

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

Form **990**

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

2014

Department of the Treasury
Internal Revenue Service

▶ 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.

Open to Public Inspection

A For the 2014 calendar year, or tax year beginning , 2014, and ending , 20

| | | | | | | |
|---|---|--|---|---|--|--|
| B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending | C Name of organization COMMUNITY MEMORIAL HEALTH SYSTEM Doing Business As | | | D Employer identification number 95-1683892 | | |
| | Number and street (or P.O. box if mail is not delivered to street address) Room/suite | | E Telephone number (805) 652-5050 | | | |
| | City or town, state or province, country, and ZIP or foreign postal code VENTURA, CA 93003 | | | G Gross receipts \$ 408,050,772. | | |
| | F Name and address of principal officer: GARY K. WILDE 147 NORTH BRENT STREET VENTURA, CA 93003 | | | H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions) | | |
| I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527 | | | | | | |
| J Website: ▶ WWW.CMHSHEALTH.ORG | | | | | | |
| K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶ | | | | | | |
| L Year of formation: 1933 | | | | M State of legal domicile: CA | | |

Part I Summary

| | | | | |
|------------------------------------|---|---|----------------------------------|---------------------|
| Activities & Governance | 1 | Briefly describe the organization's mission or most significant activities: TO HEAL, COMFORT AND PROMOTE HEALTH FOR THE COMMUNITIES WE SERVE. | | |
| | 2 | Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets. | | |
| | 3 | Number of voting members of the governing body (Part VI, line 1a) | 3 | 21. |
| | 4 | Number of independent voting members of the governing body (Part VI, line 1b) | 4 | 18. |
| | 5 | Total number of individuals employed in calendar year 2014 (Part V, line 2a) | 5 | 2,375. |
| | 6 | Total number of volunteers (estimate if necessary) | 6 | 363. |
| | 7a | Total unrelated business revenue from Part VIII, column (C), line 12 | 7a | 18,994. |
| 7b | Net unrelated business taxable income from Form 990-T, line 34 | 7b | 0 | |
| Revenue | 8 | Contributions and grants (Part VIII, line 1h) | Prior Year | Current Year |
| | 9 | Program service revenue (Part VIII, line 2g) | 1,883,622. | 2,198,260. |
| | 10 | Investment income (Part VIII, column (A), lines 3, 4, and 7d) | 312,454,453. | 342,387,909. |
| | 11 | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 4,751,244. | 7,957,509. |
| | 12 | Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 1,251,927. | 1,236,032. |
| | 12 | | 320,341,246. | 353,779,710. |
| Expenses | 13 | Grants and similar amounts paid (Part IX, column (A), lines 1-3) | 1,332,334. | 344,790. |
| | 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) | 152,572,286. | 161,578,128. |
| | 16a | Professional fundraising fees (Part IX, column (A), line 11e) | 0 | 0 |
| | 16b | Total fundraising expenses (Part IX, column (D), line 25) ▶ 0 | | |
| | 17 | Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) | 141,699,088. | 150,501,296. |
| 18 | Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) | 295,603,708. | 312,424,214. | |
| 19 | Revenue less expenses. Subtract line 18 from line 12 | 24,737,538. | 41,355,496. | |
| Net Assets or Fund Balances | 20 | Total assets (Part X, line 16) | Beginning of Current Year | End of Year |
| | 21 | Total liabilities (Part X, line 26) | 736,630,616. | 804,855,867. |
| | 22 | Net assets or fund balances. Subtract line 21 from line 20 | 414,445,611. | 445,901,995. |
| 22 | | 322,185,005. | 358,953,872. | |

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 | Signature of officer _____ | Date _____ | | | |
| | Type or print name and title _____ | | | | |
| Paid Preparer Use Only | Print/Type preparer's name EVA NITTA | Preparer's signature | Date 10/23/15 | Check <input type="checkbox"/> if self-employed | PTIN P01286320 |
| | Firm's name ▶ ERNST & YOUNG U.S. LLP | | | Firm's EIN ▶ 34-6565596 | |
| | Firm's address ▶ 4370 LA JOLLA VILLAGE DR, STE 500 SAN DIEGO, CA 92612 | | | Phone no. 858-535-7200 | |

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

For Paperwork Reduction Act Notice, see the separate instructions.

Form **990** (2014)

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission:

SEE SCHEDULE O

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 [X] 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 [X] 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 \$ 272,155,041. including grants of \$ 344,790.) (Revenue \$ 342,387,909.)

PATIENT SERVICES TO INCLUDE 101,486 PATIENT DAYS, 173,212 OUTPATIENT VISITS, AND 231,225 VISITS TO THE CENTERS FOR FAMILY HEALTH (THE HEALTH CARE SYSTEM'S OUTPATIENT CARE CLINICS). SEE SCHEDULE O.

4b (Code:) (Expenses \$ 962,459. including grants of \$ 0) (Revenue \$ 0)

COMMUNITY OUTREACH PROGRAMS TO INCLUDE: FREE BREAST CANCER SCREENING FOR WOMEN AGES 35 TO 50 MEETING LOW INCOME GUIDELINES; FREE CERVICAL CANCER SCREENING FOR WOMEN AGES 25 TO 60 MEETING LOW INCOME GUIDELINES; FREE BLOOD PRESSURE CHECKS; CANCER RESOURCE CENTER AND SUPPORT GROUPS; HEART-AWARE PROGRAM THAT PROVIDES FREE RISK EVALUATION, PREVENTATIVE INFORMATION AND RESOURCES; CARING NEWSLETTER, AN ANNUAL PUBLICATION ISSUED TO 70,000 LOCAL HOUSEHOLDS COVERING THE HEALTH SYSTEM'S SERVICES AND PROGRAMS.

4c (Code:) (Expenses \$ 0 including grants of \$ 0) (Revenue \$ 0)

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

(Expenses \$ 69,297. including grants of \$ 0) (Revenue \$ 0)

4e Total program service expenses 273,186,797.

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)? <i>If "Yes," complete Schedule A.</i> | X | |
| 2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? | X | |
| 3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</i> | | X |
| 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? <i>If "Yes," complete Schedule C, Part II.</i> | X | |
| 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? <i>If "Yes," complete Schedule C, Part III.</i> | | X |
| 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? <i>If "Yes," complete Schedule D, Part I.</i> | | X |
| 7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II.</i> | | X |
| 8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> | | X |
| 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? <i>If "Yes," complete Schedule D, Part IV.</i> | | X |
| 10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> | | X |
| 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? <i>If "Yes," complete Schedule D, Part VI.</i> | X | |
| 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? <i>If "Yes," complete Schedule D, Part VII.</i> | | X |
| 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? <i>If "Yes," complete Schedule D, Part VIII.</i> | | X |
| 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? <i>If "Yes," complete Schedule D, Part IX.</i> | X | |
| e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> | X | |
| 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)? <i>If "Yes," complete Schedule D, Part X.</i> | X | |
| 12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII.</i> | | X |
| b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional.</i> | X | |
| 13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i> | | X |
| 14a Did the organization maintain an office, employees, or agents outside of the United States? | | X |
| 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? <i>If "Yes," complete Schedule F, Parts I and IV.</i> | | X |
| 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? <i>If "Yes," complete Schedule F, Parts II and IV.</i> | | X |
| 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? <i>If "Yes," complete Schedule F, Parts III and IV.</i> | | X |
| 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? <i>If "Yes," complete Schedule G, Part I</i> (see instructions). | | X |
| 18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i> | | X |
| 19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i> | | X |
| 20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H.</i> | X | |
| b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? | X | |

Part IV Checklist of Required Schedules (continued)

| | Yes | No |
|---|-----|----|
| 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? <i>If "Yes," complete Schedule I, Parts I and II.</i> | X | |
| 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? <i>If "Yes," complete Schedule I, Parts I and III.</i> | | X |
| 23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J.</i> | X | |
| 24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a.</i> | X | |
| 24b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? | | X |
| 24c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? | | X |
| 24d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? | | X |
| 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? <i>If "Yes," complete Schedule L, Part I.</i> | | X |
| 25b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I.</i> | | X |
| 26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II.</i> | | X |
| 27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III.</i> | | X |
| 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): | | |
| 28a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV.</i> | | X |
| 28b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV.</i> | | X |
| 28c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV.</i> | X | |
| 29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M.</i> | X | |
| 30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M.</i> | | X |
| 31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I.</i> | | X |
| 32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II.</i> | | X |
| 33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I.</i> | X | |
| 34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1.</i> | X | |
| 35a Did the organization have a controlled entity within the meaning of section 512(b)(13)? | X | |
| 35b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2.</i> | X | |
| 36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2.</i> | | X |
| 37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI.</i> | | X |
| 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. | X | |

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

Table with columns for line numbers, descriptions, and Yes/No checkboxes. Includes lines 1a-14b covering various IRS filing and tax compliance requirements.

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 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 [X]

Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include: 1a (21), 1b (18), 2 (X), 3 (X), 4 (X), 5 (X), 6 (X), 7a (X), 7b (X), 8a (X), 8b (X), 9 (X).

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

Table with 3 columns: Question, Yes, No. Rows include: 10a (X), 10b, 11a (X), 11b, 12a (X), 12b (X), 12c (X), 13 (X), 14 (X), 15a (X), 15b (X), 16a (X), 16b (X).

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed CA,
18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
[X] Own website [] Another's website [X] 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:▶

KATHRYN YAMADA 5855 OLIVAS PARK DRIVE VENTURA, CA 93003

805-652-5012

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, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

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

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

| (A) Name and Title | (B) Average hours per week (list any hours for related organizations below dotted line) | (C) Position (do not check more than one box, unless person is both an officer and a director/trustee) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|--|--|-----------------------|---------|--------------|------------------------------|----------|--|---|---|
| | | Individual trustee or director | Institutional trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| (1) F. TED MUEGENBURG, JR. SECRETARY | 1.00 0 | X | | X | | | | 0 | 0 | 0 |
| (2) MARC BEAGHLER, MD BOARD MEMBER | 1.00 0 | X | | | | | 133,002. | 0 | | 0 |
| (3) MICHAEL BRADBURY BOARD MEMBER | 1.00 0 | X | | | | | 0 | 0 | | 0 |
| (4) PHILIP DRESCHER BOARD MEMBER | 1.00 0 | X | | | | | 0 | 0 | | 0 |
| (5) TIMOTHY GALLAGHER BOARD MEMBER | 1.00 0 | X | | | | | 0 | 0 | | 0 |
| (6) THOMAS GOLDEN, MD BOARD MEMBER | 1.00 0 | X | | | | | 57,162. | 0 | | 0 |
| (7) JOHN HAMMER BOARD MEMBER | 1.00 0 | X | | | | | 0 | 0 | | 0 |
| (8) WILLIAM HART, MD BOARD MEMBER | 1.00 1.00 | X | | | | | 0 | 0 | | 0 |
| (9) JOHN HILL, MD BOARD MEMBER | 1.00 0 | X | | | | | 0 | 0 | | 0 |
| (10) FRITZ HUNTSINGER BOARD MEMBER | 1.00 0 | X | | | | | 0 | 0 | | 0 |
| (11) WILLIAM KEARNEY BOARD MEMBER | 1.00 1.00 | X | | | | | 0 | 0 | | 0 |
| (12) HARRY MAYNARD BOARD MEMBER | 1.00 0 | X | | | | | 0 | 0 | | 0 |
| (13) RICHARD RUSH, PHD BOARD MEMBER | 1.00 0 | X | | | | | 0 | 0 | | 0 |
| (14) JOHN RUSSELL BOARD MEMBER | 1.00 0 | X | | | | | 0 | 0 | | 0 |

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 | | | |
| 15) ROY SCHNEIDER, MD BOARD MEMBER | 1.00 0 | X | | | | | 1,666. | 0 | 0 | |
| 16) KATIE WELDON BOARD MEMBER | 1.00 0 | X | | | | | 0 | 0 | 0 | |
| 17) ROCHELLE WILSON, DO BOARD MEMBER | 1.00 0 | X | | | | | 11,594. | 0 | 0 | |
| 18) GARY WOLFE BOARD MEMBER | 1.00 1.00 | X | | | | | 0 | 0 | 0 | |
| 19) MARTIN POPS, MD CHAIR | 1.00 0 | X | | X | | | 0 | 0 | 0 | |
| 20) GREGORY SMITH VICE CHAIR | 1.00 0 | X | | X | | | 0 | 0 | 0 | |
| 21) JEFFREY PAUL TREASURER | 1.00 0 | X | | X | | | 0 | 0 | 0 | |
| 22) GARY WILDE PRESIDENT AND CEO | 40.00 8.00 | | | X | | | 780,831. | 0 | 466,605. | |
| 23) DAVID GLYER CFO | 40.00 0 | | | X | | | 417,611. | 0 | 113,769. | |
| 24) ADAM THUNELL VP OPERATIONS | 40.00 0 | | | | X | | 432,234. | 0 | 125,306. | |
| 25) KIMBERLY BRIDGES ASSISTANT VP - CFH | 40.00 0 | | | | X | | 208,328. | 0 | 3,539. | |
| 1b Sub-total | | | | | | | 190,164. | 0 | 0 | |
| c Total from continuation sheets to Part VII, Section A | | | | | | | 6,382,043. | 0 | 1,365,934. | |
| d Total (add lines 1b and 1c) | | | | | | | 6,572,207. | 0 | 1,365,934. | |

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 **267**

| | 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 | | X |
| 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 | X | |
| 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 | | X |

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 |
|----------------------------------|--------------------------------|---------------------|
| ATTACHMENT 1 | | |
| | | |
| | | |
| | | |
| | | |

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization **61**

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 | | | |
| 26) CYNTHIA DEMOTTE VP QUALITY | 40.00 0 | | | | X | | 235,279. | 0 | 57,139. | |
| 27) DIANY KLEIN VP HUMAN RESOURCES | 40.00 0 | | | | X | | 284,436. | 0 | 70,581. | |
| 28) EMILIE RAYMAN COMPLIANCE OFFICER | 40.00 0 | | | | X | | 322,183. | 0 | 64,212. | |
| 29) HAADY LASHKARI CHF ADMIN OFFICER OJAI/VP CMHS | 40.00 0 | | | | X | | 258,392. | 0 | 87,663. | |
| 30) WILFRED GARAND VP PLANNING & MANAGED CARE | 40.00 0 | | | | X | | 283,921. | 0 | 64,959. | |
| 31) MICHAEL ELLINGSON VP MARKETING & DEVELOPMENT | 32.00 8.00 | | | | X | | 244,618. | 0 | 65,482. | |
| 32) RICHARD REISMAN VP AMBULATORY MEDICINE | 36.00 0 | | | | X | | 331,378. | 0 | 2,324. | |
| 33) ROBERTA MCCAFFREY VP PATIENT CARE | 40.00 0 | | | | X | | 310,557. | 0 | 72,097. | |
| 34) STANLEY FROCHTZWAJG CMO, INPATIENT | 24.00 0 | | | | X | | 391,700. | 0 | 61,604. | |
| 35) RONALD SANDIFER CIO | 40.00 0 | | | | X | | 478,435. | 0 | 0 | |
| 36) SAMUEL SMALL CHIEF OF MEDICAL EDUCATION | 40.00 0 | | | | X | | 316,261. | 0 | 7,897. | |
| 1b Sub-total | | | | | | | | | | |
| c Total from continuation sheets to Part VII, Section A | | | | | | | | | | |
| d Total (add lines 1b and 1c) | | | | | | | | | | |

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 **267**

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

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 |
|----------------------------------|--------------------------------|---------------------|
| | | |
| | | |
| | | |
| | | |

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

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 | 667,752. | | | | | |
| | e Government grants (contributions), | 1e | 28,245. | | | | | |
| | f All other contributions, gifts, grants, and similar amounts not included above | 1f | 1,502,263. | | | | | |
| | g Noncash contributions included in lines 1a-1f: \$ | | 37,226. | | | | | |
| | h Total. Add lines 1a-1f | | | 2,198,260. | | | | |
| | Program Service Revenue | Business Code | | | | | | |
| 2a NET PATIENT SERVICE REVENUE | | | 621500 | 335,818,276. | 335,818,276. | | | |
| b EHR INCENTIVE PAYMENTS | | | 900099 | 1,622,731. | 1,622,731. | | | |
| c CAFETERIA REVENUE | | | 722210 | 1,463,863. | 1,463,863. | | | |
| d HEALTHCARE SVC RENTAL INC | | | 532000 | 1,443,776. | 1,443,776. | | | |
| e BREAST/PROSTATE CENTER | | | 900099 | 1,242,260. | 1,242,260. | | | |
| f All other program service revenue | | | | 797,003. | 797,003. | | | |
| g Total. Add lines 2a-2f | | | | 342,387,909. | | | | |
| Other Revenue | 3 Investment income (including dividends, interest, and other similar amounts). | | | 1,988,033. | | | 1,988,033. | |
| | 4 Income from investment of tax-exempt bond proceeds | | | 0 | | | | |
| | 5 Royalties | | | 0 | | | | |
| | 6a Gross rents | (i) Real | 61,131. | | | | | |
| | | (ii) Personal | | | | | | |
| | | b Less: rental expenses | | 228,875. | | | | |
| | | c Rental income or (loss) | | -167,744. | | | | |
| | d Net rental income or (loss) | | | -167,744. | | | -167,744. | |
| | 7a Gross amount from sales of assets other than inventory | (i) Securities | 60,011,663. | | | | | |
| | | (ii) Other | | | | | | |
| | | b Less: cost or other basis and sales expenses | | 54,042,187. | | | | |
| | | c Gain or (loss) | | 5,969,476. | | | | |
| | d Net gain or (loss) | | | 5,969,476. | | | 5,969,476. | |
| | 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 | | | | 0 | | | | |
| 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 | | | | 0 | | | | |
| 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 | | | | 0 | | | | |
| Miscellaneous Revenue | | | Business Code | | | | | |
| 11a REBATES/REFUNDS | | 900099 | 308,709. | | | | 308,709. | |
| b MEDSTAFF REVENUE | | 900099 | 162,408. | | | | 162,408. | |
| c PHARMACY REVENUE | | 900099 | 198,994. | | 18,994. | | 180,000. | |
| d All other revenue | | 900099 | 733,665. | | | | 733,665. | |
| e Total. Add lines 11a-11d | | | 1,403,776. | | | | | |
| 12 Total revenue. See instructions | | | 353,779,710. | 342,387,909. | 18,994. | | 9,174,547. | |

