILITATION STAFF DEVELOPMENT - 91 9% OF ALL EMPLOYEES<br>COMPLETED THEIR COMPLIANCE MODULES IN 2014 ADDITIONALLY OVER 83 EMPLOYEES ATTENDED THE CL<br>INICAL SKILLS FAIR BOOTHS RANGED FROM INFORMATION STATIONS TO DEMONSTRATIONS AND VIDEOS<br>FOCUS FOR SPECIALIZED DEPARTMENTS WILL BE IN THOSE AREAS IN THE FUTURE AND THE SKILLS FAIR<br>PROVIDED MORE HOUSE WIDE INFORMATION THE MAIN FOCUS FOR THE FAIR EVOLVED PATIENT CENTERE<br>D CARE AND DIRECTION FROM MANAGER -CMH EMPLOYEES TEAMED UP WITH A NEIGHBORING HOSPITAL AN<br>D RAISED DONATION FOR THE REGIONAL FOOD BANK THROUGH INCREDIBLE GENEROSITY, THE TWO GROUP<br>S DONATED 101,141 POINTS, WHICH EQUAL 50 TONS OF FOOD, AND $7,774 TO THE REGIONAL FOOD BAN<br>K -THE WELLNESS A-TEAM HOSTED AN EMPLOYEE HEALTH & WELLNESS FAIR IN JANUARY 2014 MORE TH<br>AN 150 EMPLOYEES ATTENDED -CMH LEADERS INCLUDING ADMINISTRATION AND ALL DEPARTMENT MANAGE<br>RS ARE PARTICIPATING IN ONGOING LEADERSHIP DEVELOPMENT TOGETHER WE ARE ALL WORKING TO IMP<br>ROVE OUR CULTURE AND COMMUNICATION IN 2015 THE ENTIRE CMH TEAM WILL BEGIN PARTICIPATING I<br>N STAFF DEVELOPMENT SESSIONS GROWTH -CMH EXPANDED THE WARRENTON URGENT CARE AND PRIMARY<br>CARE CLINIC DURING 2014AND IS SCHEDULE TO REOPENED IN 2015 THE CLINIC APPROXIMATELY HAS D<br>OUBLED ITS ORIGINAL SIZE TO ACCOMMODATE THE GROWING DEMAND FOR SERVICES -THE REMODEL OF T<br>HE MATERNITY DEPARTMENT WAS COMPLETED IN JANUARY 2014 THIS REMODEL INCLUDED 2 LDRPS, NURS<br>ES LOUNGE, DOCTOR SLEEPING ROOM AND A NEW NURSERY -CMH ACQUIRED ADJACENT REAL ESTATE TO B<br>E CLEARED AND TURNED INTO ADDITIONAL PARKING IN 2014-2015 TO ENHANCE EMPLOYEE AND PATIENT<br>CONVENIENCE/EXPERIENCE WHILE AT CMH -THE CARDIAC REHABILITATION SPACE WAS EXPANDED IN 201<br>4 TO APPROXIMATELY TWICE THE SIZE TO ACCOMMODATE THE GROWING CARDIAC AND PULMONARY REHABIL<br>ITATION PROGRAM OVERSEEN BY THE CMH AND OHSU CARDIOLOGY CLINIC -THE ASTORIA SPORTS COMPLE<br>X WAS COMPLETED IN OCT 2014 CMH TOOK OWNERSHIP OF THE JOHN WARREN FIELD WHEN THE SPORTS C<br>OMPLEX WAS COMPLETED CMH'S FUTURE ON THE EXISTING CAMPUS IS NOW SECURED FOR DECADES TO CO<br>ME. THE FIRST PROJECT ON THE JOHN WARREN FIELD WILL BE A PARKING LOT EXPANSION EXPECTED TO<br>BEGIN THE SPRING OF 2015 -THE CCU REMODEL DESIGN PROCESS WAS APPROVED AND IS CURRENTLY U<br>NDERWAY EXPECTED TO BE COMPLETED EARLY 2015 -CMH PURCHASED THE ELLIS PROPERTY IN 2014 FOR<br>FURTHER EXPANSION -CMH OPENED THE CMH FOOT AND ANKLE CLINIC IN THE WELLNESS PAVILION AND<br>NEW CMH LAB SERVICES LOCATED IN THE PARK MEDICAL BUILDING PROVIDER RELATIONS -CMH MARKE<br>TING COMPLETED A PROVIDER GUIDE IN 2014 THIS 24 PAGE GUIDE IS A HELPFUL TOOL TO INFORM OU<br>R COMMUNITY ON THE AVAILABLE PROVIDER SERVICES AT CMH, PROVIDES INSIGHT INTO MANY OF OUR A<br>NCILLARY SERVICES AS WELL AS OUR COMMITMENT TO PATIENT CENTERED CARE. -CMH ADDED SIX NEW P<br>ROVIDERS DURING 2014 THERE ARE IN THE FOLLOWING DEPARTMENTS ORTHOPEDICS, GENERAL SURGERY<br>, AND PODIATRY, PEDIATRICS, URGENT CARE (NURSE PRACTITIONER) AND ONCOLOGY (NURSE PRACTITIO<br>NER) -CMH ADDED A NEW ALLIANCE WITH ANESTHESIA ASSOCIATES NORTHWEST IN 2014 FINANCIAL PE<br>RFORMANCE. -CMH FOUNDATION HELD THEIR ANNUAL DENIM & DIAMONDS FUNDRAISING GALA, AUCTION, A<br>ND GOLF TOURNAMENT IN JUNE 2014 THIS EVENT RAISED $90,000 TOWARD BRINGING EXPANDED CANCER<br>TREATMENT SERVICES TO THE COMMUNITY AND MAKING SIGNIFICANT PROGRESS TOWARD PROVIDING MOST<br>CANCER TREATMENTS LOCALLY WITHOUT THE NEED FOR LONG DISTANCE TRAVEL -CMH FOUNDATION INCR<br>EASED THEIR DONATION TOWARDS LOCAL CANCER CARE SERVICES BY "PUTTIN' ON THE GLITZ" AT THEIR<br>ANNUAL FASHION SHOW THE FASHION SHOW RAISED $10,848 TOWARDS BUILDING A NEW CANCER CARE C<br>ENTER IN ASTORIA, OREGON |

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# TY 2014 Consideration Computation Statement

**Name:** COLUMBIA LUTHERAN CHARITIES

**EIN:** 93-0583856

**Statement:** A) COVENANT NOT TO COMPETEB) $30,000.

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

OMB No 1545-0047

**2014**

**Open to Public Inspection**

Name of the organization
COLUMBIA LUTHERAN CHARITIES

**Employer identification number**
93-0583856

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

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

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Exempt Code section | (e) Public charity status (if section 501(c)(3)) | (f) Direct controlling entity | (g) Section 512(b)(13) controlled entity? Yes | (g) No |
|---|---|---|---|---|---|---|---|
| **(1)** COLUMBIA MEMORIAL HOSPITAL FOUNDATION<br>2111 EXCHANGE STREET<br><br>ASTORIA, OR 97103<br>93-1091701 | FUNDRAISING FOR THE HOSPITAL | OR | 501(C)3 | LINE 11A, I | | Yes | |
| **(2)** COLUMBIA MEMORIAL HOSPITAL AUXILIARY<br>2111 EXCHANGE STREET<br><br>ASTORIA, OR 97103<br>93-1306211 | PROVIDE VOLUNTEERS | OR | 501(C)3 | LINE 11A, I | | | No |

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Predominant income(related, unrelated, excluded from tax under sections 512-514) | (f) Share of total income | (g) Share of end-of-year assets | (h) Disproprtionate allocations? | | (i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? | | (k) Percentage ownership |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Yes | No | | Yes | No | |
| **(1)** ASTORIA IMAGING LLC<br><br>2111 EXCHANGE STREET<br>ASTORIA, OR 97103<br>80-0240381 | MRI JOINT VENTURE | OR | | RELATED | 848,422 | 1,860,766 | | No | | Yes | | 51 000 % |