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 | 344,790. | 344,790. | | |
| 2 Grants and other assistance to domestic individuals. See Part IV, line 22 | 0 | | | |
| 3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16 | 0 | | | |
| 4 Benefits paid to or for members | 0 | | | |
| 5 Compensation of current officers, directors, trustees, and key employees | 4,856,593. | 855,968. | 4,000,625. | |
| 6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) | 0 | | | |
| 7 Other salaries and wages | 106,531,033. | 102,430,353. | 4,100,680. | |
| 8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) | 5,146,894. | 3,929,369. | 1,217,525. | |
| 9 Other employee benefits | 35,706,310. | 33,625,868. | 2,080,442. | |
| 10 Payroll taxes | 9,337,298. | 8,738,029. | 599,269. | |
| 11 Fees for services (non-employees): | | | | |
| a Management | 3,793,473. | 2,244,446. | 1,549,027. | |
| b Legal | 1,856,915. | | 1,856,915. | |
| c Accounting | 352,289. | | 352,289. | |
| d Lobbying | 68,577. | | 68,577. | |
| e Professional fundraising services. See Part IV, line 17. | 0 | | | |
| f Investment management fees | 0 | | | |
| g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.) | 16,892,963. | 15,827,326. | 1,065,637. | |
| 12 Advertising and promotion | 572,998. | 540,330. | 32,668. | |
| 13 Office expenses | 60,896,487. | 60,022,293. | 874,194. | |
| 14 Information technology | 8,715,665. | 8,487,097. | 228,568. | |
| 15 Royalties | 399,901. | 74,921. | 324,980. | |
| 16 Occupancy | 4,773,817. | 4,753,674. | 20,143. | |
| 17 Travel | 218,411. | 218,411. | | |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials | 0 | | | |
| 19 Conferences, conventions, and meetings | 603,681. | 291,275. | 312,406. | |
| 20 Interest | 30,293. | | 30,293. | |
| 21 Payments to affiliates | 0 | | | |
| 22 Depreciation, depletion, and amortization | 11,275,176. | 11,130,005. | 145,171. | |
| 23 Insurance | 3,742,048. | 198,466. | 3,543,582. | |
| 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 PURCHASED SERVICES ----- | 21,079,790. | 16,518,867. | 4,560,923. | |
| b DUES & SUBSCRIPTIONS ----- | 1,273,487. | 415,913. | 857,574. | |
| c RECRUITING ----- | 922,978. | 637,378. | 285,600. | |
| d STATE SALES & USE TAX ----- | 750,135. | 740,841. | 9,294. | |
| e All other expenses ----- | 12,282,212. | 1,161,177. | 11,121,035. | |
| 25 Total functional expenses. Add lines 1 through 24e | 312,424,214. | 273,186,797. | 39,237,417. | |
| 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 <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) | 0 | | | |

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 | 0 | 1 | 0 | |
| | 2 Savings and temporary cash investments | 12,986,327. | 2 | 30,268,573. | |
| | 3 Pledges and grants receivable, net | 0 | 3 | 0 | |
| | 4 Accounts receivable, net | 50,548,865. | 4 | 55,850,716. | |
| | 5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L | 0 | 5 | 0 | |
| | 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 | 0 | 6 | 0 | |
| | 7 Notes and loans receivable, net | 15,052,298. | 7 | 14,593,439. | |
| | 8 Inventories for sale or use | 7,117,692. | 8 | 8,738,095. | |
| | 9 Prepaid expenses and deferred charges | 5,248,509. | 9 | 6,105,888. | |
| | 10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D | 10a 498,049,552. | | | |
| | b Less: accumulated depreciation | 10b 148,862,422. | 261,827,527. | 10c | 349,187,130. |
| | 11 Investments - publicly traded securities | 106,767,164. | 11 | 107,899,953. | |
| | 12 Investments - other securities. See Part IV, line 11 | 16,583,323. | 12 | 17,298,994. | |
| | 13 Investments - program-related. See Part IV, line 11 | 7,293,332. | 13 | 7,292,061. | |
| | 14 Intangible assets | 0 | 14 | 0 | |
| | 15 Other assets. See Part IV, line 11 | 253,205,579. | 15 | 207,621,018. | |
| 16 Total assets. Add lines 1 through 15 (must equal line 34) | 736,630,616. | 16 | 804,855,867. | | |
| Liabilities | 17 Accounts payable and accrued expenses | 50,278,867. | 17 | 81,839,366. | |
| | 18 Grants payable | 0 | 18 | 0 | |
| | 19 Deferred revenue | 0 | 19 | 0 | |
| | 20 Tax-exempt bond liabilities | 349,876,193. | 20 | 349,880,674. | |
| | 21 Escrow or custodial account liability. Complete Part IV of Schedule D | 0 | 21 | 0 | |
| | 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 | 0 | 22 | 0 | |
| | 23 Secured mortgages and notes payable to unrelated third parties | 427,515. | 23 | 174,806. | |
| | 24 Unsecured notes and loans payable to unrelated third parties | 0 | 24 | 0 | |
| | 25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D | 13,863,036. | 25 | 14,007,149. | |
| | 26 Total liabilities. Add lines 17 through 25 | 414,445,611. | 26 | 445,901,995. | |
| Net Assets or Fund Balances | Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34. | | | | |
| | 27 Unrestricted net assets | 318,903,616. | 27 | 355,836,177. | |
| | 28 Temporarily restricted net assets | 3,281,389. | 28 | 3,117,695. | |
| | 29 Permanently restricted net assets | 0 | 29 | 0 | |
| | Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> 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 | 322,185,005. | 33 | 358,953,872. | |
| | 34 Total liabilities and net assets/fund balances | 736,630,616. | 34 | 804,855,867. | |

Part XI Reconciliation of Net Assets

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

| | | | |
|-----------|--|-----------|--------------|
| 1 | Total revenue (must equal Part VIII, column (A), line 12) | 1 | 353,779,710. |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 312,424,214. |
| 3 | Revenue less expenses. Subtract line 2 from line 1 | 3 | 41,355,496. |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | 322,185,005. |
| 5 | Net unrealized gains (losses) on investments | 5 | -4,033,225. |
| 6 | Donated services and use of facilities | 6 | 0 |
| 7 | Investment expenses | 7 | 0 |
| 8 | Prior period adjustments | 8 | 0 |
| 9 | Other changes in net assets or fund balances (explain in Schedule O) | 9 | -553,404. |
| 10 | Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B)) | 10 | 358,953,872. |

Part XII Financial Statements and Reporting

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

- 1** Accounting method used to prepare the Form 990: Cash Accrual Other _____
 If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.
- 2a** Were the organization's financial statements compiled or reviewed by an independent accountant?
 If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:
 Separate basis Consolidated basis Both consolidated and separate basis
- b** Were the organization's financial statements audited by an independent accountant?
 If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:
 Separate basis Consolidated basis Both consolidated and separate basis
- 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? 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?
- 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.

| | Yes | No |
|-----------|-----|----|
| 2a | | X |
| 2b | X | |
| 2c | X | |
| 3a | | X |
| 3b | | |

SCHEDULE A
(Form 990 or 990-EZ)

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 COMMUNITY MEMORIAL HEALTH SYSTEM | Employer identification number 95-1683892 |
|---|---|

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? | | (v) Amount of monetary support (see instructions) | (vi) Amount of other support (see instructions) |
|--------------|------------------------------------|----------|---|---|----|---|---|
| | | | | Yes | No | | |
| (A) | | | | | | | |
| (B) | | | | | | | |
| (C) | | | | | | | |
| (D) | | | | | | | |
| (E) | | | | | | | |
| Total | | | | | | | |

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2014

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

Table with 7 columns: (a) 2010, (b) 2011, (c) 2012, (d) 2013, (e) 2014, (f) Total. Rows include: 1 Gifts, grants, contributions, and membership fees received; 2 Tax revenues levied for the organization's benefit; 3 The value of services or facilities furnished by a governmental unit; 4 Total. Add lines 1 through 3; 5 The portion of total contributions by each person; 6 Public support. Subtract line 5 from line 4.

Section B. Total Support

Table with 7 columns: (a) 2010, (b) 2011, (c) 2012, (d) 2013, (e) 2014, (f) Total. Rows include: 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; 10 Other income. Do not include gain or loss from the sale of capital assets; 11 Total support. Add lines 7 through 10; 12 Gross receipts from related activities; 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

Table with 3 columns: Line number, Description, and Percentage. Rows include: 14 Public support percentage for 2014; 15 Public support percentage from 2013 Schedule A; 16a 33 1/3% support test - 2014; b 33 1/3% support test - 2013; 17a 10%-facts-and-circumstances test - 2014; b 10%-facts-and-circumstances test - 2013; 18 Private foundation.

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? <i>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.</i> | | |
| 2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i> | | |
| 3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer (b) and (c) below.</i> | | |
| 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)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i> | | |
| c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i> | | |
| 4a Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes" and if you checked 11a or 11b in Part I, answer (b) and (c) below.</i> | | |
| b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>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.</i> | | |
| 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)? <i>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.</i> | | |
| 5a Did the organization add, substitute, or remove any supported organizations during the tax year? <i>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).</i> | | |
| 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? | | |
| c Substitutions only. Was the substitution the result of an event beyond the organization's control? | | |
| 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? <i>If "Yes," provide detail in Part VI.</i> | | |
| 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? <i>If "Yes," complete Part I of Schedule L (Form 990).</i> | | |
| 8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990).</i> | | |
| 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))? <i>If "Yes," provide detail in Part VI.</i> | | |
| 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? <i>If "Yes," provide detail in Part VI.</i> | | |
| 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? <i>If "Yes," provide detail in Part VI.</i> | | |
| 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)? <i>If "Yes," answer (b) below.</i> | | |
| b Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i> | | |

Part IV Supporting Organizations (continued)

| | Yes | No |
|--|-----|----|
| 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? | | |
| b A family member of a person described in (a) above? | | |
| c A 35% controlled entity of a person described in (a) or (b) above? <i>If "Yes" to a, b, or c, provide detail in Part VI.</i> | | |

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? <i>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.</i> | | |
| 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? <i>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.</i> | | |

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)? <i>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).</i> | | |

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? | | |
| 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? <i>If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).</i> | | |
| 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? <i>If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.</i> | | |

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 <input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below. | | | |
| b <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below. | | | |
| c <input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions). | | | |
| 2 Activities Test. Answer (a) and (b) below. | | Yes | No |
| 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? <i>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.</i> | | | |
| 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? <i>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.</i> | | | |
| 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? <i>Provide details in Part VI.</i> | | | |
| b Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? <i>If "Yes," describe in Part VI the role played by the organization in this regard.</i> | | | |

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): | | | |
| 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 <input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions). | | | |

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

| 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 | | | |
| b | | | |
| c | | | |
| d | | | |
| 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 | | | |
| b | | | |
| c | | | |
| d Excess from 2013 | | | |
| e Excess from 2014 | | | |

Part VI **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Schedule of Contributors

2014

▶ **Attach to Form 990, Form 990-EZ, or Form 990-PF.**
 Information about Schedule B (Form 990, 990-EZ, or 990-PF) and its instructions is at www.irs.gov/form990.

| | |
|---|---|
| Name of the organization COMMUNITY MEMORIAL HEALTH SYSTEM | Employer identification number 95-1683892 |
|---|---|

Organization type (check one):

Filers of:

Section:

- Form 990 or 990-EZ 501(c)(3) (enter number) organization
- 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
- 527 political organization
- Form 990-PF 501(c)(3) exempt private foundation
- 4947(a)(1) nonexempt charitable trust treated as a private foundation
- 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

- For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

- For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3 % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of **(1)** \$5,000 or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year ▶ \$ _____

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

| | |
|--|---|
| Name of organization COMMUNITY MEMORIAL HEALTH SYSTEM | Employer identification number 95-1683892 |
|--|---|

Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

| (a) No. | (b) Name, address, and ZIP + 4 | (c) Total contributions | (d) Type of contribution |
|------------|-----------------------------------|----------------------------|--|
| 1 | ----- ----- ----- | \$ 58,296. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 2 | ----- ----- ----- | \$ 50,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 3 | ----- ----- ----- | \$ 50,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 4 | ----- ----- ----- | \$ 29,496. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II for noncash contributions.) |
| 5 | ----- ----- ----- | \$ 25,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 6 | ----- ----- ----- | \$ 25,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |

Name of organization **COMMUNITY MEMORIAL HEALTH SYSTEM**

Employer identification number
95-1683892

Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

| (a) No. | (b) Name, address, and ZIP + 4 | (c) Total contributions | (d) Type of contribution |
|------------|-----------------------------------|----------------------------|---|
| 7 | ----- ----- ----- | \$ 23,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 8 | ----- ----- ----- | \$ 15,050. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 9 | ----- ----- ----- | \$ 10,175. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 10 | ----- ----- ----- | \$ 10,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 11 | ----- ----- ----- | \$ 10,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 12 | ----- ----- ----- | \$ 10,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |

Name of organization **COMMUNITY MEMORIAL HEALTH SYSTEM**

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Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

| (a) No. | (b) Name, address, and ZIP + 4 | (c) Total contributions | (d) Type of contribution |
|------------|-----------------------------------|----------------------------|--|
| 13 | ----- ----- ----- | \$ 10,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 14 | ----- ----- ----- | \$ 10,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 15 | ----- ----- ----- | \$ 10,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 16 | ----- ----- ----- | \$ 10,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 17 | ----- ----- ----- | \$ 7,729. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II for noncash contributions.) |
| 18 | ----- ----- ----- | \$ 5,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |

Name of organization **COMMUNITY MEMORIAL HEALTH SYSTEM**

Employer identification number
95-1683892

Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

| (a) No. | (b) Name, address, and ZIP + 4 | (c) Total contributions | (d) Type of contribution |
|------------|-----------------------------------|----------------------------|---|
| 19 | ----- ----- ----- | \$ ----- 5,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 20 | ----- ----- ----- | \$ ----- 5,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 21 | ----- ----- ----- | \$ ----- 100,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 22 | ----- ----- ----- | \$ ----- 100,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 23 | ----- ----- ----- | \$ ----- 20,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 24 | ----- ----- ----- | \$ ----- 52,500. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |

| | |
|--|---|
| Name of organization COMMUNITY MEMORIAL HEALTH SYSTEM | Employer identification number 95-1683892 |
|--|---|

Part I **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

| (a) No. | (b) Name, address, and ZIP + 4 | (c) Total contributions | (d) Type of contribution |
|------------|-----------------------------------|----------------------------|---|
| 25 | ----- ----- ----- | \$ ----- 25,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 26 | ----- ----- ----- | \$ ----- 25,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 27 | ----- ----- ----- | \$ ----- 10,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 28 | ----- ----- ----- | \$ ----- 10,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 29 | ----- ----- ----- | \$ ----- 10,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 30 | ----- ----- ----- | \$ ----- 10,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |

| | |
|--|---|
| Name of organization COMMUNITY MEMORIAL HEALTH SYSTEM | Employer identification number 95-1683892 |
|--|---|

Part I **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

| (a) No. | (b) Name, address, and ZIP + 4 | (c) Total contributions | (d) Type of contribution |
|------------|-----------------------------------|----------------------------|---|
| 31 | ----- ----- ----- | \$ ----- 10,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 32 | ----- ----- ----- | \$ ----- 10,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 33 | ----- ----- ----- | \$ ----- 5,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 34 | ----- ----- ----- | \$ ----- 10,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 35 | ----- ----- ----- | \$ ----- 5,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 36 | ----- ----- ----- | \$ ----- 10,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |

Name of organization **COMMUNITY MEMORIAL HEALTH SYSTEM**

Employer identification number
95-1683892

Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

| (a) No. | (b) Name, address, and ZIP + 4 | (c) Total contributions | (d) Type of contribution |
|------------|-----------------------------------|----------------------------|---|
| 37 | ----- ----- ----- | \$ ----- 10,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 38 | ----- ----- ----- | \$ ----- 10,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 39 | ----- ----- ----- | \$ ----- 50,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 40 | ----- ----- ----- | \$ ----- 25,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 41 | ----- ----- ----- | \$ ----- 5,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 42 | ----- ----- ----- | \$ ----- 25,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |

| | |
|--|---|
| Name of organization COMMUNITY MEMORIAL HEALTH SYSTEM | Employer identification number 95-1683892 |
|--|---|

Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

| (a) No. | (b) Name, address, and ZIP + 4 | (c) Total contributions | (d) Type of contribution |
|------------|-----------------------------------|----------------------------|---|
| 43 | ----- ----- ----- | \$ ----- 25,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 44 | ----- ----- ----- | \$ ----- 10,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 45 | ----- ----- ----- | \$ ----- 25,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 46 | ----- ----- ----- | \$ ----- 60,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 47 | ----- ----- ----- | \$ ----- 5,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 48 | ----- ----- ----- | \$ ----- 10,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |

Name of organization **COMMUNITY MEMORIAL HEALTH SYSTEM**

Employer identification number
95-1683892

Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

| (a) No. | (b) Name, address, and ZIP + 4 | (c) Total contributions | (d) Type of contribution |
|------------|-----------------------------------|----------------------------|---|
| 49 | ----- ----- ----- | \$ 309,068. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 50 | ----- ----- ----- | \$ 100,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 51 | ----- ----- ----- | \$ 5,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 52 | ----- ----- ----- | \$ 5,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 53 | ----- ----- ----- | \$ 9,763. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 54 | ----- ----- ----- | \$ 667,752. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |

Name of organization COMMUNITY MEMORIAL HEALTH SYSTEM

Employer identification number

95-1683892

Part II Noncash Property (see instructions). Use duplicate copies of Part II if additional space is needed.

| (a) No. from Part I | (b) Description of noncash property given | (c) FMV (or estimate) (see instructions) | (d) Date received |
|---------------------------|--|--|----------------------|
| 4 | STOCK DONATION ----- ----- ----- | \$ 29,496. | 12/18/2014 |
| 17 | STOCK DONATION ----- ----- ----- | \$ 7,729. | 12/31/2014 |
| ----- | ----- ----- ----- | \$ ----- | ----- |
| ----- | ----- ----- ----- | \$ ----- | ----- |
| ----- | ----- ----- ----- | \$ ----- | ----- |
| ----- | ----- ----- ----- | \$ ----- | ----- |
| ----- | ----- ----- ----- | \$ ----- | ----- |
| ----- | ----- ----- ----- | \$ ----- | ----- |
| ----- | ----- ----- ----- | \$ ----- | ----- |

| | |
|--|---|
| Name of organization COMMUNITY MEMORIAL HEALTH SYSTEM | Employer identification number 95-1683892 |
|--|---|

Part III *Exclusively* religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this information once. See instructions.) ▶ \$ _____
Use duplicate copies of Part III if additional space is needed.

| (a) No. from Part I | (b) Purpose of gift | (c) Use of gift | (d) Description of how gift is held |
|---|-------------------------|--|-------------------------------------|
| ----- | ----- ----- ----- | ----- ----- ----- | ----- ----- ----- |
| (e) Transfer of gift | | | |
| Transferee's name, address, and ZIP + 4 | | Relationship of transferor to transferee | |
| ----- ----- ----- | | ----- ----- ----- | |
| ----- | ----- ----- ----- | ----- ----- ----- | ----- ----- ----- |
| (e) Transfer of gift | | | |
| Transferee's name, address, and ZIP + 4 | | Relationship of transferor to transferee | |
| ----- ----- ----- | | ----- ----- ----- | |
| ----- | ----- ----- ----- | ----- ----- ----- | ----- ----- ----- |
| (e) Transfer of gift | | | |
| Transferee's name, address, and ZIP + 4 | | Relationship of transferor to transferee | |
| ----- ----- ----- | | ----- ----- ----- | |
| ----- | ----- ----- ----- | ----- ----- ----- | ----- ----- ----- |
| (e) Transfer of gift | | | |
| Transferee's name, address, and ZIP + 4 | | Relationship of transferor to transferee | |
| ----- ----- ----- | | ----- ----- ----- | |
| ----- | ----- ----- ----- | ----- ----- ----- | ----- ----- ----- |
| (e) Transfer of gift | | | |
| Transferee's name, address, and ZIP + 4 | | Relationship of transferor to transferee | |
| ----- ----- ----- | | ----- ----- ----- | |
| ----- | ----- ----- ----- | ----- ----- ----- | ----- ----- ----- |

SCHEDULE C
(Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No. 1545-0047

2014

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

For Organizations Exempt From Income Tax Under section 501(c) and section 527
 ▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
 ▶ **Information about Schedule C (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.**

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

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

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

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

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

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

| | |
|--|--|
| Name of organization COMMUNITY MEMORIAL HEALTH SYSTEM | Employer identification number 95-1683892 |
|--|--|

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

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV.
- 2 Political expenditures ▶ \$ _____
- 3 Volunteer hours _____

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

- 1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ \$ _____
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ \$ _____
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? Yes No
- 4a Was a correction made? Yes No
- b If "Yes," describe in Part IV.

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

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ \$ _____
- 2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ \$ _____
- 3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b ▶ \$ _____
- 4 Did the filing organization file **Form 1120-POL** for this year? Yes No
- 5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

| (a) Name | (b) Address | (c) EIN | (d) Amount paid from filing organization's funds. If none, enter -0-. | (e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-. |
|----------|-------------|---------|---|--|
| (1) | | | | |
| (2) | | | | |
| (3) | | | | |
| (4) | | | | |
| (5) | | | | |
| (6) | | | | |

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule C (Form 990 or 990-EZ) 2014

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

- A** Check if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).
- B** Check if the filing organization checked box A and "limited control" provisions apply.

| Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.) | (a) Filing organization's totals | (b) Affiliated group totals | | | | | | | | | | | | |
|---|--|--|--------------------|-------------------------------|---|--|---|--|--|---|-------------------|--------------|--|--|
| 1a Total lobbying expenditures to influence public opinion (grass roots lobbying) | | | | | | | | | | | | | | |
| b Total lobbying expenditures to influence a legislative body (direct lobbying) | | | | | | | | | | | | | | |
| c Total lobbying expenditures (add lines 1a and 1b) | | | | | | | | | | | | | | |
| d Other exempt purpose expenditures | | | | | | | | | | | | | | |
| e Total exempt purpose expenditures (add lines 1c and 1d) | | | | | | | | | | | | | | |
| f Lobbying nontaxable amount. Enter the amount from the following table in both columns. | | | | | | | | | | | | | | |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width: 70%;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e.</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table> | If the amount on line 1e, column (a) or (b) is: | The lobbying nontaxable amount is: | Not over \$500,000 | 20% of the amount on line 1e. | Over \$500,000 but not over \$1,000,000 | \$100,000 plus 15% of the excess over \$500,000. | Over \$1,000,000 but not over \$1,500,000 | \$175,000 plus 10% of the excess over \$1,000,000. | Over \$1,500,000 but not over \$17,000,000 | \$225,000 plus 5% of the excess over \$1,500,000. | Over \$17,000,000 | \$1,000,000. | | |
| If the amount on line 1e, column (a) or (b) is: | The lobbying nontaxable amount is: | | | | | | | | | | | | | |
| Not over \$500,000 | 20% of the amount on line 1e. | | | | | | | | | | | | | |
| Over \$500,000 but not over \$1,000,000 | \$100,000 plus 15% of the excess over \$500,000. | | | | | | | | | | | | | |
| Over \$1,000,000 but not over \$1,500,000 | \$175,000 plus 10% of the excess over \$1,000,000. | | | | | | | | | | | | | |
| Over \$1,500,000 but not over \$17,000,000 | \$225,000 plus 5% of the excess over \$1,500,000. | | | | | | | | | | | | | |
| Over \$17,000,000 | \$1,000,000. | | | | | | | | | | | | | |
| g Grassroots nontaxable amount (enter 25% of line 1f) | | | | | | | | | | | | | | |
| h Subtract line 1g from line 1a. If zero or less, enter -0- | | | | | | | | | | | | | | |
| i Subtract line 1f from line 1c. If zero or less, enter -0- | | | | | | | | | | | | | | |
| j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? | | <input type="checkbox"/> Yes <input type="checkbox"/> No | | | | | | | | | | | | |

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the separate instructions for lines 2a through 2f.)

| Lobbying Expenditures During 4-Year Averaging Period | | | | | |
|--|----------|----------|----------|----------|-----------|
| Calendar year (or fiscal year beginning in) | (a) 2011 | (b) 2012 | (c) 2013 | (d) 2014 | (e) Total |
| 2a Lobbying nontaxable amount | | | | | |
| b Lobbying ceiling amount (150% of line 2a, column (e)) | | | | | |
| c Total lobbying expenditures | | | | | |
| d Grassroots nontaxable amount | | | | | |
| e Grassroots ceiling amount (150% of line 2d, column (e)) | | | | | |
| f Grassroots lobbying expenditures | | | | | |

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

| For each "Yes," response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity. | (a) | | (b) |
|--|-----|----|---------|
| | Yes | No | Amount |
| 1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of: | | | |
| a Volunteers? | | X | |
| b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)? | | X | |
| c Media advertisements? | | X | |
| d Mailings to members, legislators, or the public? | | X | |
| e Publications, or published or broadcast statements? | | X | |
| f Grants to other organizations for lobbying purposes? | | X | |
| g Direct contact with legislators, their staffs, government officials, or a legislative body? | | X | |
| h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means? | | X | |
| i Other activities? | X | | 68,577. |
| j Total. Add lines 1c through 1i | | | 68,577. |
| 2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)? | | X | |
| b If "Yes," enter the amount of any tax incurred under section 4912 | | | |
| c If "Yes," enter the amount of any tax incurred by organization managers under section 4912 | | | |
| d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year? | | | |

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

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

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

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

Part IV Supplemental Information

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

SEE PAGE 4

Part IV Supplemental Information (continued)

SCHEDULE C, PART II-B, LINE 1

LOBBYING ACTIVITIES

THE ORGANIZATION IS A MEMBER OF THE HOSPITAL ASSOCIATION OF SOUTHERN CALIFORNIA AND THE AMERICAN HOSPITAL ASSOCIATIONS. IN 2014, \$193,532 WAS INCLUDED IN EXPENSES FOR ANNUAL MEMBERSHIP DUES, A PORTION OF WHICH IS DIRECTED BY THESE ORGANIZATIONS TO CONDUCT LOBBYING ACTIVITIES.

SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No. 1545-0047

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.

2014

Department of the Treasury Internal Revenue Service

Attach to Form 990.

Open to Public Inspection

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

Table with 2 columns: Name of the organization (COMMUNITY MEMORIAL HEALTH SYSTEM) and Employer identification number (95-1683892)

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.

Table with 3 columns: Line number, Description, (a) Donor advised funds, (b) Funds and other accounts. Includes questions 1-6 regarding donor advised funds.

Part II Conservation Easements.

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

Table with 3 columns: Line number, Description, and Held at the End of the Tax Year. Includes questions 1-9 regarding 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.

Table with 3 columns: Line number, Description, and Amount. Includes questions 1a, 1b, 2, 2a, 2b regarding art and historical treasures.

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule D (Form 990) 2014

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 | | 26,891,124. | | 26,891,124. |
| b Buildings | | 112,960,548. | 78,818,299. | 34,142,249. |
| c Leasehold improvements | | | | |
| d Equipment | | 99,896,198. | 70,044,123. | 29,852,075. |
| e Other | | 258,301,682. | | 258,301,682. |
| Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).) | | | | 349,187,130. |

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 | | |
| (3) Other _____ | | |
| (A) _____ | | |
| (B) _____ | | |
| (C) _____ | | |
| (D) _____ | | |
| (E) _____ | | |
| (F) _____ | | |
| (G) _____ | | |
| (H) _____ | | |
| 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 |
|---|----------------|--|
| (1) _____ | | |
| (2) _____ | | |
| (3) _____ | | |
| (4) _____ | | |
| (5) _____ | | |
| (6) _____ | | |
| (7) _____ | | |
| (8) _____ | | |
| (9) _____ | | |
| Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.) ▶ | | |

Part IX Other Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

| (a) Description | (b) Book value |
|---|----------------|
| (1) CONSTRUCTION FUNDS | 145,204,492. |
| (2) OTHER ASSETS | 39,014,909. |
| (3) ASSETS LIMITED TO USE | 14,597,309. |
| (4) DEPOSITS WITH INSURANCE CO. | 3,987,615. |
| (5) DUE FROM THIRD PARTIES | 4,816,693. |
| (6) _____ | |
| (7) _____ | |
| (8) _____ | |
| (9) _____ | |
| Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶ | 207,621,018. |

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 |
|---|----------------|
| (1) Federal income taxes | |
| (2) SELF INSURANCE LIABILITIES | 11,952,406. |
| (3) OTHER LIABILITIES | 2,054,743. |
| (4) _____ | |
| (5) _____ | |
| (6) _____ | |
| (7) _____ | |
| (8) _____ | |
| (9) _____ | |
| Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶ | 14,007,149. |

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.

Table with 5 main rows and sub-rows (a-e) for adjustments. Columns include descriptions, sub-row labels (2a-2d, 4a-4b), and total labels (1, 2e, 3, 4c, 5).

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered "Yes" to Form 990, Part IV, line 12a.

Table with 5 main rows and sub-rows (a-e) for adjustments. Columns include descriptions, sub-row labels (2a-2d, 4a-4b), and total labels (1, 2e, 3, 4c, 5).

Part XIII Supplemental Information.

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

SEE PAGE 5

Series of horizontal dashed lines for providing supplemental information.

Part XIII Supplemental Information (continued)

SCHEDULE D ,PART X, LINE 2

THE FOLLOWING FOOTNOTE IS FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF
COMMUNITY MEMORIAL HEALTH SYSTEM:

THE SYSTEM ACCOUNTS FOR INCOME TAXES UNDER THE PROVISIONS OF ASC 740,
INCOME TAXES, WHICH PRESCRIBES A RECOGNITION THRESHOLD AND MEASUREMENT
ATTRIBUTE FOR THE FINANCIAL STATEMENT RECOGNITION AND MEASUREMENT OF A
TAX POSITION TAKEN OR EXPECTED TO BE TAKEN IN A TAX RETURN. UNDER ASC
740, THE TAX BENEFIT FROM UNCERTAIN TAX POSITIONS MAY BE RECOGNIZED ONLY
IF IT IS MORE LIKELY THAN NOT THE TAX POSITION WILL BE SUSTAINED, BASED
SOLELY ON ITS TECHNICAL MERITS, WITH THE TAXING AUTHORITY HAVING FULL
KNOWLEDGE OF ALL RELEVANT INFORMATION. THE SYSTEM RECORDS A LIABILITY FOR
UNRECOGNIZED TAX BENEFITS FROM UNCERTAIN TAX POSITIONS AS DISCRETE TAX
ADJUSTMENTS IN THE FIRST INTERIM PERIOD THAT THE MORE-LIKELY-THAN-NOT
THRESHOLD IS NOT MET. THE SYSTEM RECOGNIZES DEFERRED TAX ASSETS AND
LIABILITIES FOR TEMPORARY DIFFERENCES BETWEEN THE FINANCIAL REPORTING
BASIS AND THE TAX BASIS OF ITS ASSETS AND LIABILITIES ALONG WITH NET
OPERATING LOSS AND TAX CREDIT CARRYOVERS FOR TAX POSITIONS THAT MEET THE
MORE-LIKELY-THAN-NOT RECOGNITION CRITERIA. THE SYSTEM COMPLETED AN
ANALYSIS OF ITS TAX POSITION, IN ACCORDANCE WITH ASC 740, AND DETERMINED
THAT THERE ARE NO UNCERTAIN TAX POSITIONS TAKEN OR EXPECTED TO BE TAKEN.
NO SIGNIFICANT TAX LIABILITY FOR UNRECOGNIZED TAX BENEFITS, INTEREST, OR
PENALTIES WAS ACCRUED AT DECEMBER 31, 2014 OR 2013.

**SCHEDULE H
(Form 990)**

Hospitals

OMB No. 1545-0047

2014

Open to Public Inspection

▶ **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.**

Department of the Treasury
Internal Revenue Service

Name of the organization

COMMUNITY MEMORIAL HEALTH SYSTEM

Employer identification number

95-1683892

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 | X | |
| b If "Yes," was it a written policy? | X | |
| 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. <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> 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: <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ % | X | |
| 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: <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other <u>700.0000</u> % | X | |
| 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"? | X | |
| 5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? | X | |
| b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? | X | |
| c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? | | X |
| 6a Did the organization prepare a community benefit report during the tax year? | X | |
| b If "Yes," did the organization make it available to the public? | X | |

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) | | | 2,133,598. | | 2,133,598. | .68 |
| b Medicaid (from Worksheet 3, column a) | | | 65,586,217. | 62,699,435. | 2,886,782. | .92 |
| c Costs of other means-tested government programs (from Worksheet 3, column b) | | | | | | |
| d Total Financial Assistance and Means-Tested Government Programs | | | 67,719,815. | 62,699,435. | 5,020,380. | 1.61 |
| Other Benefits | | | | | | |
| e Community health improvement services and community benefit operations (from Worksheet 4) | | | 1,450,469. | 115,166. | 1,335,303. | .43 |
| f Health professions education (from Worksheet 5) | | | 3,420,817. | 616,807. | 2,804,010. | .90 |
| g Subsidized health services (from Worksheet 6) | | | 13,836,763. | 10,015,627. | 3,821,136. | 1.22 |
| h Research (from Worksheet 7) | | | | | | |
| i Cash and in-kind contributions for community benefit (from Worksheet 8) | | | 344,790. | | 344,790. | .11 |
| j Total. Other Benefits | | | 19,052,839. | 10,747,600. | 8,305,239. | 2.66 |
| k Total. Add lines 7d and 7j. | | | 86,772,654. | 73,447,035. | 13,325,619. | 4.27 |

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 | | | | | | |
| 4 Environmental improvements | | | | | | |
| 5 Leadership development and training for community members | | | | | | |
| 6 Coalition building | | | | | | |
| 7 Community health improvement advocacy | | | | | | |
| 8 Workforce development | | | 752,674. | | 752,674. | .24 |
| 9 Other | | | | | | |
| 10 Total | | | 752,674. | | 752,674. | .24 |

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 Healthcare Financial Management Association Statement No. 15? | X | |
| 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. | | |
| 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. | | |
| 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 | 75,224,835. |
| 6 Enter Medicare allowable costs of care relating to payments on line 5 | 6 | 81,346,034. |
| 7 Subtract line 6 from line 5. This is the surplus (or shortfall) | 7 | -6,121,199. |
| 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: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other | | |

Section C. Collection Practices

| | | | |
|---|----|---|--|
| 9a Did the organization have a written debt collection policy during the tax year? | 9a | X | |
| 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 | X | |

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 SEE PART VI | IMAGING CENTER | 51.00000 | | 49.00000 |
| 2 SEE PART VI | REAL ESTATE | 61.50000 | | 38.50000 |
| 3 SEE PART VI | MANAGEMENT SERVICES | 50.00000 | | 50.00000 |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, from largest to smallest - see instructions)

How many hospital facilities did the organization operate during the tax year? 2

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 |
|---|-------------------|----------------------------|---------------------|-------------------|--------------------------|-------------------|-------------|----------|------------------|--------------------------|
| 1 COMMUNITY MEMORIAL HOSPITAL 147 N BRENT STREET VENTURA CA 93003 WWW.CMHSHEALTH.ORG 050000026 | X | X | | | | | X | | | A |
| 2 OJAI VALLEY COMMUNITY HOSPITAL 1306 MARICOPA HWY OJAI CA 93023 WWW.CMHSHEALTH.ORG 050000045 | X | X | | | | | X | | | A |
| 3 | | | | | | | | | | |
| 4 | | | | | | | | | | |
| 5 | | | | | | | | | | |
| 6 | | | | | | | | | | |
| 7 | | | | | | | | | | |
| 8 | | | | | | | | | | |
| 9 | | | | | | | | | | |
| 10 | | | | | | | | | | |

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 A

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

Community Health Needs Assessment

| | | Yes | No |
|-----|--|-----|----|
| 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? | | X |
| 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 | | X |
| 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 If "Yes," indicate what the CHNA report describes (check all that apply): | X | |
| a | <input checked="" type="checkbox"/> A definition of the community served by the hospital facility | | |
| b | <input checked="" type="checkbox"/> Demographics of the community | | |
| c | <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community | | |
| d | <input checked="" type="checkbox"/> How data was obtained | | |
| e | <input checked="" type="checkbox"/> The significant health needs of the community | | |
| f | <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups | | |
| g | <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs | | |
| h | <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests | | |
| i | <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs | | |
| j | <input type="checkbox"/> Other (describe in Section C) | | |
| 4 | Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>13</u> | | |
| 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 | X | |
| 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 | | X |
| 6b | 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 | | X |
| 7 | Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply): | X | |
| a | <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>SEE PART V, SECTION C</u> | | |
| b | <input type="checkbox"/> Other website (list url): _____ | | |
| c | <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility | | |
| d | <input type="checkbox"/> 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 | X | |
| 9 | Indicate the tax year the hospital facility last adopted an implementation strategy: 20 <u>14</u> | | |
| 10 | Is the hospital facility's most recently adopted implementation strategy posted on a website? | | X |
| a | If "Yes," (list url): _____ | | |
| b | If "No," is the hospital facility's most recently adopted implementation strategy attached to this return? | | X |
| 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)? | | X |
| b | If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax? | | |
| 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)

Financial Assistance Policy (FAP)