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Type of entity (C corp, S corp, or trust) | (f) Share of total income | (g) Share of end-of-year assets | (h) Percentage ownership | (i) Section 512 (b)(13) controlled entity? | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Yes | No |
| **(1)** COASTAL HEALTH ASSURANCE INC<br><br>2111 EXCHANGE STREET<br>ASTORIA, OR 97103<br>91-1818894 | PHYSICAN ASSOCIATION, MEDICAL CONTRACT MANAGEMENT | OR | | C | -102 | 20,637 | 50 000 % | | No |

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

| | | 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 | | No |
| **d** Loans or loan guarantees to or for related organization(s) | 1d | | No |
| **e** Loans or loan guarantees by related organization(s) | 1e | | No |
| **f** 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 | Yes | |
| **k** Lease of facilities, equipment, or other assets from related organization(s) | 1k | Yes | |
| **l** Performance of services or membership or fundraising solicitations for related organization(s) | 1l | | No |
| **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 | Yes | |
| **r** Other transfer of cash or property to related organization(s) | 1r | | No |
| **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)** CMH FOUNDATION (IN-KIND CONTRIBUTIONS) | B | 18,848 | ACTUAL |
| **(2)** CMH FOUNDATION (IN-KIND CONTRIBUTIONS SALARY EXPENSES) | O | 233,384 | ACTUAL |
| **(3)** ASTORIA IMAGING LLC (SALARY EXPENSES FOR MRI MGMT TECHS & REGISTRATION) | O | 293,531 | ACTUAL |
| **(4)** CMH FOUNDATION (TOTAL QUARTERLY TRANSFERS) | Q | 90,300 | ACTUAL |
| **(5)** CMH FOUNDATION (TRANSFER OF RESTRICTED FUNDS TO CMH DIABETIC ED) | S | 400 | ACTUAL |

**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 |
|---|---|


# Consolidated Financial Statements and Supplementary Information

**Years Ended December 31, 2014 and 2013**

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

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# Independent Auditors' Report

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

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated balance sheets of Columbia Lutheran Charities, dba Columbia Memorial Hospital, and subsidiaries (collectively, "Charities") as of December 31, 2014 and 2013, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements

**Management's Responsibility for the Consolidated Financial Statements**

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

**Auditors' Responsibility**

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

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

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

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Columbia Lutheran Charities, dba Columbia Memorial Hospital, and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

DELAP LLP

May 1, 2015

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

## Consolidated Balance Sheets

### December 31, 2014 and 2013

| | 2014 | 2013 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | $ 3,404,593 | $ 6,777,857 |
| Assets limited as to use | 886,707 | 885,479 |
| Patient accounts receivable - net of allowance for doubtful accounts of $3,404,000 ($2,195,000 in 2013) | 19,245,687 | 12,030,548 |
| Estimated third-party payor settlements receivable - net | - | 2,135,000 |
| Supplies inventory | 1,794,224 | 1,380,522 |
| Prepaid expenses and other current assets | 2,112,257 | 1,287,050 |
| Total current assets | 27,443,468 | 24,496,456 |
| Assets limited as to use - net of current portion | 22,765,540 | 28,833,927 |
| Property and equipment - net | 30,588,782 | 33,626,058 |
| Rental and other property held for future development - net of accumulated depreciation and amortization of $2,792,729 ($2,430,522 in 2013) | 11,962,946 | 3,317,377 |
| Goodwill | 2,400,000 | 2,400,000 |
| Other noncurrent assets - net | 1,408,779 | 1,387,006 |
| **Total Assets** | $ 96,569,515 | $ 94,060,824 |

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

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

## Consolidated Balance Sheets (Continued)

### December 31, 2014 and 2013

| | 2014 | 2013 |
|---|---|---|
| **Liabilities and Net Assets** | | |
| Current liabilities | | |
| Accounts payable | $ 2,267,444 | $ 3,567,606 |
| Retainage and construction accounts payable | 1,426,862 | 2,101,308 |
| Accrued liabilities | | |
| Payroll, payroll taxes, and withholdings | 1,219,083 | 1,110,545 |
| Earned leave | 2,244,273 | 2,118,047 |
| Other | 1,721,695 | 1,868,859 |
| Estimated third-party payor settlements payable - net | 388,000 | - |
| Current portion of long-term debt | 960,000 | 735,000 |
| Total current liabilities | 10,227,357 | 11,501,365 |
| Long-term debt - net of current portion | 29,553,084 | 30,182,985 |
| Accrued retirement plan liability | 9,963,107 | 4,751,164 |
| Other noncurrent liabilities | 1,140,524 | 936,299 |
| Total liabilities | 50,884,072 | 47,371,813 |
| Net assets | | |
| Unrestricted | | |
| Controlling interest | 42,715,488 | 44,029,847 |
| Noncontrolling interests in Astoria Imaging, LLC (Astoria Imaging) | 1,787,806 | 1,838,992 |
| Total unrestricted | 44,503,294 | 45,868,839 |
| Temporarily restricted | 1,182,149 | 820,172 |
| Total net assets | 45,685,443 | 46,689,011 |
| **Total Liabilities and Net Assets** | $ 96,569,515 | $ 94,060,824 |

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

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

## Consolidated Statements of Operations

### Years Ended December 31, 2014 and 2013

| | 2014 | 2013 |
|---|---|---|
| Unrestricted revenue | | |
| Patient service revenue - net of contractual allowances and discounts | $ 82,842,787 | $ 75,580,427 |
| Provision for bad debts | (3,655,115) | (5,142,398) |
| Net patient service revenue | 79,187,672 | 70,438,029 |
| Other revenue | 1,986,081 | 2,151,262 |
| Total unrestricted revenue | 81,173,753 | 72,589,291 |
| Expenses | | |
| Salaries and benefits | 41,693,176 | 39,860,844 |
| Medical and other supplies | 11,514,995 | 9,579,352 |
| Professional fees | 6,877,843 | 5,555,885 |
| Depreciation and amortization related to health care operations | 4,318,053 | 3,583,782 |
| Interest | 996,189 | 888,416 |
| Purchased services and other | 10,562,093 | 8,880,112 |
| Total expenses | 75,962,349 | 68,348,391 |
| **Operating Income** | 5,211,404 | 4,240,900 |
| Other income (expenses) | | |
| Investment income - net | 1,034,142 | 1,560,176 |
| Income attributable to noncontrolling interests in Astoria Imaging | (815,151) | (588,809) |
| Other - net | (183,592) | (336,112) |
| Total other income (expense) - net | 35,399 | 635,255 |
| **Excess of Revenue Over Expenses** | 5,246,803 | 4,876,155 |
| Net assets released from restrictions used for equipment acquisitions | 45,265 | 52,351 |
| **Increase in Unrestricted Net Assets Before Defined Benefit Retirement Plan Adjustment** | 5,292,068 | 4,928,506 |
| Adjustment for net gain (loss) on defined benefit retirement plan | (6,606,427) | 7,316,873 |
| **Increase (Decrease) in Unrestricted Net Assets** | $ (1,314,359) | $ 12,245,379 |

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

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

## Consolidated Statements of Changes in Net Assets

### Years Ended December 31, 2014 and 2013

| | Unrestricted | | | | |
|---|---|---|---|---|---|
| | Controlling Interest | Noncontrolling Interests in Astoria Imaging | Total | Temporarily Restricted | Total Net Assets |
| **Net Assets - December 31, 2012** | $31,784,468 | $ 1,685,902 | $33,470,370 | $ 575,452 | $ 34,045,822 |
| Excess of revenue over expenses | 4,876,155 | - | 4,876,155 | - | 4,876,155 |
| Net assets released from restrictions used for equipment acquisitions | 52,351 | - | 52,351 | (52,351) | - |
| Adjustment for net gain on defined benefit retirement plan | 7,316,873 | - | 7,316,873 | - | 7,316,873 |
| Restricted contributions and grants | - | - | - | 284,252 | 284,252 |
| Restricted other gains - net | - | - | - | 12,819 | 12,819 |
| Distributions to noncontrolling interests | - | (435,719) | (435,719) | - | (435,719) |
| Noncontrolling interests earnings | - | 588,809 | 588,809 | - | 588,809 |
| Increase in net assets | 12,245,379 | 153,090 | 12,398,469 | 244,720 | 12,643,189 |
| **Net Assets - December 31, 2013** | 44,029,847 | 1,838,992 | 45,868,839 | 820,172 | 46,689,011 |
| Excess of revenue over expenses | 5,246,803 | - | 5,246,803 | - | 5,246,803 |
| Net assets released from restrictions used for equipment acquisitions | 45,265 | - | 45,265 | (45,265) | - |
| Adjustment for net loss on defined benefit retirement plan | (6,606,427) | - | (6,606,427) | - | (6,606,427) |
| Restricted contributions and grants | - | - | - | 432,414 | 432,414 |
| Restricted other losses - net | - | - | - | (25,172) | (25,172) |
| Distributions to noncontrolling interests | - | (866,337) | (866,337) | - | (866,337) |
| Noncontrolling interests earnings | - | 815,151 | 815,151 | - | 815,151 |
| Increase (decrease) in net assets | (1,314,359) | (51,186) | (1,365,545) | 361,977 | (1,003,568) |
| **Net Assets - December 31, 2014** | $42,715,488 | $ 1,787,806 | $44,503,294 | $1,182,149 | $ 45,685,443 |

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

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

## Consolidated Statements of Cash Flows

### Years Ended December 31, 2014 and 2013

| | 2014 | 2013 |
|---|---|---|
| **Cash Flows From Operating Activities** | | |
| Increase (decrease) in net assets | $ (1,003,568) | $ 12,643,189 |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities | | |
| Provision for bad debts | 3,655,115 | 5,142,398 |
| Depreciation and amortization | 4,341,387 | 3,728,331 |
| Restricted contributions, grants, and other gains and losses - net | (407,242) | (297,071) |
| Changes in certain operating assets and liabilities | | |
| Patient accounts receivable | (10,870,254) | (6,593,376) |
| Assets limited as to use classified as trading securities | (1,675,673) | (2,713,760) |
| Estimated third-party payor settlements receivable - net | 2,135,000 | (2,135,000) |
| Supplies inventory | (413,702) | (163,485) |
| Prepaid expenses and other current assets | (825,207) | 265,946 |
| Other noncurrent assets | (125,869) | (116,831) |
| Accounts payable | (1,300,162) | 1,973,784 |
| Retainage and construction accounts payable | (674,446) | 1,469,405 |
| Accrued liabilities | 87,600 | 672,000 |
| Estimated third-party payor settlements payable - net | 388,000 | (914,000) |
| Accrued retirement plan liability | 5,211,943 | (7,171,352) |
| Other noncurrent liabilities | 204,225 | (323,832) |
| Net cash provided (used) by operating activities | (1,272,853) | 5,466,346 |
| **Cash Flows From Investing Activities** | | |
| Decrease in assets limited as to use classified as other than trading securities - net | 7,742,832 | 1,975,197 |
| Purchases of property and equipment and rental and other property - net | (9,515,485) | (8,888,601) |
| Net cash used by investing activities | (1,772,653) | (6,913,404) |

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

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

## Consolidated Statements of Cash Flows (Continued)

### Years Ended December 31, 2014 and 2013

| | 2014 | 2013 |
|---|---|---|
| **Cash Flows From Financing Activities** | | |
| Payments on long-term debt | $ (735,000) | $ (1,680,000) |
| Proceeds from temporarily restricted contributions, grants, and other gains and losses - net | 407,242 | 297,071 |
| Net cash used by financing activities | (327,758) | (1,382,929) |
| **Net Decrease in Cash and Cash Equivalents** | (3,373,264) | (2,829,987) |
| Cash and cash equivalents - beginning of year | 6,777,857 | 9,607,844 |
| **Cash and Cash Equivalents - End of Year** | $ 3,404,593 | $ 6,777,857 |
| **Supplemental Disclosure of Cash Flow Information** | | |
| Cash paid during the year for interest | $ 1,390,075 | $ 1,197,400 |
| **Supplemental Disclosure of Non-Cash Investing and Financing Activities** | | |
| Property and equipment acquisitions financed with long-term debt | $ 400,000 | $ - |

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

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

## Notes to Consolidated Financial Statements

### Years Ended December 31, 2014 and 2013

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

**Business and organization**

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

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

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

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

**Principles of consolidation**

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

**Method of accounting**

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

**Cash and cash equivalents**

Cash and cash equivalents include investments in highly liquid debt instruments with remaining maturities of three months or less at the time of purchase by Charities, excluding assets limited as to use (see Note 2) Charities maintains its bank accounts at one financial institution Charities' bank accounts at this financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to a combined maximum of $250,000 As of December 31, 2014, Charities' bank balances exceeded the applicable FDIC coverage, however, Management believes that its credit risk with respect to these bank balances is minimal due to the financial strength of the financial institution

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

**Assets limited as to use**

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

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying consolidated balance sheets (see Note 10) Investment income or loss (including interest, dividends, and realized gains and losses on sales of investments) is included in the excess of revenue over expenses unless the income or loss is restricted by donor or law The change in net unrealized gains and losses on investments is excluded from the excess of revenue over expenses unless the investments are trading securities or an unrealized loss is considered to be other-than-temporary Trading securities are debt and equity securities that Charities buys and holds principally to sell in the near-term As of December 31, 2014 and 2013, all of Charities' investment securities – other than investments held in a charitable gift annuity and by a trustee – are classified as trading securities. Charities' gross unrealized losses on investment securities classified as other than trading were not significant as of December 31, 2014 or 2013

As of December 31, 2014, Charities had investments in mutual and exchange-traded funds, cash and cash equivalents, and corporate bonds (see Note 2) Management believes that Charities' credit risk with respect to these investments is minimal due to FDIC insurance coverage, the diversity of the individual investments, and the financial strength of the entities which have issued the securities or instruments However, due to changes in economic conditions, interest rates, and equity prices, the fair value of Charities' investments can be volatile Consequently, the fair value of Charities' investments can significantly change in the near-term as a result of such volatility

**Patient accounts receivable and allowance for doubtful accounts**

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

For patient accounts receivable due from self-pay patients – which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill – the Hospital records a significant allowance for doubtful accounts The allowance for doubtful accounts is estimated based primarily upon the Hospital's historical collection experience, the age of patients' accounts, Management's estimate of its patients' economic ability to pay, and the effectiveness of collection efforts Patient accounts receivable balances are routinely reviewed in conjunction with historical collection rates and other economic conditions which might ultimately affect the collectability of patient accounts when considering the adequacy of the amounts recorded in the allowance for doubtful accounts The difference between the Hospital's standard rates (or the discounted rates, if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts Recoveries of amounts charged off are added to the allowance for doubtful accounts Actual write-offs have historically been within Management's expectations Significant

changes in payor mix, business office operations, economic conditions, or trends in federal and state governmental health care coverage could affect the Hospital's collection of patient accounts receivable, cash flows, and results of operations

Significant concentrations of gross patient accounts receivable as of December 31, 2014 and 2013 were approximately as follows

| | 2014 | 2013 |
|---|---|---|
| Medicare | 39% | 32% |
| Oregon Health Plan (OHP) and Medicaid | 15 | 13 |
| Commercial insurance | 28 | 27 |
| Other third-party payors | 7 | 6 |
| Self-pay | 11 | 22 |
| | 100% | 100% |

The Hospital's allowance for doubtful accounts represented 79% and 51% of gross self-pay patient accounts receivable as of December 31, 2014 and 2013, respectively The following is an approximate summary of the activity in the Hospital's allowance for doubtful accounts for the years ended December 31, 2014 and 2013

| | 2014 | 2013 |
|---|---|---|
| Balance - beginning of year | $ 2,195,000 | $ 2,016,000 |
| Provision for bad debts | 3,486,000 | 4,996,000 |
| Accounts written off - net of recoveries | (2,277,000) | (4,817,000) |
| Balance - end of year | $ 3,404,000 | $ 2,195,000 |

**Supplies inventory**

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

**Property and equipment**

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

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method Net interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets During the years ended December 31, 2014 and 2013, Charities capitalized net interest costs of approximately $271,000 and $459,000, respectively