Name of hospital facility or letter of facility reporting group A

| | | Yes | No |
|---|--|-----|----|
| 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? If "Yes," indicate the eligibility criteria explained in the FAP: | X | |
| a | <input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>200</u> % and FPG family income limit for eligibility for discounted care of <u>700</u> % | | |
| b | <input type="checkbox"/> Income level other than FPG (describe in Section C) | | |
| c | <input type="checkbox"/> Asset level | | |
| d | <input type="checkbox"/> Medical indigency | | |
| e | <input type="checkbox"/> Insurance status | | |
| f | <input type="checkbox"/> Underinsurance status | | |
| g | <input type="checkbox"/> Residency | | |
| h | <input type="checkbox"/> Other (describe in Section C) | | |
| 14 | Explained the basis for calculating amounts charged to patients? | X | |
| 15 | Explained the method for applying for financial assistance? 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): | X | |
| a | <input type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application | | |
| b | <input type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application | | |
| c | <input type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process | | |
| d | <input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications | | |
| e | <input checked="" type="checkbox"/> Other (describe in Section C) | | |
| 16 | Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply): | X | |
| a | <input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>SEE PART V, SECTION C</u> | | |
| b | <input type="checkbox"/> The FAP application form was widely available on a website (list url): _____ | | |
| c | <input type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): _____ | | |
| d | <input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail) | | |
| e | <input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail) | | |
| f | <input type="checkbox"/> 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 | <input checked="" type="checkbox"/> Notice of availability of the FAP was conspicuously displayed throughout the hospital facility | | |
| h | <input type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP | | |
| i | <input type="checkbox"/> 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? | X | |
| 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 | <input type="checkbox"/> Reporting to credit agency(ies) | | |
| b | <input type="checkbox"/> Selling an individual's debt to another party | | |
| c | <input type="checkbox"/> Actions that require a legal or judicial process | | |
| d | <input type="checkbox"/> Other similar actions (describe in Section C) | | |
| e | <input type="checkbox"/> None of these actions or other similar actions were permitted | | |

Part V Facility Information (continued)

Name of hospital facility or letter of facility reporting group A

| | | Yes | No |
|--|---|-----|----|
| 19 | Did the hospital facility or other authorized 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? | | X |
| If "Yes," check all actions in which the hospital facility or a third party engaged: | | | |
| a | <input type="checkbox"/> Reporting to credit agency(ies) | | |
| b | <input type="checkbox"/> Selling an individual's debt to another party | | |
| c | <input type="checkbox"/> Actions that require a legal or judicial process | | |
| d | <input type="checkbox"/> 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 19 (check all that apply): | | |
| a | <input checked="" type="checkbox"/> Notified individuals of the financial assistance policy on admission | | |
| b | <input checked="" type="checkbox"/> Notified individuals of the financial assistance policy prior to discharge | | |
| c | <input checked="" type="checkbox"/> Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills | | |
| d | <input checked="" type="checkbox"/> Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy | | |
| e | <input type="checkbox"/> Other (describe in Section C) | | |
| f | <input type="checkbox"/> 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? | | X |
| If "No," indicate why: | | | |
| a | <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions | | |
| b | <input type="checkbox"/> The hospital facility's policy was not in writing | | |
| c | <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C) | | |
| d | <input type="checkbox"/> 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 | <input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged | | |
| b | <input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged | | |
| c | <input checked="" type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged | | |
| d | <input type="checkbox"/> 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? | | X |
| 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? | | X |
| 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.

PART V, SECTION B, LINE 3

CHNA COMMUNITY REPRESENTATIVES

IN CONDUCTING ITS 2013 COMMUNITY HEALTH NEEDS ASSESSMENT, THE SYSTEM OBTAINED DIRECT COMMUNITY INPUT THROUGH FOCUS GROUP MEETINGS AND LEADERSHIP COMMITTEES. FOCUS GROUP SESSIONS WERE ATTENDED BY COMMUNITY LEADERS AND WERE CONDUCTED IN OJAI ON OCTOBER 2, 2013 AND SAN BUENAVENTURA ON OCTOBER 9, 2013.

PART V, SECTION B, LINE 7

CHNA WEBSITE

[HTTP://WWW.CMHSHEALTH.ORG/CHNA/DECEMBER2013/INDEX.SHTML](http://www.cmhshealth.org/chna/december2013/index.shtml)

PART V, SECTION B, LINE 11

CHNA NEEDS IDENTIFIED AND NEEDS NOT ADDRESSED

THE FOLLOWING COMMUNITY NEEDS INITIATIVES ARE BEING ADDRESSED AT THE SYSTEM'S HOSPITALS AND OUTPATIENT CLINICS:

HIGH RISK HEALTH CONDITIONS SUCH AS HEART DISEASE, CANCER AND DIABETES WILL BE ADDRESSED THROUGH PUBLIC EDUCATION PROGRAMS, SUPPORT GROUPS AND CANCER SCREENING.

- CONTINUE TO SEE PATIENTS AT COMMUNITY EVENTS AND HEALTH FAIRS DURING THE YEAR TO PROMOTE PREVENTATIVE CARE MEASURES AND EDUCATION.
- PROVIDE FREE SMOKING CESSATION CLASSES AND FREE NICOTINE REPLACEMENT THERAPY PRODUCTS.
- IMPROVE HEART HEALTHY NUTRITION CLASS ATTENDANCE THROUGH COMMUNITY

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.

NETWORKING AND PROMOTION.

- PROVIDE DIABETIC SCREENING, EDUCATION, FOOT AND EYE EXAMS TO SENIOR COMMUNITY.

- PROVIDE WEIGHT MANAGEMENT CONSULTATION , EDUCATION AND FITNESS PROGRAMS.

- CONTINUE FREE MAMMOGRAPHY AND BREAST CANCER SCREENING FOR QUALIFIED INDIVIDUALS.

- CONTINUE FREE CERVICAL CANCER SCREENING FOR QUALIFIED INDIVIDUALS.

EXPAND OUTPATIENT CLINIC LOCATIONS AND SERVICES THROUGH OUT VENTURA COUNTY TO SERVE UNDERINSURED AND UNINSURED POPULATION.

- CONTINUE TO EXPAND RESIDENCY PHYSICIAN PROGRAM BRINGING ADDITIONAL PHYSICIANS TO OUR LOCAL COMMUNITY. THE PROGRAM IS COMMITTED TO ACADEMIC EXCELLENCE AND CUTTING-EDGE HEALTH CARE.

- CONTINUE TO OFFER PRENATAL CARE AND PARENTAL SUPPORT BY OFFERING A VARIETY OF CLASSES AT THE SYSTEM'S NEW PARENT RESOURCE CENTER.

- IMPROVE PATIENT ACCESS TO HEALTHCARE BY ASSISTING PATIENTS WITH ENROLLING IN MEDI-CAL AND COVERED CALIFORNIA INSURANCE PRODUCTS.

- ADDRESS THE NEEDS OF THE SENIOR COMMUNITY THROUGH THE SYSTEM'S PALLIATIVE CARE PROGRAM, CARDIOLOGY HOME CARE PROJECT, AND FOCUS ON FALL PREVENTION.

THE FOLLOWING WILL BE ADDRESSED IN FUTURE PERIODS:

AS COMMUNITY MEMORIAL HOSPITAL PLANS FOR MOVING ITS ACUTE CARE SERVICES TO THE REPLACEMENT FACILITY IN 2015, IT WILL CONSIDER HOW ITS EXISTING

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.

FACILITY MAY BE USED FOR NON-ACUTE ACCOMMODATION AND AMBULATORY SERVICES FOR BEHAVIORAL HEALTH.

THE ORGANIZATION HAS NOT MET ALL OF THE NEEDS IDENTIFIED IN ITS COMMUNITY NEEDS ASSESSMENT. BEHAVIORAL HEALTH AND SUBSTANCE ABUSE ARE AREAS THAT ARE NOT SERVED BY THE ORGANIZATION. THESE AREAS ARE SUPPORTED BY COMMUNITY RESOURCES IN WEST VENTURA AND OJAI.

PART V, SECTION B, LINE 15E

COMMUNITY PUBLICITY MEASURES

CMHS PUBLICIZES A SUMMARY OF THE FINANCIAL ASSISTANCE POLICY ON THE FACILITY'S WEBSITE. INCLUDED ON THE BACK OF EACH BILLING STATEMENT IS A DISCLAIMER REGARDING FINANCIAL ASSISTANCE BEING AVAILABLE AND A CONTACT NUMBER TO CALL IF INTERESTED. MOREOVER, CMHS HAS SIGNAGE POSTED IN THE ADMITTING AND EMERGENCY ROOM AREAS. A WRITTEN COPY OF THIS POLICY IS AVAILABLE UPON REQUEST, AS INDICATED ON THIS SIGNAGE DISPLAYED.

PART V, SECTION B, LINE 16A

FINANCIAL ASSISTANCE POLICY WEBSITE

[HTTP://WWW.CMHSHEALTH.ORG/CMH/FINANCIAL_SERVICES.SHTML](http://WWW.CMHSHEALTH.ORG/CMH/FINANCIAL_SERVICES.SHTML)

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? 15

| Name and address | Type of Facility (describe) |
|---|-----------------------------|
| 1 SAVIERS CENTER FOR FAMILY HEALTH 2921 S. SAVIERS ROAD OXNARD CA 93033 | OP CLINIC |
| 2 GROSSMAN IMAGING CENTER OF CMH, LLC 2001 N. SOLAR DRIVE, SUITE 135 OXNARD CA 93030 | IMAGING CENTER |
| 3 CAMARILLO CENTER FOR FAMILY HEALTH 422 B. ARNEILL ROAD CAMARILLO CA 93010 | OP CLINIC |
| 4 ASHWOOD CENTER FOR FAMILY HEALTH 116 ASHWOOD VENTURA CA 93003 | OP CLINIC |
| 5 VINEYARD CENTER FOR FAMILY HEALTH 2361 VINEYARD AVENUE OXNARD CA 93036 | OP CLINIC |
| 6 SANTA PAULA CENTER FOR FAMILY HEALTH 242 E. HARVARD BLVD SANTA PAULA CA 93060 | OP CLINIC |
| 7 MAIN STREET CENTER FOR FAMILY HEALTH 138 W. MAIN STREET VENTURA CA 93001 | OP CLINIC |
| 8 SAN BUENAVENTURA UROLOGY CENTER 2705 LOMA VISTA ROAD, SUITE 206 VENTURA CA 93003 | OP CLINIC |
| 9 AIRPORT MARINA CENTER FOR FAMILY HEALTH 3641 W. FIFTH STREET OXNARD CA 93035 | OP CLINIC |
| 10 FILLMORE CENTER FOR FAMILY HEALTH 852 VENTURA STREET FILLMORE CA 93015 | OP CLINIC |

Schedule H (Form 990) 2014

Part V Facility Information *(continued)*

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

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

| Name and address | Type of Facility (describe) |
|---|-----------------------------|
| 1 OAK VIEW CENTER FOR FAMILY HEALTH 655 N. VENTURA AVENUE OAK VIEW CA 93022 | OP CLINIC |
| 2 OJAI CENTER FOR FAMILY HEALTH 655 N. VENTURA AVENUE OAK VIEW CA 93022 | OP CLINIC |
| 3 PORT HUENEME CENTER FOR FAMILY HEALTH 321 E. PORT HUENEME ROAD PORT HUENEME CA 93041 | OP CLINIC |
| 4 OJAI MULTISPECIALTY CENTER 117 PIRIE ROAD OJAI CA 93023 | OP CLINIC |
| 5 MSO PATEL/SPEITEL 124 N. BRENT STREET VENTURA CA 93003 | OP CLINIC |
| 6 | |
| 7 | |
| 8 | |
| 9 | |
| 10 | |

Part VI Supplemental Information

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- 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.
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- 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.

PART I, LINE 3C

IN DETERMINING ELIGIBILITY FOR FREE OR DISCOUNTED CARE, THE ORGANIZATION ALSO USED AN ALGORITHM TO DETERMINE QUALIFICATION OF CHARITY CARE FROM INFORMATION PROVIDED BY PATIENTS AT INTAKE AS WELL AS INFORMATION FROM CREDIT REPORTS.

PART I, LINE 7B

UNREIMBURSED MEDICAID

THE CALIFORNIA HOSPITAL FEE PROGRAM (THE PROGRAM) WAS SIGNED INTO LAW BY THE GOVERNOR OF CALIFORNIA AND BECAME EFFECTIVE ON JANUARY 1, 2010. AMENDING LEGISLATION, TO CONFORM TO CHANGES REQUESTED BY THE CENTERS FOR MEDICARE & MEDICAID SERVICES (CMS) DURING THE APPROVAL PROCESS, WAS SIGNED INTO LAW BY THE GOVERNOR OF CALIFORNIA AND BECAME EFFECTIVE SEPTEMBER 8, 2010. THE PRIMARY LEGISLATION (AB 1383) AND AMENDING LEGISLATION (AB 1653) CONTAIN TWO COMPONENTS. THE QUALITY ASSURANCE FEE ACT GOVERNS THE "HOSPITAL FEE" OR "QUALITY ASSURANCE FEE" (QA FEE) PAID BY PARTICIPATING HOSPITALS. THE MEDI-CAL HOSPITAL PROVIDER STABILIZATION ACT GOVERNS SUPPLEMENTAL MEDI-CAL PAYMENTS (SUPPLEMENTAL PAYMENTS) MADE

Part VI Supplemental Information

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TO PROVIDERS FROM THE FUND. HOSPITAL PARTICIPATION IS MANDATORY WITH LIMITED EXCEPTIONS.

THE CALIFORNIA HEALTH FOUNDATION AND TRUST ESTABLISHED A GRANT FUND TO SUPPORT CHARITABLE ACTIVITIES OF VARIOUS HOSPITAL AND HEALTH SYSTEMS IN CALIFORNIA, INCLUDING MEASURES TO ALLEVIATE LOSSES POTENTIALLY RESULTING FROM THE ADMINISTRATION OF THE PROGRAM. AB 1653, THE PROGRAM THAT COVERED THE PERIOD OF APRIL 1, 2009 THROUGH DECEMBER 31, 2010, WAS APPROVED BY CMS IN DECEMBER 2010. THE AMENDED LEGISLATION ALLOWED THE CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES (DHCS) TO BEGIN ASSESSING FEES AND MAKE SUPPLEMENTAL PAYMENTS TO HOSPITALS.

THE SYSTEM MADE PAYMENTS TO THE DHCS FOR THE QA FEE IN THE AMOUNT OF \$10,865,195 AND \$13,847,637 IN 2014 AND 2013, RESPECTIVELY. THE SYSTEM MADE CALIFORNIA HEALTH FOUNDATION AND TRUST PLEDGE PAYMENTS IN THE AMOUNT OF \$305,790 AND \$298,699 IN 2014 AND 2013, RESPECTIVELY, AND THE PLEDGE PAYMENTS WERE RECORDED WITHIN QA FEE IN OPERATING EXPENSES WITHIN THE ACCOMPANYING CONSOLIDATED STATEMENTS OF OPERATIONS. THE SYSTEM RECEIVED

Part VI Supplemental Information

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SUPPLEMENTAL PAYMENTS OF \$32,955,369 AND \$20,869,783 OVER THE COURSE OF THE PROGRAM IN 2014 AND 2013, RESPECTIVELY. THE SYSTEM RECORDED THE SUPPLEMENTAL PAYMENTS AS OPERATING REVENUE WITHIN THE ACCOMPANYING CONSOLIDATED STATEMENTS OF OPERATIONS.

THE NET QA FEE PAYMENTS RECEIVED OR ACCRUED DURING 2014 REPORTED ON LINE 7B IS \$21,784,384, WHICH CONSISTS OF REVENUE OF \$32,955,369 AND FEE EXPENSE OF \$11,170,985. WHEN THE NET QA FEE PAYMENTS ARE EXCLUDED FROM THE CALCULATION, THE TOTAL FINANCIAL ASSISTANCE AND COMMUNITY BENEFIT PERCENTAGE ON LINE 7K IS 11.19%.

PART I, LINE 7G

NO AMOUNT ATTRIBUTABLE TO A PHYSICIAN CLINIC AS SUBSIDIZED HEALTH SERVICES ARE ON PART I, LINE 7G.

PART I, LINE 7

COSTING METHOD USED IS COST-TO-CHARGE USING WORKSHEET 2.

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PART I, LINE 7, COLUMN F

THE ORGANIZATION INCLUDED \$70,803 OF BAD DEBT EXPENSE IN PART IX. THE AMOUNT HAS BEEN REMOVED FROM THE CALCULATION OF COLUMN F.

PART II

COMMUNITY BUILDING ACTIVITIES

PHYSICIAN RECRUITING

PART III, LINE 2

BAD DEBT IS REPORTED IN THE SAME MANNER AS THE AUDITED FINANCIAL STATEMENTS. PLEASE SEE THE NARRATIVE FOR PART III, LINE 4, FOR FURTHER DETAIL.

PART III, LINE 4

BAD DEBT FOOTNOTE FROM AUDITED FINANCIAL STATEMENTS:
THE SYSTEM MANAGES PATIENT ACCOUNT RECEIVABLES BY REGULARLY REVIEWING ITS ACCOUNTS AND CONTRACTS AND BY PROVIDING APPROPRIATE ALLOWANCES FOR CONTRACTUAL DISCOUNTS AND UNCOLLECTIBLE AMOUNTS. THESE ALLOWANCES ARE

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BASED ON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS FOR EACH MAJOR PAYOR SOURCE, CONSIDERING BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN HEALTH CARE COVERAGE, AND OTHER COLLECTION INDICATORS. ON THE BASIS OF HISTORICAL EXPERIENCE, A SIGNIFICANT PORTION OF THE SYSTEM'S UNINSURED PATIENTS WILL BE UNABLE OR UNWILLING TO PAY FOR THE SERVICES PROVIDED. THUS, THE SYSTEM RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS IN THE PERIOD SERVICES ARE PROVIDED RELATED TO SELF-PAY PATIENTS, INCLUDING BOTH UNINSURED PATIENTS AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR A PORTION OF THEIR BALANCE. SIGNIFICANT CHANGES IN PAYER MIX, BUSINESS OFFICE OPERATIONS, GENERAL ECONOMIC CONDITIONS, AND HEALTH CARE COVERAGE PROVIDED BY FEDERAL OR STATE GOVERNMENTS OR PRIVATE INSURERS MAY HAVE A SIGNIFICANT IMPACT ON THE SYSTEM'S ESTIMATES AND SIGNIFICANTLY AFFECT THE SYSTEM'S LIQUIDITY, RESULTS OF OPERATIONS, AND CASH FLOWS. ACCOUNTS RECEIVABLE ARE WRITTEN OFF AFTER COLLECTION EFFORTS HAVE BEEN FOLLOWED IN ACCORDANCE WITH THE SYSTEM'S POLICIES.