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

**Goodwill**

Goodwill represents the excess of the purchase price and related costs over the estimated fair value of net assets acquired in Astoria Imaging's acquisition of Siker Imaging, LLC (Siker) during 2010 In accordance with GAAP, goodwill cannot be amortized, however, impairment testing must be considered at least annually Impairment testing is calculated at the reporting unit level GAAP permits an entity to first assess qualitative factors to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount If an entity determines that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, then an impairment test would be performed by comparing the estimated fair value of the reporting unit with its net book value, including goodwill An impairment loss will be recorded for any goodwill determined to be impaired Goodwill would be tested for impairment between annual tests if an event occurs or circumstances change that would more-likely-than-not reduce the fair value of a reporting unit below its carrying amount Differences in the identification of reporting units and the use of valuation techniques could result in materially different evaluations of impairment Such differences could result in future impairment of goodwill that would, in turn, negatively impact Charities' consolidated results of operations. For purposes of this test, Charities has identified a single reporting unit. Based on the results of Charities' annual goodwill impairment tests, in the opinion of Management, Charities has not experienced any goodwill impairment during the years ended December 31, 2014 and 2013

**Deferred financing costs and premiums on bonds payable**

Other noncurrent assets include net deferred financing costs of approximately $722,000 and $778,000 as of December 31, 2014 and 2013, respectively, which are amortized to interest expense over the terms of the related bonds payable using the interest method Premiums on bonds payable are also accreted as an offset to interest expense over the terms of the related bonds payable using the interest method

**Temporarily restricted net assets**

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

**Net patient service revenue**

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

A significant portion of the Hospital's services is provided to Medicare, OHP, and Medicaid patients under contractual arrangements The Hospital is a "critical access hospital" (CAH) for Medicare program purposes As a CAH, the Hospital cannot operate more than 25 beds, and the Hospital's average length of stay for acute care patients cannot exceed 96 hours As a CAH, the Hospital is reimbursed for Medicare inpatient and outpatient services under a cost reimbursement methodology The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after audits of the Hospital's annual cost reports by the Medicare fiscal intermediary The Hospital's Medicare cost reports have been audited and final settled by the Medicare fiscal intermediary through December 31, 2012 Home health services provided to Medicare beneficiaries are reimbursed under a prospective payment system methodology

Services rendered to OHP beneficiaries are primarily reimbursed at discounts from standard charges or based on fee schedules Services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology Under this methodology, the Hospital is reimbursed at a tentative rate with final settlement determined after audits of the Hospital's annual cost reports by Medicaid The Hospital's Medicaid cost reports have been audited and final settled by Medicaid through December 31, 2012

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

Gross patient service revenue for services provided by the Hospital to Medicare, OHP, and Medicaid patients aggregated approximately $97,136,000 and $77,687,000 for the years ended December 31, 2014 and 2013, respectively

Activity related to the Hospital's estimated third-party payor settlements receivable (payable) - net, for the years ended December 31, 2014 and 2013 was approximately as follows

| | Medicare | Medicaid | Total |
|---|---|---|---|
| Estimated third-party payor settlements receivable (payable) - net, as of December 31, 2012 | $ (1,177,000) | $ 263,000 | $ (914,000) |
| Settlements paid related to prior years' cost reports and electronic health records (EHR) incentives - net (see below) | 82,000 | 48,000 | 130,000 |
| Revisions of estimates for prior years' cost report settlements and EHR incentives - net | 582,000 | 541,000 | 1,123,000 |
| Estimates for 2013 cost report settlements and EHR incentives | 1,832,000 | (36,000) | 1,796,000 |
| Estimated third-party payor settlements receivable - net, as of December 31, 2013 | 1,319,000 | 816,000 | 2,135,000 |
| Settlements received related to prior years' cost reports and EHR incentives - net | (2,808,000) | (618,000) | (3,426,000) |
| Revisions of estimates for prior years' cost report settlements and EHR incentives - net | 370,000 | 196,000 | 566,000 |
| Estimates for 2014 cost report settlements and EHR incentives | 337,000 | - | 337,000 |
| Estimated third-party payor settlements receivable (payable) - net, as of December 31, 2014 | $ (782,000) | $ 394,000 | $ (388,000) |

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

**EHR incentive payments**

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

incentive payments by demonstrating meaningful use of EHR technology in each federal fiscal year over four federal fiscal years Medicaid providers can receive their initial incentive payment by satisfying AIU criteria but must demonstrate meaningful use of EHR technology in subsequent federal fiscal years in order to qualify for additional payments. Hospitals may be eligible for both Medicare and Medicaid EHR incentive payments, however, physicians and other professionals may be eligible for either Medicare or Medicaid incentive payments but not both Hospitals that are meaningful users under the Medicare EHR incentive payment program are deemed meaningful users under the Medicaid EHR incentive payment program and do not need to meet additional criteria imposed by Medicaid Medicaid EHR incentive payments to health care providers are 100% federally funded and administered by individual states The Centers for Medicare and Medicaid Services (CMS) established the federal fiscal year ended September 30, 2011 as the first year that states could offer EHR incentive payments

Charities recognizes estimated EHR incentive payments on a ratable basis when it is reasonably assured that Charities will demonstrate compliance with the meaningful use criteria for receiving EHR incentive payments During the years ended December 31, 2014 and 2013, Charities satisfied certain of the CMS AIU and meaningful use criteria. As a result, Charities recognized approximately $677,000 and $703,000 of estimated Medicare and Medicaid EHR incentive payments as other operating revenue in the accompanying consolidated statements of operations for the years ended December 31, 2014 and 2013, respectively Medicare and Medicaid EHR incentive payments are subject to audit and/or final approval by CMS and Medicaid, respectively As a result, there is at least a reasonable possibility that recorded Medicare and Medicaid EHR incentive payments will change by a material amount in the near-term.

**Charity care**

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

**Consolidated statements of operations**

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

**Contributions and grants**

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

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

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

**Income taxes**

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

Income tax positions that meet a more-likely-than-not recognition threshold are measured at the largest amount of income tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority The portion of the benefits associated with income tax positions taken that exceeds the amount measured as described above would be reflected as a liability for unrecognized income tax benefits in Charities' consolidated balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination Interest and penalties associated with unrecognized income tax benefits would be classified as income taxes in Charities' consolidated statements of operations There were no unrecognized income tax benefits, nor any interest and penalties associated with unrecognized income tax benefits, accrued or expensed as of and for the years ended December 31, 2014 and 2013.

Charities files federal information and income tax returns in the U S and state information and income tax returns in Oregon Charities is no longer subject to examinations by the related tax authorities for its U S federal and Oregon information and income tax returns for years prior to 2011

**Recently issued accounting standards**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09) ASU 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards ASU 2014-09 requires revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services ASU 2014-09 provides a single principles-based, five-step model to be applied to all contracts with customers The five steps are to (1) identify the contract(s) with the customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction

price to the performance obligations in the contract, and (5) recognize revenue when each performance obligation is satisfied The provisions of ASU 2014-09 may be applied either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the update recognized at the date of the initial application along with additional disclosures ASU 2014-09 is currently scheduled to be effective for Charities beginning in 2017 Management is currently evaluating the effect that ASU 2014-09 will have on Charities' future consolidated financial statements

In April 2015, the FASB issued ASU No 2015-03, *Interest-Imputation of Interest (Subtopic 835-30) – Simplifying the Presentation of Debt Issuance Costs* (ASU 2015-03) ASU 2015-03 is intended to simplify the presentation of debt issuance costs and requires that debt issuance costs related to a recognized debt liability be presented in the consolidated balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with the current accounting treatment for debt discounts ASU 2015-03 does not affect the existing recognition and measurement guidance for debt issuance costs ASU 2015-03 is required to be adopted on a retrospective basis, such that the consolidated balance sheet of each individual period presented should be adjusted to reflect the effects of applying the new guidance ASU 2015-03 will be effective for Charities beginning in 2016 and will require Charities to reclassify its deferred financing costs from other noncurrent assets to long-term debt in the consolidated balance sheets.