THE SYSTEM DISCOUNTS UNINSURED SELF-PAY PATIENT CHARGES BY 40% AND

Part VI Supplemental Information

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CLASSIFIES ACCOUNTS PENDING MEDI-CAL APPROVAL AS SELF-PAY ACCOUNTS IN ITS ACCOUNTS RECEIVABLE AGING REPORT AND APPLIES THE STANDARD UNINSURED DISCOUNT. THE NET ACCOUNT BALANCE IS FURTHER SUBJECT TO THE ALLOWANCE FOR DOUBTFUL ACCOUNTS RESERVE POLICY. SHOULD THE ACCOUNT QUALIFY FOR MEDI-CAL COVERAGE, THE PREVIOUSLY RECORDED UNINSURED DISCOUNT IS REVERSED AND RECLASSIFIED TO MEDI-CAL ACCOUNTS RECEIVABLE WITH THE APPROPRIATE CONTRACTUAL DISCOUNT RATE APPLIED. SHOULD THE ACCOUNT NOT QUALIFY FOR MEDI-CAL COVERAGE BUT QUALIFIES AS CHARITY CARE UNDER THE SYSTEM'S CHARITY CARE POLICY, THE PREVIOUSLY RECORDED UNINSURED DISCOUNT IS REVERSED AND THE ENTIRE ACCOUNT BALANCE IS RECORDED AS A CHARITY CARE DEDUCTION.

THE SYSTEM'S COMBINED ALLOWANCE FOR DOUBTFUL ACCOUNTS, UNINSURED DISCOUNTS, AND CHARITY CARE COVERED APPROXIMATELY 94% AND 96% OF THE SYSTEM'S COMBINED UNINSURED AND SELF-PAY ACCOUNTS RECEIVABLE AS OF DECEMBER 31, 2014 AND DECEMBER 31, 2013, RESPECTIVELY. THE SYSTEM'S ALLOWANCE FOR BAD DEBT WAS \$34,131,418 AND \$28,817,866 AS OF DECEMBER 31, 2014 AND 2013, RESPECTIVELY. THE SYSTEM'S PROVISION FOR PATIENT BAD DEBTS

Part VI Supplemental Information

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DECREASED TO \$13,505,028 FROM \$13,692,937 FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013, RESPECTIVELY.

PART III, LINE 8

SHORTFALL TREATMENT AS COMMUNITY BENEFIT

THE ENTIRE SHORTFALL OF MEDICARE EXPENSES OVER MEDICARE REIMBURSEMENTS SHOULD BE CONSIDERED A COMMUNITY BENEFIT EXPENSE. THE MEDICARE COST REPORT WAS USED TO DETERMINE THE COSTS ATTRIBUTABLE TO SERVICE MEDICARE PATIENTS. THE SYSTEM IS REIMBURSED FOR SERVICES PROVIDED TO PATIENTS UNDER CERTAIN PROGRAMS ADMINISTERED BY GOVERNMENTAL AGENCIES, WHICH INCLUDES THE MEDICARE PROGRAM. THE MEDICARE PROGRAM CONSISTS OF 29.5% OF THE SYSTEM'S NET REVENUE FOR 2014. HOSPITALS DO NOT DETERMINE THE LEVEL OF PAYMENT FROM THE MEDICARE PROGRAM, AND THE MEDICARE PROGRAM DOES NOT COVER THE COSTS OF TREATING THE SYSTEM'S MEDICARE PATIENTS, ALTHOUGH THE QUALITY OF CARE AND ACCESS TO CARE IS THE SAME FOR ALL PATIENTS, REGARDLESS OF PAYER SOURCE. UNREIMBURSED COST UNDER THE MEDICARE PROGRAM IS A TRUE LOSS TO THE SYSTEM AND THE LOSS IS REFLECTED IN THE SYSTEM'S FINANCIAL STATEMENTS. AS SUCH, MEDICARE LOSSES SHOULD BE CONSIDERED A

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COMMUNITY BENEFIT PROVIDED BY THE SYSTEM.

PART III, LINE 9B

COLLECTION PRACTICES

THE PATIENT'S ABILITY TO PAY IS EVALUATED UPON ADMISSION. A PATIENT FINANCIAL SERVICES STAFF ASSISTS PATIENTS WITH APPLYING FOR LOCAL, STATE AND FEDERAL PROGRAMS WHEN THERE IS NO OTHER SOURCE OF PAYMENT. IN THE EVENT THAT NO THIRD PARTY PAYMENT SOURCE IS AVAILABLE, PATIENTS ARE PROVIDED WITH INFORMATION ON THE SYSTEM'S FINANCIAL ASSISTANCE PROGRAM. FINANCIAL ASSISTANCE AND CHARITY CARE IS BASED ON A SLIDING SCALE FEE SCHEDULE UTILIZING THE CURRENT UNITED STATES FEDERAL POVERTY GUIDELINES. INFORMATION FROM THE APPLICANT'S FINANCIAL APPLICATION AND SUPPORTING DOCUMENTATION IS USED TO DETERMINE THE AMOUNT OF THE QUALIFIED FINANCIAL ASSISTANCE TO BE GRANTED.

THE SYSTEM HAS A WRITTEN COLLECTION POLICY TO PROVIDE FOR AN EQUITABLE PROCESS BY WHICH A PATIENT AND/OR RESPONSIBLE PARTY CAN MAKE A PAYMENT OR PAYMENT ARRANGEMENT PRIOR TO OR AT THE TIME OF SERVICE. THE SYSTEM WILL

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PROACTIVELY DETERMINE THE PATIENT'S ABILITY TO PAY. A DEPOSIT, BASED UPON SELF-PAY LIABILITY IS COLLECTED PRIOR TO ADMISSION OR AT THE TIME OF SERVICE. FOR PATIENTS WHO ARE UNABLE TO PAY THEIR ESTIMATED LIABILITY AT THE TIME OF SERVICE, THE SYSTEM WILL OFFER A FINANCING OPTION. PATIENTS WHO MEET CHARITY OR INDIGENT GUIDELINES WILL BE REFERRED TO A FINANCIAL ADVOCATE FOR FINANCIAL AID.

PART IV, LINE 1

MANAGEMENT COMPANIES AND JOINT VENTURES

GROSSMAN IMAGING CENTER OF CMF, LLC

BUENAVISTA MEDICAL PROPERTIES, LTD

VENTURA CARDIOVASCULAR CO-MANAGEMENT COMPANY, LLC

PART VI, LINE 2

NEED ASSESSMENT

THE SYSTEM UPDATED ITS COMMUNITY NEEDS ASSESSMENT IN 2013. THE SYSTEM UTILIZED THE SERVICES OF A NATIONAL PUBLIC OPINION RESEARCH AND STRATEGY FIRM TO CONDUCT THE SURVEY. THE AREA-WIDE STUDY AND HEALTHCARE SURVEY

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CONSISTED OF AN ANALYSIS OF THE SOCIO-ECONOMIC PROFILE OF VENTURA COUNTY,
THE HEALTH CARE STATUS AND NEEDS OF VENTURA COUNTY, THE STATUS OF
HEALTHCARE DELIVERY AND SERVICES, COMMUNITY REPORTED HEALTH NEEDS AND
COMMUNITY PRIORITIZATION AND IMPLEMENTATION STRATEGIES.

PART VI, LINE 3

PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE
FINANCIAL ASSISTANCE PROGRAM BROCHURES EXPLAINING THE SYSTEM'S POLICY IS
POSTED AND MADE AVAILABLE TO PATIENTS AT THE TIME OF ADMITTANCE. SIGNS
ALERTING PATIENTS TO THE AVAILABILITY OF FINANCIAL ASSISTANCE ARE
PROMINENTLY DISPLAYED. AN INSERT REGARDING FINANCIAL ASSISTANCE
ACCOMPANIES EACH INVOICE OF HOSPITAL SERVICES SENT TO EACH PATIENT.

PART VI, LINE 4

COMMUNITY INFORMATION
THE HEALTH SYSTEM'S TWO HOSPITALS ARE LOCATED IN THE CITY OF VENTURA AND
THE CITY OF OJAI. THE HEALTH SYSTEM PROVIDES SERVICES THROUGH ITS
HOSPITALS AND CENTERS FOR FAMILY HEALTH TO ALL OF WESTERN VENTURA COUNTY

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WHICH INCLUDES THE CITIES AND UNINCORPORATED AREAS SURROUNDING VENTURA, OJAI, SANTA PAULA, FILLMORE, OXNARD, PORT HUENEME AND CAMARILLO. THE POPULATION OF VENTURA COUNTY IS APPROXIMATELY 38.0% HISPANIC, 54.2% WHITE AND 7.8% OTHER. THE MEDIAN HOUSEHOLD INCOME FOR VENTURA COUNTY IS \$80,618 AND THE MEDIAN HOUSEHOLD INCOME FOR OJAI/OAKVIEW IS \$92,382 AND OXNARD IS \$52,263.

DEMOGRAPHIC VARIABLES SUCH AS AGE, RACE AND ETHNICITY ARE MEANINGFUL WHEN PLANNING FOR BOTH INPATIENT AND OUTPATIENT CARE IN ORDER TO ENSURE THAT PATIENT CARE SERVICES ARE SENSITIVE TO THE PROGRAM PLANNING NEEDS OF THE SERVICE AREA POPULATION. IT HAS LONG BEEN ESTABLISHED THAT THERE ARE SIGNIFICANT VARIANCES IN PHYSICAL AND BEHAVIORAL HEALTH PROBLEMS BETWEEN GROUPS BASED ON ETHNICITY, INCOME AND RESIDENCE.

THERE ARE 5 OTHER HOSPITALS IN THE COMMUNITY SERVED BY THE ORGANIZATION.

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- 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.

PART VI, LINE 5

PROMOTION OF COMMUNITY HEALTH

CMHS IS GOVERNED BY A BOARD OF DIRECTORS WHOSE MEMBERS ARE REPRESENTATIVE OF THE COMMUNITY, HOSPITAL AND MEDICAL STAFF LEADERSHIP. CONSISTENT WITH THE IRS "COMMUNITY BENEFIT STANDARD" A MAJORITY OF THE BOARD OF DIRECTORS ARE NEITHER EMPLOYEES, CONTRACTORS NOR FAMILY MEMBERS OF THE ORGANIZATION. CMHS HAS AN OPEN MEDICAL STAFF, EXTENDING STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS FOR ALL AREAS AND DEPARTMENTS OF ITS FACILITY.

THE EMERGENCY DEPARTMENT AT BOTH COMMUNITY MEMORIAL HOSPITAL AND THE OJAI COMMUNITY HOSPITAL TREATS ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY. THE HEALTH SYSTEM PROVIDES EMERGENCY SERVICES TO ALL PATIENTS, WITH OR WITHOUT INSURANCE, AND CONTRACTS WITH PHYSICIANS TO PROVIDE SPECIALTY EMERGENCY COVERAGE. THIS TEAM INCLUDES BOARD-CERTIFIED EMERGENCY PHYSICIANS, PHYSICIAN ASSISTANTS; BOARD CERTIFIED NURSES, EMERGENCY MEDICAL TECHNICIANS, RESPIRATORY THERAPISTS AND OTHER HIGHLY TRAINED EMERGENCY CARE PROFESSIONALS. ALL ARE DEDICATED TO PROVIDING

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.

TECHNOLOGICALLY ADVANCED AND LIFESAVING MEDICAL SERVICES.

THROUGH ITS HEALTHY WOMEN'S PROGRAM, CMHS PROVIDES FOR FREE BREAST AND CERVICAL CANCER SCREENING FOR UNINSURED AND UNDER-INSURED PATIENTS WHO LACK THE RESOURCES TO PAY FOR THESE SERVICES. THROUGH THIS PROGRAM, CMHS IS ABLE TO OFFER BREAST CANCER SCREENING AND TREATMENT, AND CERVICAL CANCER SCREENING AND VACCINATIONS TO WOMEN IN THE COMMUNITY WHO LACK ACCESS TO THESE EARLY DETECTION AND LIFE SAVING EXAMS.

THE SYSTEM OFFERS FREE EDUCATIONAL SEMINARS TO THE PUBLIC COVERING A WIDE VARIETY OF HEALTH RELATED TOPICS SUCH AS DIABETES, CANCER, AND VASCULAR HEALTH. THE SYSTEM ALSO OFFERS A LARGE VARIETY OF CLASSES AND SUPPORT GROUPS THROUGH ITS CANCER RESOURCE CENTER, MATERNAL CHILD HEALTH, AND HEART AND VASCULAR HEALTH DEPARTMENTS.

PART VI, LINE 7

STATE FILING OF COMMUNITY BENEFIT REPORT

CALIFORNIA

**SCHEDULE I
(Form 990)**

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

OMB No. 1545-0047

2014

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

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.

Name of the organization

COMMUNITY MEMORIAL HEALTH SYSTEM

Employer identification number

95-1683892

Part I General Information on Grants and Assistance

- 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
- 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.

| 1 (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) AMERICAN CANCER SOCIETY 2816 KNOLL DRIVE, SUITE A VENTURA, CA 93003 | 94-1170350 | 501(C)(3) | 10,000. | | | | GENERAL SUPPORT |
| (2) VENTURA EDUCATION PARTNERSHIP 255 W. STANLEY AVENUE VENTURA, CA 93001 | 77-0141325 | 501(C)(3) | 7,500. | | | | GENERAL SUPPORT |
| (3) VENTURA CHAMBER OF COMMERCE 505 POLI STREET, 2ND FLOOR VENTURA, CA 93001 | 95-1332204 | 501(C)(6) | 10,000. | | | | GENERAL SUPPORT |
| (4) CALIFORNIA HEALTH FOUNDATION & TRUST 1215 K ST, STE 800 SACRAMENTO, CA 95814 | 94-1498697 | 501(C)(3) | 305,790. | | | | CA HOSPITAL FEE PROGRAM |
| (5) | | | | | | | |
| (6) | | | | | | | |
| (7) | | | | | | | |
| (8) | | | | | | | |
| (9) | | | | | | | |
| (10) | | | | | | | |
| (11) | | | | | | | |
| (12) | | | | | | | |

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

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

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule I (Form 990) (2014)

Part III Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" on 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 |
|---------------------------------|--------------------------|--------------------------|-----------------------------------|---|--|
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |
| 7 | | | | | |

Part IV Supplemental Information. Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

SCHEDULE I, PART I, LINE 2

DESCRIPTION OF PROCEDURES FOR MONITORING THE USE OF GRANT FUNDS

THE GRANTS MADE BY COMMUNITY MEMORIAL HEALTH SYSTEM (CMHS) ARE ONLY GIVEN

TO LEGITIMATE ORGANIZATIONS. ONCE THE GRANT IS GIVEN, IT IS NOT

MONITORED BY CMHS AND IS LEFT UP TO THE DISCRETION OF THE GRANTEE.

**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" on 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

COMMUNITY MEMORIAL HEALTH SYSTEM

Employer identification number

95-1683892

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- | | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input checked="" type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

b If any of the boxes on 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

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked in line 1a?

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.

- | | |
|---|---|
| <input checked="" type="checkbox"/> Compensation committee | <input checked="" type="checkbox"/> Written employment contract |
| <input checked="" type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> 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?
 - b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
 - c** Participate in, or receive payment from, an equity-based compensation arrangement?
- If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

Only section 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?
 - b** Any related organization?
- 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?
 - b** Any related organization?
- 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

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

| | Yes | No |
|-----------|-----|----|
| 1a | X | |
| 2 | | X |
| 3 | | |
| 4a | | X |
| 4b | X | |
| 4c | | X |
| 5a | | X |
| 5b | | X |
| 6a | | X |
| 6b | | X |
| 7 | X | |
| 8 | | X |
| 9 | | |

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2014

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 | | | | |
| 1 | GARY WILDE PRESIDENT AND CEO | (i) 609,961. | 128,055. | 42,815. | 461,066. | 5,539. | 1,247,436. | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | DAVID GLYER CFO | (i) 324,887. | 73,055. | 19,669. | 109,445. | 4,324. | 531,380. | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 | ADAM THUNELL VP OPERATIONS | (i) 336,987. | 73,055. | 22,192. | 120,567. | 4,739. | 557,540. | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 | KIMBERLY BRIDGES ASSISTANT VP - CFH | (i) 169,917. | 27,449. | 10,962. | 0 | 3,539. | 211,867. | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5 | CYNTHIA DEMOTTE VP QUALITY | (i) 189,693. | 37,765. | 7,821. | 55,848. | 1,291. | 292,418. | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6 | DIANY KLEIN VP HUMAN RESOURCES | (i) 228,461. | 38,055. | 17,920. | 70,290. | 291. | 355,017. | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 | EMILIE RAYMAN COMPLIANCE OFFICER | (i) 202,094. | 32,907. | 87,182. | 61,888. | 2,324. | 386,395. | 67,445. |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 | HAADY LASHKARI CHF ADMIN OFFICER OJAI/VP CMHS | (i) 202,406. | 42,984. | 13,002. | 81,884. | 5,779. | 346,055. | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9 | WILFRED GARAND VP PLANNING & MANAGED CARE | (i) 236,952. | 43,055. | 3,914. | 64,959. | 0 | 348,880. | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 | MICHAEL ELLINGSON VP MARKETING & DEVELOPMENT | (i) 201,994. | 27,933. | 14,691. | 63,158. | 2,324. | 310,100. | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11 | RICHARD REISMAN VP AMBULATORY MEDICINE | (i) 288,556. | 32,954. | 9,868. | 0 | 2,324. | 333,702. | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12 | ROBERTA MCCAFFREY VP PATIENT CARE | (i) 248,391. | 43,055. | 19,111. | 69,773. | 2,324. | 382,654. | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13 | STANLEY FROCHTZWJG CMO, INPATIENT | (i) 358,043. | 27,853. | 5,804. | 58,647. | 2,957. | 453,304. | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14 | RONALD SANDIFER CIO | (i) 478,435. | 0 | 0 | 0 | 0 | 478,435. | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15 | SAMUEL SMALL CHIEF OF MEDICAL EDUCATION | (i) 289,610. | 21,420. | 5,231. | 0 | 7,897. | 324,158. | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 16 | MARY SCHMITZ DIRECTOR OF DEVELOPMENT | (i) 212,115. | 0 | 0 | 8,215. | 15,205. | 235,535. | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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 | | | | |
| 1 EUGENE DAY PHARMACIST | (i) | 213,074. | 0 | 0 | 6,842. | 16,381. | 236,297. | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 CARLOS LIMON, JR. PHARMACIST | (i) | 222,027. | 0 | 0 | 9,101. | 16,381. | 247,509. | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 GARY METELAK NIGHT PHARMACY SUPERVISOR | (i) | 204,686. | 0 | 0 | 7,847. | 11,286. | 223,819. | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 GREGORY POLLOCK ASSISTANT DIRECTOR OF PHARMACY | (i) | 220,717. | 0 | 0 | 5,761. | 5,738. | 232,216. | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 6 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 7 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 8 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 9 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 10 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 11 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 12 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 13 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 14 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 15 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 16 | (i) | | | | | | | |
| | (ii) | | | | | | | |

Part III Supplemental Information

Complete this part to 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.