**Reclassifications**

Certain amounts in 2013 have been reclassified to conform with the 2014 presentation

**Subsequent events**

Management has evaluated, for potential recognition or disclosure in the consolidated financial statements, subsequent events that have occurred through May 1, 2015, which is the date that the consolidated financial statements were available to be issued

In March 2015, Charities entered into a joint operating agreement (the Joint Agreement) with Oregon Health & Science University (OHSU) through the OHSU Knight Cancer Institute to better serve the oncology care needs of the Astoria area and surrounding communities The Joint Agreement shall govern the coordination, oversight, provision, and management of oncology services provided on Charities' campus The Joint Agreement will be governed by an equal number of voting members appointed by Charities and OHSU The initial term of the Joint Agreement is for ten years with the option to renew every five years thereafter In addition, both parties agree that the provision and availability of oncology professional physician services will be provided by OHSU under a "Professional Services Agreement for Oncology Collaboration." It is anticipated that this Charities and OHSU collaboration will provide for high-quality, cost-efficient, safe, and effective oncology services through their combined resources for the Astoria and surrounding communities

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

## Notes to Consolidated Financial Statements

### Years Ended December 31, 2014 and 2013

**2. Assets Limited as to Use**

Assets limited as to use consisted of the following as of December 31, 2014 and 2013

| | 2014 | 2013 |
|---|---|---|
| Internally designated | | |
| Internally designated for capital acquisitions | | |
| Equity mutual funds | $ 8,680,383 | $ 8,104,589 |
| Fixed income mutual funds | 7,838,298 | 7,433,244 |
| Total internally designated for capital acquisitions | 16,518,681 | 15,537,833 |
| Internally designated for hospice and chaplaincy | | |
| Cash and cash equivalents | 93,542 | 54,733 |
| Equity mutual and exchange-traded funds | 323,046 | 298,819 |
| Fixed income mutual and exchange-traded funds | 251,122 | 244,781 |
| Total internally designated for hospice and chaplaincy | 667,710 | 598,333 |
| Total internally designated | 17,186,391 | 16,136,166 |
| Held by the Foundation | | |
| Assets held in charitable gift annuity trust | | |
| Cash and cash equivalents | 9,275 | 5,231 |
| Equity mutual funds | 225,926 | 266,030 |
| Fixed income mutual funds | 127,212 | 125,497 |
| Total assets held in charitable gift annuity trust | 362,413 | 396,758 |
| Other investments | | |
| Cash and cash equivalents | 12,864 | - |
| Equity mutual funds | 346,189 | - |
| Fixed income mutual funds | 266,395 | - |
| Total other investments | 625,448 | - |
| Total held by the Foundation | 987,861 | 396,758 |
| Held by trustee | | |
| Bond fund - cash and cash equivalents | 886,707 | 885,479 |
| Bond project fund | | |
| Cash and cash equivalents | 832,168 | 2,540,359 |
| Corporate bonds | 1,630,845 | 6,852,198 |
| U S Government agency securities | - | 780,171 |
| Total bond project fund | 2,463,013 | 10,172,728 |
| Debt service reserve fund - cash and cash equivalents | 2,128,275 | 2,128,275 |
| Total held by trustee | 5,477,995 | 13,186,482 |
| Less portion classified as current | (886,707) | (885,479) |
| Total held by trustee - net of current portion | 4,591,288 | 12,301,003 |
| Total assets limited as to use - net of current portion | $ 22,765,540 | $ 28,833,927 |

Investment income consisted of the following for the years ended December 31, 2014 and 2013

| | 2014 | 2013 |
|---|---|---|
| Interest and dividend income | $ 605,599 | $ 375,504 |
| Realized gains (losses) on sales of securities - net | 20,272 | (4,281) |
| Net unrealized gains on trading securities | 408,271 | 1,188,953 |
| Investment income - net | $ 1,034,142 | $ 1,560,176 |

## 3. Property and Equipment

Property and equipment consisted of the following as of December 31, 2014 and 2013

| | 2014 | 2013 |
|---|---|---|
| Land | $ 1,125,135 | $ 920,043 |
| Land improvements | 3,405,458 | 3,405,458 |
| Buildings and improvements | 21,658,833 | 20,481,590 |
| Equipment | 42,061,189 | 38,554,706 |
| | 68,250,615 | 63,361,797 |
| Less accumulated depreciation and amortization | (37,758,943) | (33,813,958) |
| | 30,491,672 | 29,547,839 |
| Construction in progress | 97,110 | 4,078,219 |
| Property and equipment - net | $ 30,588,782 | $ 33,626,058 |

Construction in progress as of December 31, 2014 primarily includes costs incurred in connection with the renovation of the Hospital's critical care unit and emergency room (the CCU Renovation) and various other construction projects, which are being financed with a combination of Charities' internally designated funds (see Note 2) and a portion of the proceeds from the issuance of long-term debt (see Note 4) As of December 31, 2014, Management estimates that the aggregate cost to complete the CCU Renovation and other projects is approximately $1,526,000

As of December 31, 2013, rental and other property held for future development primarily consisted of a professional office building (the POB) As of December 31, 2014, rental and other property held for future development primarily consisted of the POB and certain other real property adjacent to the Hospital, which was acquired by Charities during 2014 under the terms of an agreement (the Exchange Agreement) between Charities, the City of Astoria (the City), and the Astoria School District (the District) Under the terms of the Exchange Agreement, Charities had agreed to construct a sports complex (the Sports Complex) on land owned by the City Upon completion of construction during 2014, Charities transferred ownership of the Sports Complex to the City, at which point the City and the District transferred title of certain other real property – which is adjacent to the Hospital – to Charities The total costs incurred by Charities for the construction of the Sports Complex aggregated approximately $8,918,000 (which represents Charities' cost of the real property adjacent to the Hospital) and are included in rental and other property held for future development in the accompanying 2014 consolidated balance sheet The construction of the Sports Complex was financed with a combination of Charities' internally designated funds (see Note 2) and a portion of the proceeds from the issuance of long-term debt (see Note 4)

**4. Long-Term Debt**

Long-term debt consisted of the following as of December 31, 2014 and 2013

| | 2014 | 2013 |
|---|---|---|
| Hospital Revenue and Refunding Bonds, Series 2012 | $ 29,205,000 | $ 29,940,000 |
| Other | 400,000 | - |
| Unamortized bond premium | 908,084 | 977,985 |
| Total | 30,513,084 | 30,917,985 |
| Less current portion | (960,000) | (735,000) |
| Long-term debt - net of current portion | $ 29,553,084 | $ 30,182,985 |

In September 2012, the Hospital entered into an agreement (the Agreement) with The Hospital Facilities Authority of the City of Astoria, Oregon (the Authority), whereby the Authority issued $30,870,000 of Hospital Revenue and Refunding Bonds, Series 2012 (the Bonds) The proceeds from the Bonds were partially used to provide funds for the early repayment of the Hospital's existing 2007 and 2002 bonds, with the remainder to be used to finance the Sports Complex and certain other capital projects and land and equipment acquisitions of the Hospital The 2012 Bonds bear interest at fixed rates ranging from 3 00% to 5 00%, payable semi-annually each February 1 and August 1 The Bonds require annual principal payments each August 1 (including mandatory redemptions) ranging from $760,000 in 2015 to $2,025,000 in 2037 Effective August 1, 2022, the Bonds maturing on and after August 1, 2033 will become subject to optional redemption at par

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

Under the terms of the Agreement, the Hospital is required to maintain – on an annual basis – a debt service coverage ratio (ratio of income available for debt service to debt service requirement, both as defined in the Agreement) of at least 1 25 For the year ended December 31, 2014, the Hospital was in compliance with this ratio by maintaining a debt service coverage ratio of approximately 4 86

Other long-term debt as of December 31, 2014 consists of a note payable issued in connection with the purchase of certain real estate and other assets by the Hospital in August 2014 for approximately $522,000 As of December 31, 2014, other long-term debt was secured by two $200,000 irrevocable standby letters of credit (the Letters of Credit) with a bank that expire on July 16, 2016

Required principal payments on the Bonds and note payable for the five years subsequent to December 31, 2014, and thereafter, are approximately as follows.

| | |
|---|---|
| 2015 | $ 960,000 |
| 2016 | 980,000 |
| 2017 | 810,000 |
| 2018 | 845,000 |
| 2019 | 880,000 |
| Thereafter | 25,130,000 |
| Total | $ 29,605,000 |