FORM 990, SCHEDULE J, PART I, LINE 1A

CERTAIN EXECUTIVES ON FORM 990, PART VII AND SCHEDULE J, PART II RECEIVE AN AUTOMOBILE ALLOWANCE. THE ALLOWANCE IS INCLUDED IN TAXABLE WAGES AND REPORTED ON THEIR W-2.

FORM 990, SCHEDULE J, PART I, LINE 4B

EFFECTIVE JANUARY 1, 1990, CMH ESTABLISHED A SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (THE 1990 SERP) TO COVER SENIOR STAFF MEMBERS OF CMH. THE 1990 SERP, WHICH WAS FROZEN EFFECTIVE DECEMBER 1, 1999, CALLS FOR BENEFITS TO BE PAID TO ELIGIBLE EMPLOYEES AT RETIREMENT BASED ON THE NUMBER OF YEARS OF SERVICE WITH CMH AND THE FIVE HIGHEST YEARS OF EARNED COMPENSATION. SERVICE AND SALARY AFTER 1999 ARE NOT COUNTED UNDER THE FROZEN PLAN. ON APRIL 1, 2002, A SECOND SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (THE 2002 SERP) BECAME EFFECTIVE. FOR THE 2002 SERP, THE MONTHLY BENEFIT AT NORMAL RETIREMENT DATE (AGE 65) IS EQUAL TO THE AVERAGE MONTHLY COMPENSATION FOR THE THREE-YEAR PERIOD DURING WHICH COMPENSATION WAS THE HIGHEST, INCLUDING PERIODS BEFORE APRIL 1, 2002, AT THE FOLLOWING RATES: (I) 4% FOR THE CEO AND 2% FOR OTHER PARTICIPANTS THROUGH APRIL 4, 2004, AND (II) 5% FOR THE CEO AND 2% FOR OTHER PARTICIPANTS AFTER APRIL

Part III Supplemental Information

Complete this part to 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.

4, 2004. PARTICIPANTS VEST AFTER TEN YEARS OF SERVICE, INCLUDING SERVICE PRIOR TO THE EFFECTIVE DATE, OR ATTAINMENT OF AGE 65, WHICH EVER IS EARLIER. TOGETHER, THE 1990 SERP AND THE 2002 SERP ARE REFERRED TO AS SERPS. THE SERPS ARE FUNDED BASED ON AN ANNUAL VALUATION OF THE LIABILITY. THE BOARD OF DIRECTORS HAS DESIGNATED ASSETS TO BE SEGREGATED TO FUND THE SERPS. HOWEVER, THE ASSETS ARE NOT HELD IN TRUST OR OTHERWISE LEGALLY RESTRICTED TO FUND THE PLANS.

THE FOLLOWING INDIVIDUAL RECEIVED A SERP PAYOUT DURING THE YEAR:

EMILIE RAYMAN - \$67,445

FORM 990, SCHEDULE J, PART I, LINE 7

BONUSES ARE AWARDED TO EXECUTIVES BASED UPON THEIR CONTRIBUTION TO THE OVERALL GOALS OF THE SYSTEM, THEIR ACHIEVEMENT OF INDIVIDUAL GOALS AND WITH REGARD TO REASONABLE COMPENSATION PRACTICES FOR COMPARABLE POSITIONS IN LIKE ORGANIZATIONS. THE COMPENSATION COMMITTEE REVIEWS AND RECOMMENDS THE BONUSES AND MOVES FOR APPROVAL BY THE BOARD OF TRUSTEES.

**SCHEDULE K
(Form 990)**

Supplemental Information on Tax-Exempt Bonds

2014

**Open to Public
Inspection**

▶ **Complete if the organization answered "Yes" on 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.**

Department of the Treasury
Internal Revenue Service

Name of the organization

COMMUNITY MEMORIAL HEALTH SYSTEM

Employer identification number

95-1683892

Part I Bond Issues

| (a) Issuer name | (b) Issuer EIN | (c) CUSIP # | (d) Date issued | (e) Issue price | (f) Description of purpose | (g) Deceased | | (h) On behalf of issuer | | (i) Pooled financing | |
|-----------------------------------|----------------|-------------|-----------------|-----------------|----------------------------|--------------|----|-------------------------|----|----------------------|----|
| | | | | | | Yes | No | Yes | No | Yes | No |
| A CITY OF SAN BUENAVENTURA | 95-6000807 | 797049AJ2 | 08/17/2011 | 350,000,000. | REPLACEMENT FACILITIES | | X | | X | | X |
| B | | | | | | | | | | | |
| C | | | | | | | | | | | |
| D | | | | | | | | | | | |

Part II Proceeds

| | A | | B | | C | | D | |
|--|------------|--------------|------------|-----------|------------|-----------|------------|-----------|
| 1 Amount of bonds retired | | | | | | | | |
| 2 Amount of bonds legally defeased | | | | | | | | |
| 3 Total proceeds of issue | | 349,865,548. | | | | | | |
| 4 Gross proceeds in reserve funds | | 145,204,492. | | | | | | |
| 5 Capitalized interest from proceeds | | 84,607,969. | | | | | | |
| 6 Proceeds in refunding escrows | | | | | | | | |
| 7 Issuance costs from proceeds | | | | | | | | |
| 8 Credit enhancement from proceeds | | | | | | | | |
| 9 Working capital expenditures from proceeds | | | | | | | | |
| 10 Capital expenditures from proceeds | | 120,053,087. | | | | | | |
| 11 Other spent proceeds | | | | | | | | |
| 12 Other unspent proceeds | | 145,204,492. | | | | | | |
| 13 Year of substantial completion | | 2015 | | | | | | |
| | 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 | | | | | | |

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Part III Private Business Use (Continued)

SCHEDULE K

Table with 9 rows and 8 columns (A, B, C, D). Rows include questions about management contracts, research agreements, and percentages of financed property used in private business use.

Part IV Arbitrage

Table with 10 rows and 8 columns (A, B, C, D). Rows include questions about Form 8038-T, arbitrage rebates, and qualified hedges.

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

SCHEDULE K, PART II, LINE 3

ORIGINAL ISSUE DISCOUNT OF \$134,452

SCHEDULE L
(Form 990 or 990-EZ)

Transactions With Interested Persons

OMB No. 1545-0047

2014

Department of the Treasury
Internal Revenue Service

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

Open To Public Inspection

Name of the organization: **COMMUNITY MEMORIAL HEALTH SYSTEM**
Employer identification number: **95-1683892**

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 |
| (1) | | | | | |
| (2) | | | | | |
| (3) | | | | | |
| (4) | | | | | |
| (5) | | | | | |
| (6) | | | | | |

2 Enter the amount of tax incurred by the organization managers or disqualified persons during the year under section 4958 ▶ \$ _____
3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ▶ \$ _____

Part II Loans to and/or From Interested Persons.
Complete if the organization answered "Yes" on Form 990-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.

| 1 | (a) Name of interested person | (b) Relationship with organization | (c) Purpose of loan | (d) Loan to or from the organization? | | (e) Original principal amount | (f) Balance due | (g) In default? | | (h) Approved by board or committee? | | (i) Written agreement? | |
|------------------------|-------------------------------|------------------------------------|---------------------|---------------------------------------|------|-------------------------------|-----------------|-----------------|----|-------------------------------------|----|------------------------|----|
| | | | | To | From | | | Yes | No | Yes | No | Yes | No |
| | | | | (1) | | | | | | | | | |
| (2) | | | | | | | | | | | | | |
| (3) | | | | | | | | | | | | | |
| (4) | | | | | | | | | | | | | |
| (5) | | | | | | | | | | | | | |
| (6) | | | | | | | | | | | | | |
| (7) | | | | | | | | | | | | | |
| (8) | | | | | | | | | | | | | |
| (9) | | | | | | | | | | | | | |
| (10) | | | | | | | | | | | | | |
| Total | | | | | | | \$ | | | | | | |

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

| 1 | (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 |
|------|-------------------------------|---|--------------------------|------------------------|---------------------------|
| (1) | | | | | |
| (2) | | | | | |
| (3) | | | | | |
| (4) | | | | | |
| (5) | | | | | |
| (6) | | | | | |
| (7) | | | | | |
| (8) | | | | | |
| (9) | | | | | |
| (10) | | | | | |

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) | EL DORADO HEALTHCARE CONSULTING INC | SEE PART V | 128,160. | INFORMATION TECHNOLOGY SVCS | | X |
| (2) | | | | | | |
| (3) | | | | | | |
| (4) | | | | | | |
| (5) | | | | | | |
| (6) | | | | | | |
| (7) | | | | | | |
| (8) | | | | | | |
| (9) | | | | | | |
| (10) | | | | | | |

Part V Supplemental Information

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

SCHEDULE L, PART IV, LINE 1

RONALD SANDIFER, KEY EMPLOYEE OF CMHS, OWNS 100% OF EL DORADO HEALTHCARE CONSULTING, INC.

**SCHEDULE M
(Form 990)**

Noncash Contributions

OMB No. 1545-0047

2014

**Open To Public
Inspection**

Department of the Treasury
Internal Revenue Service

- ▶ **Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.**
- ▶ **Attach to Form 990.**
- ▶ **Information about Schedule M (Form 990) and its instructions is at www.irs.gov/form990.**

Name of the organization

COMMUNITY MEMORIAL HEALTH SYSTEM

Employer identification number

95-1683892

Part I Types of Property

| | (a) Check if applicable | (b) Number of contributions or items contributed | (c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g | (d) Method of determining noncash contribution amounts |
|--|-------------------------------|--|--|--|
| 1 Art - Works of art | | | | |
| 2 Art - Historical treasures | | | | |
| 3 Art - Fractional interests | | | | |
| 4 Books and publications | | | | |
| 5 Clothing and household goods | | | | |
| 6 Cars and other vehicles | | | | |
| 7 Boats and planes | | | | |
| 8 Intellectual property | | | | |
| 9 Securities - Publicly traded | X | 4 . | 37,226 . | FMV |
| 10 Securities - Closely held stock | | | | |
| 11 Securities - Partnership, LLC, or trust interests | | | | |
| 12 Securities - Miscellaneous | | | | |
| 13 Qualified conservation contribution - Historic structures | | | | |
| 14 Qualified conservation contribution - Other | | | | |
| 15 Real estate - Residential | | | | |
| 16 Real estate - Commercial | | | | |
| 17 Real estate - Other | | | | |
| 18 Collectibles | | | | |
| 19 Food inventory | | | | |
| 20 Drugs and medical supplies | | | | |
| 21 Taxidermy | | | | |
| 22 Historical artifacts | | | | |
| 23 Scientific specimens | | | | |
| 24 Archeological artifacts | | | | |
| 25 Other ▶ (_____) | | | | |
| 26 Other ▶ (_____) | | | | |
| 27 Other ▶ (_____) | | | | |
| 28 Other ▶ (_____) | | | | |

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement **29**

| | Yes | No |
|--|-----|----|
| 30a During the year, did the organization receive by contribution any property reported in Part I, lines 1 through 28, that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period? | | X |
| b If "Yes," describe the arrangement in Part II. | | |
| 31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions? | X | |
| 32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions? | | X |
| b If "Yes," describe in Part II. | | |
| 33 If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II. | | |

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule M (Form 990) (2014)

JSA

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PAGE 81

Part II **Supplemental Information.** Complete this part to provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

SCHEDULE M, PART I, COLUMN B

THE NUMBER REPORTED IN COLUMN B REPRESENTS THE NUMBER OF CONTRIBUTIONS
RECEIVED.

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.**

OMB No. 1545-0047

2014

**Open to Public
Inspection**

Name of the organization

COMMUNITY MEMORIAL HEALTH SYSTEM

Employer identification number

95-1683892

FORM 990, PART III, LINE 1

TO ESTABLISH, EQUIP AND MAINTAIN ONE OR MORE NONPROFIT HOSPITALS, MEDICAL CENTERS, INSTITUTIONS, CLINICS OR OTHER PLACES FOR THE RECEPTION AND CARE OF THE SICK, INJURED AND DISABLED, WITH PERMANENT FACILITIES THAT INCLUDE INPATIENT BED AND MEDICAL SERVICES; TO PROVIDE DIAGNOSIS AND TREATMENT FOR PATIENTS; AND TO PROVIDE ASSOCIATED SERVICES, OUTPATIENT CARE AND HOME CARE IN FURTHERANCE OF THIS CORPORATION'S CHARITABLE PURPOSES; TO PROMOTE AND CARRY ON EDUCATION ACTIVITIES RELATED TO THE CARE OF SICK, INJURED AND DISABLED, TO THE PROMOTION OF HEALTH; TO PROMOTE AND CARRY OUT SCIENTIFIC AND MEDICAL RESEARCH RELATED TO THE CARE OF THE SICK, INJURED AND DISABLED; AND TO PROMOTE OR CARRY OUT SUCH OTHER ACTIVITIES AS MAY BE DEEMED ADVISABLE FOR THE BETTERMENT OF THE GENERAL HEALTH OF THE COMMUNITIES SERVED.

FORM 990, PART III, LINE 4A

COMMUNITY BENEFIT PLAN

IT IS THE GOAL OF CMHS TO PROMOTE THE HEALTH OF THE COMMUNITY BY FOCUSING ON THE FOLLOWING FOUR AREAS:

COMMUNITY EDUCATION OUTREACH

1. DISTRIBUTE TO THE COMMUNITY, ON A REGULAR BASIS, A NEWSLETTER (CALLED "CARING") WITH HEAVY EMPHASIS ON HEALTH EDUCATIONAL CONTENT.
2. CONTINUE TO SPONSOR AND PARTICIPATE IN COMMUNITY HEALTH FAIRS AND PUBLIC EXPOS AND OTHER MECHANISMS TO PROMOTE HEALTH SERVICES, HEALTH

| | |
|--|--|
| Name of the organization COMMUNITY MEMORIAL HEALTH SYSTEM | Employer identification number 95-1683892 |
|--|--|

EDUCATION, AND PREVENTION THROUGHOUT THE COMMUNITY. HEALTH RELATED EDUCATION AND PREVENTION WILL BE FOCUSED AROUND DIABETES, OBESITY, PRENATAL CARE, HEART HEALTH, AND HEALTHY LIVING AND NUTRITION.

3. PROVIDE INDIVIDUALS AND EMPLOYEES OF LOCAL BUSINESSES WITH THE HEARTAWARE HEART DISEASE DETECTION AND SCREENING PROGRAM.

4. CONTINUE TO PARTICIPATE IN THE STATE CPSP PROGRAM TO PROVIDE EDUCATIONAL RESOURCES TO LOW INCOME CHILDREN AND PREGNANT WOMEN.

5. PROVIDE COMMUNITY FORUMS IN VENTURA AND OJAI HIGHLIGHTING THE STATUS OF OUR HEALTH SYSTEM (THE HOSPITALS AND THE CENTERS FOR FAMILY HEALTH), NEW SERVICES AVAILABLE TO BENEFIT RESIDENTS OF THE COMMUNITY, AND COMMUNITY BENEFITS PROVIDED BY THE HEALTH SYSTEM.

6. DISTRIBUTE A HEALTH INFORMATION CARD TO INDIVIDUALS IN THE COMMUNITY TO ASSIST THEM IN KEEPING TRACK OF PERSONAL HEALTH INFORMATION THAT MAY BE VITAL WHEN ACCESSING THE HOSPITAL, AND, IN PARTICULAR, THE EMERGENCY DEPARTMENT.

7. ADD NEW DISEASE DETECTION AND SCREENING SERVICES FOCUSING ON DIFFERENT DISEASE CONDITIONS OF IMPORTANCE (MAJOR CHRONIC DISEASES).

8. CONTINUE TO PROVIDE AT LEAST 3,000 BLOOD PRESSURE CHECKS PER MONTH AT THE KIOSK IN THE PACIFIC VIEW MALL IN VENTURA.

ACCESS TO CARE

INCREASE ACCESS OF THE UNDERSERVED AND VULNERABLE POPULATION TO PRIMARY AND SECONDARY MEDICAL CARE IN VARIOUS GEOGRAPHIC LOCATIONS THROUGH THE CMHS SERVICE AREA.

1. CONTINUE TO OFFER A FREE PHYSICIAN REFERRAL SERVICE FOR MEMBERS OF THE

| | |
|--|--|
| Name of the organization COMMUNITY MEMORIAL HEALTH SYSTEM | Employer identification number 95-1683892 |
|--|--|

PUBLIC PROVIDING AT LEAST 1,000 REFERRALS PER YEAR TO LOCAL PHYSICIANS AND OTHER HEALTH SERVICES.

2. CONTINUE EXPANSION OF EXISTING CENTERS FOR FAMILY HEALTH CLINICS AS WARRANTED BY THE GROWTH OF PATIENT VISITS.

3. CONTINUE TO PROVIDE ACCESS THROUGH THE CENTERS FOR FAMILY HEALTH CLINICS TO SIGNIFICANT NUMBERS OF MEDICAL AND UNINSURED INDIVIDUALS THROUGHOUT WESTERN VENTURA COUNTY.

4. CONTINUE TO PROVIDE GENERAL MEDICAL, SURGICAL, AND SPECIALTY PROFESSIONAL COVERAGE OF ER PATIENTS THROUGH THE "ER FUND". PROVIDE STIPENDS TO PHYSICIANS, AS NECESSARY, TO INSURE COVERAGE, ESPECIALLY FOR MEDICAL AND UNINSURED PATIENTS, BY ALL MEDICAL SPECIALTIES.

5. CONTINUE TO PROVIDE FREE PROSTATE CENTER SCREENINGS REGARDLESS OF ABILITY TO PAY.

6. PROVIDE FREE BREAST CANCER SCREENING AND TREATMENT TO WOMEN THROUGHOUT THE SERVICE AREA REGARDLESS OF ABILITY TO PAY.

7. THROUGH THE CENTERS FOR FAMILY HEALTH, CONTINUE TO PROVIDE AN EXTENSIVE CHILDHOOD IMMUNIZATION PROGRAM.

8. ENGAGE SENIOR POPULATION IN DIALOGUE SURROUNDING HEALTH CARE OBJECTIVES AND ASSIST WITH CARE COORDINATION.

9. ENHANCE OUT-OF-AREA TRANSPORTATION SERVICES TO IMPROVE ACCESS TO CARE.

UNCOMPENSATED AND UNDER FUNDED CARE;

1. CONTINUE TO PROVIDE ACCESS TO A SIGNIFICANT NUMBER OF MEDICAL BENEFICIARIES ACROSS A BROAD RANGE OF MEDICAL SERVICES (MEASURED AS A

| | |
|--|--|
| Name of the organization COMMUNITY MEMORIAL HEALTH SYSTEM | Employer identification number 95-1683892 |
|--|--|

PERCENTAGE OF GROSS REVENUE AND TOTALING AT LEAST 9%).