## 5. Patient Service Revenue

Patient service revenue - net of contractual allowances and discounts, for the years ended December 31, 2014 and 2013 was comprised of the following

| | 2014 | 2013 |
|---|---|---|
| Charges at established rates | | |
| Inpatient | $ 29,063,963 | $ 24,278,181 |
| Outpatient | 124,482,751 | 107,966,179 |
| Total charges at established rates | 153,546,714 | 132,244,360 |
| Deductions | | |
| Medicare, OHP, and Medicaid contractual allowances | 56,468,717 | 42,261,203 |
| Other contractual allowances | 12,790,095 | 11,260,083 |
| Charity allowances | 1,445,115 | 3,142,647 |
| Total deductions | 70,703,927 | 56,663,933 |
| Patient service revenue - net of contractual allowances and discounts | $ 82,842,787 | $ 75,580,427 |

Patient service revenue - net of contractual allowances and discounts, by major payor, for the years ended December 31, 2014 and 2013 was as follows

| | 2014 | 2013 |
|---|---|---|
| Medicare | $ 26,450,354 | $ 27,428,545 |
| OHP and Medicaid | 14,378,970 | 8,858,014 |
| Commercial insurance | 32,622,697 | 29,898,563 |
| Other third-party payors | 5,319,833 | 3,032,379 |
| Self-pay | 4,070,933 | 6,362,926 |
| Patient service revenue - net of contractual allowances and discounts | $ 82,842,787 | $ 75,580,427 |

Management estimates that the net cost of charity care provided was approximately $638,000 and $1,639,000 for the years ended December 31, 2014 and 2013, respectively These estimates were based on the Hospital's overall ratio of cost to charges in each year. For the years ended December 31, 2014 and 2013, approximately 1 1% and 6 5%, respectively, of all inpatient admissions were classified as charity care, and approximately 0 9% and 2 5%, respectively, of all outpatient visits were classified as charity care The largest proportion of services provided on a charity care basis was for emergency room and trauma services

## 6. Commitments and Contingencies

### Line of credit agreement

In July 2014, Charities entered into a $1,000,000 revolving line of credit agreement (the Line of Credit) with Columbia State Bank (CSB) that extends through January 5, 2016 Borrowings under the Line of Credit are unsecured and bear interest at CSB's prime rate plus 1.00% (4 25% as of December 31, 2014), subject to a minimum floor of 4 25% Available borrowings under the Line of Credit are reduced by the amount of the unexpired portion of the Letters of Credit (see Note 4) As of December 31, 2014, Charities had no outstanding borrowings under the Line of Credit

**Operating leases**

Charities leases certain office space and equipment under operating lease agreements which expire at various dates through 2020 Some of the lease agreements contain renewal options As of December 31, 2014, future minimum lease commitments for the five years subsequent to December 31, 2014, and thereafter, under noncancelable operating lease agreements that have initial or remaining lease terms in excess of one year were approximately as follows:

| | |
|---|---|
| 2015 | $ 757,000 |
| 2016 | 634,000 |
| 2017 | 409,000 |
| 2018 | 315,000 |
| 2019 | 135,000 |
| Thereafter | 63,000 |
| Total minimum lease payments | $ 2,313,000 |

Rent expense totaled approximately $922,000 and $855,000 for the years ended December 31, 2014 and 2013, respectively

**Other commitments**

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

**Medical malpractice insurance**

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

Charities has recorded estimated liabilities for reported and IBNR medical malpractice claims which aggregated $577,000 and $477,000 as of December 31, 2014 and 2013, respectively, and are included in other noncurrent liabilities in the accompanying consolidated balance sheets Management believes that these estimated liabilities are adequate, however, the establishment of estimated liabilities for reported and IBNR medical malpractice claims is an inherently uncertain process, and there can be no assurance that currently established reserves will prove adequate to cover actual ultimate expenses Subsequent actual experience could result in reserves being too high or too low, which could positively or negatively impact Charities' reported results of operations in future periods

**Self-insured health care claims**

Charities is self-insured for its employees' (and employees' eligible family members') medical, dental, vision, and prescription drug (collectively, "health care") benefits In conjunction with the self-insured health plan, Charities purchases stop-loss insurance which generally limits Charities' liability to $100,000 per covered individual per year, with a maximum annual aggregate stop-loss benefit of $1,000,000 Charities recognizes self-insurance costs based on claims filed with its third-party administrator (the TPA) and estimates for IBNR employee health care claims Charities has recorded estimated liabilities for reported and IBNR employee health care claims aggregating approximately $483,000 and $588,000 as of December 31, 2014 and 2013, respectively, which are included in other accrued liabilities in the accompanying consolidated balance sheets Management believes that these estimated liabilities are

adequate to cover any related potential losses, however, the establishment of estimated liabilities for IBNR employee health care claims is an inherently uncertain process, and there can be no assurance that currently established reserves will prove adequate to cover actual ultimate expenses Subsequent actual experience could result in reserves being too high or too low, which could positively or negatively impact Charities' reported results of operations in future periods

**Risk management**

In the ordinary course of business, Charities is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets, business interruption, errors and omissions, employee injuries and illnesses, and natural disasters However, Management believes that adequate commercial insurance coverage has been purchased for claims arising from such matters Settled claims have not exceeded this commercial coverage for the years ended December 31, 2014 and 2013

**Medical services contracts**

In addition to the Joint Agreement (see Note 1), the Hospital has various contracts with OHSU under which OHSU currently provides certain oncology and cardiology services to the Hospital Management believes that any termination of such contracts could have a significant negative impact on the future profitability of the Hospital

**Collective bargaining agreement**

As of December 31, 2014, approximately 58% of the Hospital's employees are covered under a collective bargaining agreement (CBA) with the Service Employees International Union (the SEIU), which expires on March 9, 2018 In addition, as of December 31, 2014, approximately 23% of the Hospital's employees are covered under a CBA with the Oregon Nurses Association, which expires on May 31, 2016

**Regulation and litigation**

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

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

**Health care reform legislation**

Health care reform legislation (the *Patient Protection and Affordable Care Act* and the *Health Care and Education Reconciliation Act*), which was passed in 2010, addresses a broad range of topics affecting the health care industry Such legislation significantly expanded health care coverage, primarily through incentives to individuals to obtain – and employers to provide – health care coverage, and through an

expansion in Medicaid eligibility This legislation also includes incentives for medical research and the use of EHR, efforts to reduce fraud, waste, and abuse, and promotes more innovation and efficiencies in the delivery of health care The various provisions of this legislation are being phased in through 2020 Management cannot presently determine the impact of such legislation on Charities' future consolidated financial position or results of operations

## 7. Retirement Plans

### Defined benefit retirement plan

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

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

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

The change in benefit obligation, change in Defined Benefit Plan assets, and the funded status and net amounts recognized in the accompanying consolidated balance sheets as of and for the years ended December 31, 2014 and 2013 were as follows

| | 2014 | 2013 |
|---|---|---|
| Change in benefit obligation | | |
| Benefit obligation - beginning of year | $ 37,199,981 | $ 39,093,921 |
| Service cost | 939,561 | 1,213,207 |
| Interest cost | 1,738,261 | 1,544,957 |
| Benefits paid | (1,477,097) | (1,013,188) |
| Net actuarial loss (gain) | 6,424,453 | (3,638,916) |
| Benefit obligation - end of year | $ 44,825,159 | $ 37,199,981 |
| Change in Defined Benefit Plan assets | | |
| Fair value of Defined Benefit Plan assets - beginning of year | $ 32,448,817 | $ 27,171,405 |
| Actual return on Defined Benefit Plan assets | 1,790,332 | 4,190,600 |
| Contributions | 2,100,000 | 2,100,000 |
| Benefits paid | (1,477,097) | (1,013,188) |
| Fair value of Defined Benefit Plan assets - end of year | $ 34,862,052 | $ 32,448,817 |
| Funded status and net amounts recognized in the accompanying consolidated balance sheets | $ (9,963,107) | $ (4,751,164) |

As of December 31, 2014 and 2013, Charities had unrecognized losses of $13,504,220 and $6,897,793, respectively, that have been recorded as reductions to unrestricted net assets − as required by GAAP − but had not yet been recognized as a component of net periodic pension cost