2. CONTINUE TO PROVIDE A SIGNIFICANT LEVEL OF SUBSIDIZED CARE THROUGH THE CENTERS FOR FAMILY HEALTH.

SPONSORSHIP OF COMMUNITY RESOURCES

1. CONTINUE TO SUPPORT THE INTERIM PERMIT NURSING PROGRAM, WITH THE OBJECTIVE OF TRAINING AT LEAST TWENTY (20) RECENTLY GRADUATED NURSES TO BECOME COMPETENT CLINICAL NURSES.

2. CONTINUE TO ASSIST THE VENTURA COUNTY DISTRICT ATTORNEY'S OFFICE IN SUPPORTING VICTIMS OF DOMESTIC ABUSE THROUGH THE "PROJECT SAFE HARBOR" PROGRAM.

3. PROVIDE A ROTATION FOR TRAINING OB/GYN, ORTHOPEDIC SURGERY, INTERNAL MEDICINE, AND FAMILY MEDICINE PHYSICIAN RESIDENTS.

4. CONTINUE TO PROVIDE CHILDREN'S TOURS OF THE HOSPITALS.

5. CONTINUE TO PROVIDE DATA TO A NATIONAL TUMOR REGISTRY THAT SUPPORTS A KNOWLEDGE BASE THAT ENHANCES THE CARE OF CANCER PATIENTS IN OUR COMMUNITY.

6. CONTINUE TO PROVIDE A CANCER CENTER THAT INCLUDES SUPPORT GROUPS TO HELP PATIENTS AND THEIR FAMILIES DEAL WITH THEIR CONDITION AT NO COST.

FORM 990, PART III, LINE 4D

IT IS THE GOAL OF CMHS TO PROMOTE THE HEALTH OF THE COMMUNITY BY FOCUSING ON COMMUNITY EDUCATION OUTREACH, ACCESS TO CARE, UNCOMPENSATED AND UNDER-FUNDED CARE, AND SPONSORSHIP OF COMMUNITY RESOURCES. FOR PATIENTS; AND TO PROVIDE ASSOCIATED SERVICES, OUTPATIENT CARE AND HOME CARE IN FURTHERANCE OF THIS CORPORATION'S CHARITABLE PURPOSES; TO PROMOTE AND

| | |
|--|--|
| Name of the organization COMMUNITY MEMORIAL HEALTH SYSTEM | Employer identification number 95-1683892 |
|--|--|

CARRY ON EDUCATION ACTIVITIES RELATED TO THE CARE OF SICK, INJURED AND DISABLED, TO THE PROMOTION OF HEALTH; TO PROMOTE AND CARRY OUT SCIENTIFIC AND MEDICAL RESEARCH RELATED TO THE CARE OF THE SICK, INJURED AND DISABLED; AND TO PROMOTE OR CARRY OUT SUCH OTHER ACTIVITIES AS MAY BE DEEMED ADVISABLE FOR THE BETTERMENT OF THE GENERAL HEALTH OF THE COMMUNITIES SERVED.

FORM 990, PART VI, LINE 2

FAMILY OR BUSINESS RELATIONSHIPS

JOHN RUSSELL AND MARTIN POPS HAVE A BUSINESS RELATIONSHIP.

FORM 990, PART VI, LINE 11B

FORM 990 WAS PREPARED BY ERNST & YOUNG AND COMMUNITY MEMORIAL (CMHS)

FINANCE WITH INPUT FROM THE SYSTEM'S PLANNING AND MANAGED CARE OFFICE.

FORM 990 WAS REVIEWED BY THE CEO, CFO, CORPORATE COMPLIANCE OFFICER AND

AUDIT COMMITTEE. IN ADDITION, A FULL COPY OF THE 990 WAS PROVIDED TO THE

BOARD OF TRUSTEES VIA EMAIL IN ADVANCE OF FILING THE FORM 990 WITH THE

IRS.

FORM 990, PART VI, LINE 12C

DESCRIPTION OF PROCESS TO MONITOR TRANSACTIONS FOR CONFLICTS OF INTEREST

CONFLICT OF INTEREST STATEMENTS ARE COMPLETED BY AND COLLECTED FROM

DIRECTORS, OFFICERS AND KEY EMPLOYEES ON AN ANNUAL BASIS. SUCH STATEMENTS

ENSURE FULL DISCLOSURE OF FINANCIAL INTERESTS AND TRANSACTIONS WHERE

CONFLICT OF INTEREST IS A POSSIBILITY, AND SHALL ENSURE THE AVOIDANCE OF

POTENTIAL CONFLICT OF INTEREST IN CHOOSING NEW DIRECTORS, AND OTHER

| | |
|--|--|
| Name of the organization COMMUNITY MEMORIAL HEALTH SYSTEM | Employer identification number 95-1683892 |
|--|--|

MATTERS INVOLVING OFFICERS, DIRECTORS, AND KEY EMPLOYEES. IT IS THE POLICY OF CMHS THAT REQUIRES DIRECTORS TO DISQUALIFY HIMSELF/HERSELF FROM MAKING A DECISION WHERE HE/SHE HAS A CONFLICT OF INTEREST.

FORM 990, PART VI, LINES 15A & 15B

PROCESS FOR DETERMING COMPENSATION

IN OCTOBER 2014, THE ORGANIZATION USED AN INDEPENDENT CONSULTANT TO SURVEY EXECUTIVE COMPENSATION. NATIONWIDE SURVEYS WERE USED TO COMPARE THE COMPENSATION OF THE HEALTH SYSTEM'S EXECUTIVE STAFF TO THE 50TH PERCENTILE OF THOSE SURVEYED AND BY ORGANIZATIONAL SIZE AND SCOPE. PREVIOUSLY, IN AUGUST 2013, THE ORGANIZATION CONDUCTED A COMPENSATION SURVEY USING DATA FROM SULLIVAN COTTER AND ASSOCIATES, INC. AND HOSPITAL COUNCIL. THE BOARD COMPENSATION COMMITTEE IS RESPONSIBLE FOR ENGAGING THE INDEPENDENT COMPENSATION CONSULTANT AND FOR DETERMINING THE COMPENSATION OF THE CEO. THE COMPENSATION FOR ALL OTHER EXECUTIVES IS DETERMINED BY THE CEO AND SUBJECT TO THE APPROVAL BY THE BOARD COMPENSATION COMMITTEE. THE RECOMMENDATION OF THE BOARD COMPENSATION COMMITTEE IS THEN APPROVED BY THE BOARD OF DIRECTORS. THIS PROCESS IS DOCUMENTED IN THE BOARD MINUTES.

FORM 990, PART VI, QUESTIONS 16A AND 16B

JOINT VENTURES

CMHS HAS MAINTAINED A LONG STANDING PRACTICE OF REVIEWING ALL POTENTIAL JOINT VENTURE OR SIMILAR ARRANGEMENTS TO ENSURE THAT CONTRACT TERMS ARE CONSISTENT WITH THE PROTECTION OF ITS TAX-EXEMPT STATUS.

| | |
|--|--|
| Name of the organization COMMUNITY MEMORIAL HEALTH SYSTEM | Employer identification number 95-1683892 |
|--|--|

FORM 990, PART VI, QUESTION 19

PUBLIC DISCLOSURE OF CERTAIN DOCUMENTS

THE AUDITED FINANCIAL STATEMENTS, FORM 990 TAX RETURNS, GOVERNING AND ORGANIZATIONAL DOCUMENTS, AND CONFLICT OF INTEREST POLICY IS AVAILABLE THROUGH THE ADMINISTRATIVE OFFICES AND IS PROVIDED UPON REQUEST.

FORM 990, PART XI, LINE 9

OTHER CHANGES IN NET ASSETS

| | |
|-------------------------------------|--------------|
| CHANGE IN PENSION LIABILITY | \$ (580,270) |
| CHANGE IN PLEDGE RECEIVABLE RESERVE | \$ (126,292) |
| ACAOV START UP COSTS | \$ 153,158 |
| | ----- |
| TOTAL | \$ (553,404) |

ATTACHMENT 1

990, PART VII- COMPENSATION OF THE FIVE HIGHEST PAID IND. CONTRACTORS

| <u>NAME AND ADDRESS</u> | <u>DESCRIPTION OF SERVICES</u> | <u>COMPENSATION</u> |
|---|--------------------------------|---------------------|
| SOUND INPATIENT PHYSICIANS MEDICAL GROUP 1123 PACIFIC AVE TACOMA, WA 98402 | MEDICAL SERVICES | 2,213,236. |
| ARENT FOX, LLP 1050 CONNECTICUT AVE NW WASHINGTON, DC 20036-5339 | LEGAL SERVICES | 1,698,190. |
| VENTURA COUNTY OB GYN INC 2795 LOMA VISTA RD VENTURA, CA 93003 | MEDICAL SERVICES | 701,269. |
| VENTURA ANESTHESIA MEDICAL GROUP 1081 MONTAUK LANE, UNIT B VENTURA, CA 93301 | MEDICAL SERVICES | 665,583. |
| VENTURA PULMONARY AND CRITICAL CARE 168 N BRENT ST, SUITE 406 VENTURA, CA 93003 | MEDICAL SERVICES | 573,872. |

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No. 1545-0047

2014

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

▶ **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.**

Name of the organization

COMMUNITY MEMORIAL HEALTH SYSTEM

Employer identification number

95-1683892

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

| (a) Name, address, and EIN (if applicable) of disregarded entity | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Total income | (e) End-of-year assets | (f) Direct controlling entity |
|--|-------------------------|--|---------------------|---------------------------|----------------------------------|
| (1) ACCOUNTABLE CARE ALLIANCE OF VENTURA LLC 46-2843182 147 N. BRENT STREET VENTURA, CA 93003 | MGMT SVCS | CA | 0 | 25. | CMHS |
| (2) COMMUNITY MEMORIAL PHYSICIAN SVCS, LLC 46-3142917 147 N. BRENT STREET VENTURA, CA 93003 | MGMT SVCS | CA | 201,364. | 201,364. | CMHS |
| (3) VENTURA ORTHOPEDIC CO-MANAGEMENT COMPANY 45-3483342 147 N. BRENT STREET VENTURA, CA 93003 | MGMT SVCS | CA | 0 | 0 | CMHS |
| (4) | | | | | |
| (5) | | | | | |
| (6) | | | | | |

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Exempt Code section | (e) Public charity status (if section 501(c)(3)) | (f) Direct controlling entity | (g) Section 512(b)(13) controlled entity? | |
|---|-------------------------|--|----------------------------|---|----------------------------------|--|----|
| | | | | | | Yes | No |
| (1) COMMUNITY MEMORIAL HEALTHCARE FOUNDATION 95-3847251 147 N. BRENT STREEET VENTURA, CA 93003 | FUNDRAISING | CA | 501(C)(3) | 11A | CMHS | X | |
| (2) | | | | | | | |
| (3) | | | | | | | |
| (4) | | | | | | | |
| (5) | | | | | | | |
| (6) | | | | | | | |
| (7) | | | | | | | |

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule R (Form 990) 2014

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Predominant income (related, unrelated, excluded from tax under sections 512-514) | (f) Share of total income | (g) Share of end-of-year assets | (h) Disproportionate allocations? | | (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) GROSSMAN IMAGING CENTER OF CMH SEE PART VII | IMAGING CENTER | CA | N/A | RELATED | -68,748. | 1,179,139. | | X | 0 | | X | 51.0000 |
| (2) BUENAVISTA MEDICAL PROPERTIES SEE PART VII | RENTAL | CA | N/A | | | | | | | | | |
| (3) VENTURA CARDIOVASCULAR CO-MANA SEE PART VII | MGMT SVCS | CA | N/A | RELATED | 215,359. | 243,360. | | X | 0 | | X | 50.0000 |
| (4) | | | | | | | | | | | | |
| (5) | | | | | | | | | | | | |
| (6) | | | | | | | | | | | | |
| (7) | | | | | | | | | | | | |

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) CALIFORNIA HEART INSTITUTE, INC 77-0276145 147 N. BRENT STREET VENTURA, CA 93003 | BILLING SERVICES | CA | N/A | C CORP | 179,818. | 96,674. | 100.0000 | X | |
| (2) BUENAVISTA MEDICAL PROPERTIES, INC 77-0298516 147 N. BRENT STREET VENTURA, CA 93003 | REAL ESTATE | CA | N/A | C CORP | 168,266. | 238,853. | 100.0000 | X | |
| (3) | | | | | | | | | |
| (4) | | | | | | | | | |
| (5) | | | | | | | | | |
| (6) | | | | | | | | | |
| (7) | | | | | | | | | |

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

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

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

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) GROSSMAN IMAGING CENTER | A | 226,914. | ACCRUAL METHOD |
| (2) GROSSMAN IMAGING CENTER | D | 4,240,292. | ACCRUAL METHOD |
| (3) GROSSMAN IMAGING CENTER | J | 145,734. | ACCRUAL METHOD |
| (4) COMMUNITY MEMORIAL HEALTHCARE FDN | C | 667,752. | ACCRUAL METHOD |
| (5) COMMUNITY MEMORIAL HEALTHCARE FDN | Q | 209,877. | ACCRUAL METHOD |
| (6) | | | |

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

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

| (a) Name, address, and EIN of entity | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Predominant income (related, unrelated, excluded from tax under sections 512-514) | (e) Are all partners section 501(c)(3) organizations? | | (f) Share of total income | (g) Share of end-of-year assets | (h) Disproportionate 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 | |
| (1) | | | | | | | | | | | | | |
| (2) | | | | | | | | | | | | | |
| (3) | | | | | | | | | | | | | |
| (4) | | | | | | | | | | | | | |
| (5) | | | | | | | | | | | | | |
| (6) | | | | | | | | | | | | | |
| (7) | | | | | | | | | | | | | |
| (8) | | | | | | | | | | | | | |
| (9) | | | | | | | | | | | | | |
| (10) | | | | | | | | | | | | | |
| (11) | | | | | | | | | | | | | |
| (12) | | | | | | | | | | | | | |
| (13) | | | | | | | | | | | | | |
| (14) | | | | | | | | | | | | | |
| (15) | | | | | | | | | | | | | |
| (16) | | | | | | | | | | | | | |

Part VII Supplemental Information

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

FORM 990, SCHEDULE R, PART III

INFORMATION FOR RELATED ORGANIZATIONS TAXABLE AS PARTNERSHIPS

ORGANIZATION NAME: GROSSMAN IMAGING CENTER OF CMH, LLC

ORGANIZATION EIN: 37-1512002

U.S. ADDRESS: 2001 N. SOLAR DR., SUITE 135, OXNARD, CA 93030

ORGANIZATION NAME: BUENAVISTA MEDICAL PROPERTIES, LTD.

ORGANIZATION EIN: 77-0275364

U.S. ADDRESS: 168 NORTH BRENT STREET, VENTURA, CA 93003

ORGANIZATION NAME: VENTURA CARDIOVASCULAR CO-MANAGEMENT CO. LLC

ORGANIZATION EIN: 27-3227049

U.S. ADDRESS: 147 NORTH BRENT STREET, VENTURA, CA 93003

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Community Memorial Health System
Years Ended December 31, 2014 and 2013
With Report of Independent Auditors

Ernst & Young LLP



Building a better
working world

Community Memorial Health System

Consolidated Financial Statements
and Supplementary Information

Years Ended December 31, 2014 and 2013

Contents

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Report of Independent Auditors

The Board of Trustees
Community Memorial Health System

We have audited the accompanying consolidated financial statements of Community Memorial Health System (the System), which comprise the consolidated balance sheets 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 Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Community Memorial Health System at December 31, 2014 and 2013, and the consolidated results of its operations, changes in net assets, and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating balance sheets, statements of operations, and statements of changes in net assets are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Ernst & Young LLP

May 29, 2015

Community Memorial Health System

Consolidated Balance Sheets

| | December 31 | |
|--|--------------------|----------------|
| | 2014 | 2013 |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 31,279,975 | \$ 14,053,136 |
| Investments | 125,204,644 | 123,765,833 |
| Patient accounts receivable, net of allowance for doubtful accounts of \$34,131,418 and \$28,817,866 at December 31, 2014 and 2013, respectively | 55,850,716 | 50,548,865 |
| Due from third-party payors, net | 4,816,693 | 2,765,645 |
| Inventory | 8,738,095 | 7,117,692 |
| Current portion of assets limited as to use | 2,178,155 | 1,246,053 |
| Prepaid expenses and other | 12,145,332 | 13,043,789 |
| Hospital Medi-Cal supplemental receivable | 33,383,347 | 5,755,491 |
| Total current assets | 273,596,957 | 218,296,504 |
| Assets limited as to use, less current portion: | | |
| For workers' compensation claims | 5,666,254 | 7,202,418 |
| For pension plans | 6,752,900 | 5,841,654 |
| Annuity trust | 232,204 | 231,315 |
| Construction funds | 145,204,492 | 220,018,841 |
| | 157,855,850 | 233,294,228 |
| Property and equipment, net | 350,357,988 | 263,729,301 |
| Other assets: | | |
| Investment in affiliate | 238,786 | 240,057 |
| Property held for future use | 3,098,492 | 3,098,492 |
| Deferred debt issuance costs, net | 9,241,573 | 9,588,675 |
| Other assets | 5,506,776 | 5,066,800 |
| Total assets | \$ 799,896,422 | \$ 733,314,057 |

| | December 31 | |
|--|-----------------------|-----------------------|
| | 2014 | 2013 |
| Liabilities and net assets | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 40,776,307 | \$ 22,323,802 |
| Hospital quality assurance fee payable | 12,005,180 | 3,397,982 |
| Accrued compensation and related benefits | 20,633,816 | 18,229,733 |
| Current maturities of long-term debt and capital lease obligations | <u>2,043,196</u> | <u>2,450,188</u> |
| Total current liabilities | 75,458,499 | 46,401,705 |
| | | |
| Accrued pension obligation | 8,987,694 | 7,054,374 |
| Accrued workers' compensation and malpractice insurance claims, less current portion | 11,952,406 | 11,878,142 |
| Long-term debt and capital lease obligations, net of current maturities | 353,118,017 | 353,751,205 |
| Annuity trust liability | 129,436 | 114,624 |
| Other liabilities | <u>2,054,743</u> | <u>1,984,894</u> |
| Total liabilities | 451,700,795 | 421,184,944 |
| | | |
| Net assets: | | |
| Unrestricted: | | |
| System | 348,360,157 | 311,769,306 |
| Noncontrolling interests in subsidiaries | (3,573,571) | (3,425,265) |
| Temporarily restricted – System | <u>3,409,041</u> | <u>3,785,072</u> |
| Total net assets | <u>348,195,627</u> | <u>312,129,113</u> |
| Total liabilities and net assets | <u>\$ 799,896,422</u> | <u>\$ 733,314,057</u> |

See accompanying notes.