The accumulated benefit obligation for the Defined Benefit Plan was $42,143,766 and $34,879,251 as of December 31, 2014 and 2013, respectively

The components of net periodic pension cost for the years ended December 31, 2014 and 2013 were as follows

| | 2014 | 2013 |
|---|---|---|
| Service cost | $ 939,561 | $ 1,213,207 |
| Interest cost | 1,738,261 | 1,544,957 |
| Expected return on Defined Benefit Plan assets | (2,445,192) | (2,062,308) |
| Recognized net actuarial loss | 472,886 | 1,549,665 |
| Net periodic pension cost | $ 705,516 | $ 2,245,521 |

The weighted-average assumptions used to determine the benefit obligation as of December 31, 2014 and 2013 were as follows

| | 2014 | 2013 |
|---|---|---|
| Discount rate | 3 90% | 4 75% |
| Rate of compensation increase | 4 50 | 4 50 |

During 2014, the discount rate used to determine the benefit obligation was decreased from 4 75% to 3 90%, and the mortality table was updated to reflect annual changes prescribed by the Internal Revenue service (IRS) The effect of these changes was to increase the benefit obligation as of December 31, 2014 by approximately $4,973,000, which is included in the 2014 net actuarial loss, as previously disclosed During 2013, the discount rate used to determine the benefit obligation was increased from 4 00% to 4 75%, and the mortality table was updated to reflect annual changes prescribed by the IRS The effect of these changes was to decrease the benefit obligation as of December 31, 2013 by approximately $4,038,000, which is included in the 2013 net actuarial gain, as previously disclosed

In October 2014, the Society of Actuaries released its RP-2014 Mortality Tables and Mortality Improvement Scale MP-2014 which reflect increased life expectancies. Charities anticipates that its actuary will utilize these or other updated mortality assumptions in the actuarial calculations related to the Defined Benefit Plan for the year ending December 31, 2015 and that this will likely result in an increase in Charities' future pension cost and projected benefit obligation

The weighted-average assumptions used to determine the net periodic pension cost for the years ended December 31, 2014 and 2013 were as follows

| | 2014 | 2013 |
|---|---|---|
| Discount rate | 4 75% | 4 00% |
| Expected long-term rate of return on Defined Benefit Plan assets | 7 50 | 7 50 |
| Rate of compensation increase | 4 50 | 4 50 |

Charities developed the expected long-term rate of return on assets assumption as a weighted average rate based on the target asset allocation of the Defined Benefit Plan and long-term capital market assumptions The overall return for each asset class was developed by combining a long-term inflation component and the associated expected real rates of return The development of the capital market assumptions utilized a variety of methodologies, including, but not limited to, historical analysis, stock valuation models such as dividend discount models and earnings yield models, expected economic growth outlook, and market yield analysis Due to the long-term nature of the pension obligations, the investment horizon for the capital markets assumptions is 20 to 30 years This analysis resulted in the selection of the 7 50% expected long-term rate of return on Defined Benefit Plan assets for each of the years ended December 31, 2014 and 2013

The composition of the Defined Benefit Plan's assets as of December 31, 2014 and 2013 was as follows

| | 2014 | 2013 |
|---|---|---|
| Asset category | | |
| Pooled separate accounts - equity securities | 50% | 50% |
| Pooled separate accounts - debt securities | 45 | 45 |
| Pooled separate account - real estate | 5 | 5 |
| Total | 100% | 100% |

Charities' has appointed an independent professional investment advisor to manage the Defined Benefit Plan's assets The Defined Benefit Plan's overall investment objective is to provide a long-term return that, along with Charities' contributions, is expected to meet future benefit payment requirements The Defined Benefit Plan's target asset allocation – under terms of the Defined Benefit Plan's investment policy – is 45% in fixed-income securities and 55% in equity investments As of December 31, 2014 and 2013, all of the Defined Benefit Plan's investments were held in pooled separate accounts

The fair value framework under GAAP requires the categorization of assets and liabilities into three levels based upon the assumptions used to value the assets or liabilities (see Note 10) The Defined Benefit Plan's financial instruments measured at fair value consist of pooled separate accounts These instruments – other than the Principal U S property separate account - R6 – invest in mutual funds or equity securities which are valued at publicly quoted market prices The Principal U S property separate account – R6 invests mainly in commercial real estate and includes mortgage loans which are backed by the associated properties The fair values of the underlying mutual funds, equity securities, and real estate-related investments are used in determining the net asset value (NAV) of the pooled separate accounts, which are not publicly quoted The NAV is divided by the number of shares outstanding The fair value of the Defined Benefit Plan's investments in pooled separate accounts is classified within Level 2 of the valuation hierarchy There were no changes to this methodology during the years ended December 31, 2014 and 2013

The following are the Defined Benefit Plan's assets measured at fair value on a recurring basis as of December 31, 2014 and 2013

| 2014 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Investments | | | | |
| Pooled separate accounts | $ - | $ 34,862,052 | $ - | $ 34,862,052 |
| **2013** | | | | |
| Investments | | | | |
| Pooled separate accounts | $ - | $ 32,448,817 | $ - | $ 32,448,817 |

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

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

Charities expects to contribute approximately $2,100,000 to the Defined Benefit Plan in 2015 The estimated net actuarial loss expected to be recognized as a component of net periodic pension cost during the year ending December 31, 2015 is approximately $1,382,000. There is no estimated net prior service cost or credit, or net transition asset or obligation, expected to be recognized as a component of net periodic pension cost during 2015

As of December 31, 2014, the following approximate benefit payments, which reflect future service, as appropriate, are expected to be paid in each of the next five years, and in the aggregate in the following five years

| | |
|---|---|
| 2015 | $ 1,390,000 |
| 2016 | 1,470,000 |
| 2017 | 1,580,000 |
| 2018 | 1,770,000 |
| 2019 | 1,890,000 |
| 2020 - 2024 | 11,650,000 |
| Total | $ 19,750,000 |

**Defined contribution retirement plans**

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

All new participants, and participants who had previously elected to freeze their existing benefits under the Defined Benefit Plan, are eligible to receive additional mandatory contributions from Charities in lieu of the above matching contributions Such additional mandatory Charities contributions consist of matching contributions not to exceed either 2 5% or 3 0% of each eligible participant's compensation (determined based on years of service) and an additional Charities contribution of 5 0% of each eligible participant's compensation Participants are immediately 100% vested in these mandatory Charities contributions During the years ended December 31, 2014 and 2013, contributions recorded as expense by Charities totaled approximately $1,090,000 and $915,000, respectively

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

## 8. Related Parties

**Astoria Imaging**

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

The Hospital made no contributions to Astoria Imaging in 2014 or 2013 During the years ended December 31, 2014 and 2013, the Hospital received member distributions of approximately $902,000 and $454,000, respectively, from Astoria Imaging

**Bank accounts**

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

**Contributions receivable**

Included in prepaid expenses and other current assets in the accompanying consolidated balance sheets are contributions receivable to the Foundation from certain Board members and employees aggregating approximately $137,000 and $156,000 as of December 31, 2014 and 2013, respectively.

**Medical administration services and asset purchase**

A member of the Board serves as the medical director for the Hospital's home health and hospice program, and received compensation for such services of $72,000 in each of the years ended December 31, 2014 and 2013 In addition, during 2014, the Hospital entered into an agreement to purchase certain business assets from this Board member for an aggregate amount of approximately $83,000 Management expects that this transaction will close during the first half of 2015

## 9. Functional Classification of Expenses

Expenses on a functional basis for the years ended December 31, 2014 and 2013 were approximately as follows

| | 2014 | 2013 |
|---|---|---|
| Health care services | $ 64,666,000 | $ 59,545,000 |
| General and administrative | 11,296,000 | 8,803,000 |
| | $ 75,962,000 | $ 68,348,000 |

## 10. Fair Value Measurements

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

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

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

Level 3 Fair value of the asset or liability is determined using unobservable inputs that are significant to the fair value measurement and reflect the organization's own assumptions regarding the applicable asset or liability

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

As of December 31, 2014 and 2013, Charities' assets measured at fair value on a recurring basis consisted of the following

| 2014 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets limited as to use | $ 23,652,247 | $ - | $ - | $ 23,652,247 |
| **2013** | | | | |
| Assets limited as to use | $ 29,719,406 | $ - | $ - | $ 29,719,406 |

As of December 31, 2014 and 2013, the carrying value of on-balance sheet financial instruments such as cash and cash equivalents, patient accounts receivable, estimated third-party payor settlements receivable - net, accounts payable, retainage and construction accounts payable, accrued liabilities, and estimated third-party payor settlements payable - net, approximate their respective estimated fair values due to the short-term nature of those instruments, and these instruments are classified within Level 1 of the fair value hierarchy The carrying value of assets limited as to use is estimated fair value The carrying value of the accrued retirement plan liability approximates fair value, as the related interest rates approximate market rates, and this instrument is classified within Level 3 of the fair value hierarchy The estimated fair value of the Hospital's long-term debt – which is calculated using discounted cash flow analyses based on the Hospital's current incremental borrowing rates for similar types of borrowing arrangements, and is classified within Level 3 of the fair value hierarchy – was approximately $31,989,000 and $29,494,000 as of December 31, 2014 and 2013, respectively (the carrying amount was $30,513,084 and $30,917,985 as of December 31, 2014 and 2013, respectively)

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# Independent Auditors' Report on Supplementary Information

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

We have audited the consolidated financial statements of Columbia Lutheran Charities, dba Columbia Memorial Hospital, and subsidiaries as of and for the years ended December 31, 2014 and 2013, and our report thereon dated May 1, 2015, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1 Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole The accompanying consolidating information as of and for the year ended December 31, 2014, as listed in the accompanying table of contents, is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual entities, and it is not a required part of the 2014 consolidated financial statements Accordingly, we do not express an opinion on the financial position and results of operations of the individual entities

The 2014 consolidating information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the 2014 consolidated financial statements Such information has been subjected to the auditing procedures applied in the audit of the 2014 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 2014 consolidated financial statements or to the 2014 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 2014 consolidating information is fairly stated in all material respects in relation to the 2014 consolidated financial statements as a whole

DELAP LLP

May 1, 2015

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

## Consolidating Balance Sheet

### December 31, 2014

| | Columbia Memorial Hospital | Columbia Memorial Hospital Foundation | Astoria Imaging, LLC | Consolidating Entries | Consolidated |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | $ 2,422,185 | $ 302,221 | $ 680,187 | $ - | $ 3,404,593 |
| Assets limited as to use | 886,707 | - | - | - | 886,707 |
| Patient accounts receivable - net | 19,245,687 | - | - | - | 19,245,687 |
| Supplies inventory | 1,794,224 | - | - | - | 1,794,224 |
| Prepaid expenses and other current assets | 2,223,854 | 18,769 | 244,926 | (375,292) | 2,112,257 |
| Total current assets | 26,572,657 | 320,990 | 925,113 | (375,292) | 27,443,468 |
| Assets limited as to use - net of current portion | 21,777,679 | 987,861 | - | - | 22,765,540 |
| Property and equipment - net | 30,242,893 | - | 345,889 | - | 30,588,782 |
| Rental and other property held for future development - net | 11,658,313 | 304,633 | - | - | 11,962,946 |
| Goodwill | - | - | 2,400,000 | - | 2,400,000 |
| Other noncurrent assets - net | 2,917,890 | 270,703 | 80,953 | (1,860,767) | 1,408,779 |
| **Total Assets** | $ 93,169,432 | $ 1,884,187 | $ 3,751,955 | $ (2,236,059) | $ 96,569,515 |

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

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

## Consolidating Balance Sheet (Continued)

### December 31, 2014

| | Columbia Memorial Hospital | Columbia Memorial Hospital Foundation | Astoria Imaging, LLC | Consolidating Entries | Consolidated |
|---|---|---|---|---|---|
| **Liabilities and Net Assets** | | | | | |
| Current liabilities | | | | | |
| Accounts payable | $ 2,452,943 | $ 86,411 | $ 103,382 | $ (375,292) | $ 2,267,444 |
| Retainage and construction accounts payable | 1,426,862 | - | - | - | 1,426,862 |
| Accrued liabilities | | | | | |
| Payroll, payroll taxes, and withholdings | 1,219,083 | - | - | - | 1,219,083 |
| Earned leave | 2,244,273 | - | - | - | 2,244,273 |
| Other | 1,721,695 | - | - | - | 1,721,695 |
| Estimated third-party payor settlements payable - net | 388,000 | - | - | - | 388,000 |
| Current portion of long-term debt | 960,000 | - | - | - | 960,000 |
| Total current liabilities | 10,412,856 | 86,411 | 103,382 | (375,292) | 10,227,357 |
| Long-term debt - net of current portion | 29,553,084 | - | - | - | 29,553,084 |
| Accrued retirement plan liability | 9,963,107 | - | - | - | 9,963,107 |
| Other noncurrent liabilities | 890,901 | 249,623 | - | - | 1,140,524 |
| Total liabilities | 50,819,948 | 336,034 | 103,382 | (375,292) | 50,884,072 |
| Net assets | | | | | |
| Unrestricted | | | | | |
| Controlling interest | 42,286,216 | 429,272 | 3,648,573 | (3,648,573) | 42,715,488 |
| Noncontrolling interests in Astoria Imaging, LLC | - | - | - | 1,787,806 | 1,787,806 |
| Total unrestricted | 42,286,216 | 429,272 | 3,648,573 | (1,860,767) | 44,503,294 |
| Temporarily restricted | 63,268 | 1,118,881 | - | - | 1,182,149 |
| Total net assets | 42,349,484 | 1,548,153 | 3,648,573 | (1,860,767) | 45,685,443 |
| **Total Liabilities and Net Assets** | $ 93,169,432 | $ 1,884,187 | $ 3,751,955 | $ (2,236,059) | $ 96,569,515 |

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

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

## Consolidating Statement of Operations

### Year Ended December 31, 2014

| | Columbia Memorial Hospital | Columbia Memorial Hospital Foundation | Astoria Imaging, LLC | Consolidating Entries | Consolidated |
|---|---|---|---|---|---|
| Unrestricted revenue | | | | | |
| Patient service revenue - net of contractual allowances and discounts | $ 79,637,380 | $ - | $ 3,205,407 | $ - | $ 82,842,787 |
| Provision for bad debts | (3,485,540) | - | (169,575) | - | (3,655,115) |
| Net patient service revenue | 76,151,840 | - | 3,035,832 | - | 79,187,672 |
| Other revenue | 3,039,353 | 249,937 | - | (1,303,209) | 1,986,081 |
| Total unrestricted revenue | 79,191,193 | 249,937 | 3,035,832 | (1,303,209) | 81,173,753 |
| Expenses | | | | | |
| Salaries and benefits | 41,295,418 | 233,385 | 397,758 | (233,385) | 41,693,176 |
| Medical and other supplies | 11,489,188 | - | 25,807 | - | 11,514,995 |
| Professional fees | 6,877,843 | - | - | - | 6,877,843 |
| Depreciation and amortization related to health care operations | 4,011,086 | - | 306,967 | - | 4,318,053 |
| Interest | 996,189 | - | - | - | 996,189 |
| Purchased services and other | 10,027,032 | 114,685 | 689,145 | (268,769) | 10,562,093 |
| Total expenses | 74,696,756 | 348,070 | 1,419,677 | (502,154) | 75,962,349 |
| **Operating Income** | 4,494,437 | (98,133) | 1,616,155 | (801,055) | 5,211,404 |
| Other income (expenses) | | | | | |
| Investment income - net | 1,008,417 | 25,674 | 51 | - | 1,034,142 |
| Income attributable to noncontrolling interests in Astoria Imaging, LLC | - | - | - | (815,151) | (815,151) |
| Other - net | (183,592) | - | 47,368 | (47,368) | (183,592) |
| Total other income (expenses) - net | 824,825 | 25,674 | 47,419 | (862,519) | 35,399 |
| **Excess of Revenue Over Expenses** | $ 5,319,262 | $ (72,459) | $ 1,663,574 | $ (1,663,574) | $ 5,246,803 |

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