Community Memorial Health System
Consolidated Statements of Operations

| | Year Ended December 31 | |
|---|-------------------------------|----------------|
| | 2014 | 2013 |
| Unrestricted revenue, gains, and other support: | | |
| Net patient service revenues, net of contractual discounts and allowances | \$ 316,367,935 | \$ 297,288,359 |
| Provision for patient bad debts | (13,505,028) | (13,692,937) |
| Net patient service revenue before Hospital Medi-Cal supplemental payments | 302,862,907 | 283,595,422 |
| Hospital Medi-Cal supplemental payments | 32,955,369 | 20,869,783 |
| Net patient service revenue | 335,818,276 | 304,465,205 |
| Other operating revenue | 17,063,541 | 18,784,486 |
| Net assets released from restrictions | 269,599 | 277,011 |
| Total unrestricted revenues, gains, and other support | 353,151,416 | 323,526,702 |
| Expenses: | | |
| Payroll and related expenses | 165,229,477 | 156,366,105 |
| Other operating expenses | 132,696,609 | 121,849,841 |
| Hospital quality assurance fees | 11,170,985 | 14,146,336 |
| Depreciation and amortization | 12,056,985 | 12,565,819 |
| Interest | 311,983 | 403,562 |
| Total expenses | 321,466,039 | 305,331,663 |
| Operating income | 31,685,377 | 18,195,039 |
| Other income: | | |
| Investment income | 3,663,032 | 11,727,919 |
| Donations | 126,442 | 119,442 |
| Total other income | 3,789,474 | 11,847,361 |
| Excess of unrestricted revenues, gains, and other support over expenses | 35,474,851 | 30,042,400 |
| Add: excess of expenses over unrestricted revenues, gains, and other support attributable to noncontrolling interests | 31,306 | 210,973 |
| Excess of unrestricted revenues, gains, and other support over expenses attributable to the System | \$ 35,506,157 | \$ 30,253,373 |

See accompanying notes.

Community Memorial Health System

Consolidated Statements of Changes in Net Assets

| | Year Ended December 31 | |
|--|-------------------------------|----------------|
| | 2014 | 2013 |
| Net assets at beginning of year | \$ 312,129,113 | \$ 280,153,402 |
| Unrestricted net assets: | | |
| Excess of unrestricted revenues, gains, and other support over expenses attributable to the System | 35,506,157 | 30,253,373 |
| Excess of expenses over unrestricted revenues, gains, and other support attributable to noncontrolling interests | (31,306) | (210,973) |
| Change in pension obligation | (580,270) | 576,061 |
| Distributions to noncontrolling interests | (117,000) | (85,303) |
| Net assets released from restrictions for the acquisition of property and equipment | 1,664,964 | 1,686,218 |
| Increase in unrestricted net assets | 36,442,545 | 32,219,376 |
| Temporarily restricted net assets: | | |
| Contributions | 1,558,532 | 1,719,564 |
| Net assets released from restrictions | (1,934,563) | (1,963,229) |
| Decrease in temporarily restricted net assets | (376,031) | (243,665) |
| Increase in net assets | 36,066,514 | 31,975,711 |
| Net assets at end of year | \$ 348,195,627 | \$ 312,129,113 |

See accompanying notes.

Community Memorial Health System
Consolidated Statements of Cash Flows

| | Year Ended December 31 | |
|---|-------------------------------|---------------|
| | 2014 | 2013 |
| Operating activities | | |
| Increase in net assets | \$ 36,066,514 | \$ 31,975,711 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 12,056,985 | 12,565,819 |
| Net unrealized gains on trading investments | 4,041,062 | (7,267,863) |
| Purchases of trading investments, net of sales | (5,479,873) | (11,131,204) |
| Provision for bad debts | 13,505,028 | 13,692,937 |
| Other | (905,637) | (1,080,708) |
| Changes in operating assets and liabilities: | | |
| Patient accounts receivable | (18,806,879) | (15,864,379) |
| Inventories | (1,620,403) | (752,137) |
| Prepaid expenses and other and Hospital Medi-Cal supplemental receivable | (26,729,399) | 2,183,571 |
| Other assets | (398,787) | (59,550) |
| Annuity trust asset | (889) | (11,175) |
| Accounts payable and accrued liabilities and Hospital quality assurance fee payable | 20,980,545 | (2,595,598) |
| Due from third-party payors | (2,051,048) | (375,508) |
| Accrued pension obligation | 1,933,320 | 1,029,716 |
| Accrued workers' compensation and malpractice insurance claims, less current portion | 74,264 | (2,861,121) |
| Other liabilities | 84,661 | (205,982) |
| Net cash provided by operating activities | 32,749,464 | 19,242,529 |
| Investing activities | | |
| Decrease in assets limited as to use for construction | 74,814,349 | 54,997,836 |
| Purchase of property and equipment | (90,202,431) | (72,493,917) |
| Purchase of alternative investments | - | (3,000,000) |
| Net cash used in investing activities | (15,388,082) | (20,496,081) |
| Financing activities | | |
| Proceeds from new borrowings and restricted contributions | 910,118 | 1,203,440 |
| Repayments of long-term debt and capital lease obligations | (1,044,661) | (1,890,600) |
| Net cash used in financing activities | (134,543) | (687,160) |
| Net increase (decrease) in cash and cash equivalents | 17,226,839 | (1,940,712) |
| Cash and cash equivalents at beginning of year | 14,053,136 | 15,993,848 |
| Cash and cash equivalents at end of year | \$ 31,279,975 | \$ 14,053,136 |
| Supplemental cash flow information | | |
| Interest paid | \$ 26,332,983 | \$ 26,424,562 |
| Noncash financing activities | \$ 8,483,242 | \$ 6,010,413 |

The System capitalized construction in progress of approximately \$15,013,875 and \$6,530,633 at December 31, 2014 and 2013, respectively, that we have not paid for. The related amount due was recorded in the consolidated balance sheets under accounts payable and accrued liabilities.

See accompanying notes.

Community Memorial Health System

Notes to Consolidated Financial Statements

December 31, 2014

1. Organization and Operations

Community Memorial Health System (the System, CMHS, or we), a California nonprofit public benefit corporation headquartered in Ventura, California, was organized to provide multi-hospital, multi-discipline health care services to patients in Ventura, California, and the surrounding areas.

The accounts of the System include the following significant affiliate/subsidiary organizations:

Community Memorial Hospital (CMH), a division of CMHS, operates a 242-bed acute care hospital in Ventura, California.

Ojai Valley Community Hospital (OVCH), a division of CMHS, operates a 91-bed critical access hospital located in Ojai, California, consisting of 25 acute beds and a 66-bed distinct part skilled nursing facility.

Community Memorial Healthcare Foundation (the Foundation) is a tax-exempt corporation whose purpose is to raise funds for the future support of CMH. The Foundation regularly provides funds to CMH for research, education, and the purchase of equipment. The System is the sole corporate member of the Foundation.

Buenavista Medical Properties, Inc. (BVM, Inc.), a California for-profit corporation owned by CMHS, is a general partner and 60.50% owner of Buenavista Medical Properties, Ltd. (BVM, Ltd.). BVM, Ltd. owns two floors of a medical office building adjacent to CMH.

California Heart Institute, Inc. (CHI), a California for-profit corporation owned by CMHS, provides billing and other services to physicians.

Grossman Imaging Center of CMH (Grossman) is a limited liability corporation that owns four free-standing imaging centers. CMHS is a 51% owner of Grossman.

Accountable Care Alliance of Ventura County (ACO) is a for-profit accountable care organization owned by CMHS to provide gainsharing for covered Medicare patients.

Community Memorial Physician Services (CMPS) is a for-profit limited liability corporation owned by CMHS to provide gainsharing for orthopedic spine treatment.

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the System and its affiliate/subsidiary organizations listed in Note 1. Where the System has a majority voting interest but less than 100% ownership interest, the System consolidates the subsidiary or partnership's results and reflects the noncontrolling interests in the performance indicator of the System. For Grossman, CMHS has recorded the noncontrolling owner's losses, including those that reduced the noncontrolling interest below zero, since the noncontrolling owner has guaranteed his pro rata share of certain debt obligations and losses of operations and he has the ability to satisfy the guarantee (see Note 5).

All significant intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates include: valuation allowances for accounts receivable, third-party payor receivables and payables, and self-insured programs. Actual results could differ from these estimates.

Cash and Cash Equivalents

The System considers all cash and highly liquid debt instruments with original maturities, on acquisition date, of three months or less to be cash equivalents.

Charity Care

The System provides care without charge to patients who meet certain criteria under its charity care policy. The System's charity care policy includes a presumptive charity care model that determines a patient's ability to pay based on historical collection activities that correlate to low income and asset levels. Presumptive charity determination serves as an additional and final screening for those patients with limited ability to pay.

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Because the System does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as revenue. The System uses a patient cost of care to patient charge ratio to approximate its direct and indirect costs of providing charity care. This ratio is applied to the specific charges forgone for services and supplies furnished under the System's charity care policy. The System determined that its direct and indirect costs of providing charity care were approximately \$1,951,978 and \$2,949,304 for the years ended December 31, 2014 and 2013, respectively.

Net Patient Service Revenue

The System has agreements with third-party payors that provide for payments to the System at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Contractual adjustments include differences between established billing rates and amounts estimated by management as reimbursable under various cost reimbursement formulas and contracts in effect.

The System manages patient account receivables by regularly reviewing its accounts and contracts and by providing appropriate allowances for contractual discounts and uncollectible amounts. These allowances are based on management's assessment of historical and expected net collections for each major payor source, considering business and economic conditions, trends in health care coverage, and other collection indicators. On the basis of historical experience, a significant portion of the System's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the System records a significant provision for bad debts in the period services are provided related to self-pay patients, including both uninsured patients and patients with deductible and copayment balances due for which third-party coverage exists for a portion of their balance. Significant changes in payer mix, business office operations, general economic conditions, and health care coverage provided by federal or state governments or private insurers may have a significant impact on the System's estimates and may significantly affect the System's liquidity, results of operations, and cash flows. Accounts receivable are written off after collection efforts have been followed in accordance with the System's policies.

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

The System's combined allowance for doubtful accounts, uninsured discounts, and charity care covered approximately 94% and 96% of the System's combined uninsured and self-pay accounts receivable as of December 31, 2014 and 2013, respectively. The System's allowance for bad debt was \$34,131,418 and \$28,817,866 at December 31, 2014 and 2013, respectively. The System's provision for patient bad debts was \$13,505,029 for the year ended December 31, 2014, and \$13,692,937 for the year ended December 31, 2013.

Patient service revenues, net of contractual allowances and discounts and before the provision for bad debts and hospital Medi-Cal supplemental payments, recognized from major payor sources for the years ended December 31, 2014 and 2013, are as follows:

| | 2014 | Ratio | 2013 | Ratio |
|--|-----------------------|--------------|-----------------------|--------------|
| Medicare | \$ 75,398,400 | 23.8% | \$ 73,635,345 | 24.8% |
| Medicare – Managed Care | 46,137,459 | 14.6 | 39,525,345 | 13.3 |
| Medi-Cal | 4,567,022 | 1.4 | 6,579,346 | 2.2 |
| Medi-Cal – Managed Care | 33,121,078 | 10.5 | 20,649,128 | 6.9 |
| Managed Care and other | 153,964,165 | 48.7 | 146,592,991 | 49.3 |
| Self-Pay | 3,179,811 | 1.0 | 10,306,204 | 3.5 |
| Patient service revenues before provision for bad debt and excluding Hospital Medi-Cal supplemental payments | \$ 316,367,935 | | \$ 297,288,359 | |

The administrative procedures related to the cost reimbursement programs in effect generally preclude final determination of amounts due to or payable by the System until cost reports are audited or otherwise reviewed and settled upon by the applicable administrative agencies. Normal estimation differences between final settlements and amounts accrued in previous years are reported as adjustments of net patient service revenue in the current year. In 2014 and 2013, the System settled several previously filed Medicare and Medicaid cost reports and recorded changes in estimates that increased revenue by \$260,000 and \$525,700, respectively. In the opinion of management, adequate provision has been made for adjustments, if any, that might result from subsequent review.

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The System believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs.

To address the growing concerns regarding the impact of payment errors occurring under the current administrative procedures and to ensure that the payments made to providers are accurate, Congress, through the Tax Relief and Health Care Act of 2006, authorized the expansion of the Recovery Audit Contractors (RAC) program to all 50 states by 2010, and, in this nationwide rollout program, RACs are not allowed to audit claims paid earlier than December 31, 2009. The System has been subject to RAC audits and has experienced recoupment of certain previously paid claims. The System has established accruals considered to be adequate to address the exposure of future RAC findings with respect to claims for dates of service through December 31, 2014. Management believes that any difference between amounts accrued and the ultimate liability that could arise from the RAC audits would not materially affect the System's consolidated financial position, results of operations, or cash flows.

Hospital Medi-Cal Supplemental Payment and Quality Assurance Fee

The California Hospital Fee Program (the Program) was signed into law by the governor of California and became effective on January 1, 2010. Amending-legislation, to conform to changes requested by the Centers for Medicare and Medicaid Services (CMS) during the approval process, was signed into law by the governor of California and became effective September 8, 2010. The primary legislation (AB 1383) and amending legislation (AB 1653) contains two components: the Quality Assurance Fee Act, which governs the "hospital fee" or "Quality Assurance Fee" (QA Fee) paid by participating hospitals, and the Medi-Cal Hospital Provider Stabilization Act, which governs supplemental Medi-Cal payments (Supplemental Payments) made to providers from the fund. Hospital participation is mandatory, with limited exceptions. In December 2010, CMS gave final approval of the program, and the System recorded net supplemental payments for the initial and extended periods of the program.

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

In June 2012, CMS approved the fee-for-service portion of a new 30-month extension of the Program (30-Month Program) for the period July 1, 2011 through December 31, 2013. The legislation governing the 30-Month Program was amended to allow for the fee-for-service portion to be administered separately from the managed care portion. Accordingly, for 2013, under the fee-for-service portion of the program, the System recorded \$20.5 million of Supplemental Payments and \$8.0 million in QA Fees as Hospital Fee Program revenues and expenses, respectively, in the accompanying consolidated statements of operations related to the January 1, 2013 through December 31, 2013, period of the approved fee-for-service portion of the 30-Month Program. The System recorded \$1.9 million in hospital quality assurance fee payable for the 30-Month Program QA Fee owed for the period related to the January 1, 2013 through December 31, 2013, portion of the 30-Month Program that was not paid as of December 31, 2013, in the consolidated balance sheets as of December 31, 2013. Additionally, the System recorded \$5.6 million as a receivable within hospital Medi-Cal supplement receivable for the 30-Month Program Supplemental Payment revenue due for the period related to the January 1, 2013 through December 31, 2013, portion of the 30-Month Program that was not received as of December 31, 2013, in the consolidated balance sheets as of December 31, 2013.

The managed care component of the 30-Month Program was approved by CMS in May 2013. Thus in 2013, the System recorded \$0.3 million in Supplemental Payments and \$6.1 million in QA Fees for the full 30 months of the managed care component of the 30-Month Program. The System recorded \$0.7 million in hospital quality assurance fee payable for the 30-Month Program QA Fee owed for the period related to the January 1, 2013 through December 31, 2013, portion of the 30-Month Program that was not paid as of December 31, 2014 and 2013, and appears in the consolidated balance sheets as December 31, 2014 and 2013. For both components of the 30-Month Program, the System recorded net hospital fee program revenue of \$6.7 million for the year ended December 31, 2013.

In December 2014, CMS approved the fee-for-service portion of a new 36-month extension of the Program (36-Month Program) covering the period January 1, 2014 through December 31, 2016. In 2014, the System recorded \$33.0 million of Supplemental Payments and \$11.2 million in QA Fees as Hospital Fee Program revenues and expenses, respectively, in the accompanying consolidated statements of operations related to the January 1, 2014 through December 31, 2014, related to the approved fee-for-service portion of the 36-Month Program. Supplemental Payment receivables of \$33.0 million that were not received as of December 31, 2014, are recorded as a hospital Medi-Cal supplement receivable in the consolidated balance sheets as of December 31, 2014. Unpaid QA Fees as of December 31, 2014, of \$11.3 million are reported in hospital quality assurance fee payable in the consolidated balance sheets as of December 31, 2014.

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

CMS has yet to approve the managed care portion of the 36-Month Program. If such approval is received without any change to the managed care program presented to CMS for approval, the System would record a net loss associated with the managed care portion of the program of \$3.6 million for the period from January 1, 2014 to December 31, 2014.

Electronic Health Records Incentive Payments

Under certain provisions of the American Recovery and Reinvestment Act of 2009, federal incentive payments are available to hospitals, physicians, and certain other professionals (Providers) when they adopt certified electronic health record (EHR) technology or become “meaningful users” of EHR technology in ways that demonstrate improved quality, safety, and effectiveness of care. Providers can become eligible for annual Medicare incentive payments by demonstrating meaningful use of EHR technology in each period over four periods. Medicaid Providers can receive their initial incentive payment by adopting, implementing, or upgrading (AIU) certified EHR technology, but must demonstrate meaningful use of EHR technology in subsequent years in order to qualify for additional payments. Hospitals may be eligible for both Medicare and Medicaid EHR incentive payments; however, physicians and other professionals may be eligible for either Medicare or Medicaid incentive payments, but not both. Medicaid EHR incentive payments to Providers are 100% federally funded and administered by the states; however, the states are not required to offer EHR incentive payments to Providers. The CMS established calendar year 2011 as the first year states could offer EHR incentive payments. Before a state may offer EHR incentive payments, the state must submit and CMS must approve the state’s incentive plan. The state of California has received approval to make payment to providers who meet AIU requirements. On September 30, 2012, we completed our 90-day meaningful use compliance period for our acute care hospitals. We also completed our 90-day meaningful use compliance period for certain of our contracted physicians during the fourth quarter of 2012.

In November 2013, the System’s Attestations for the Medicare EHR Incentive Program, for the period October 1, 2012 to September 30, 2013, was accepted for our eligible hospitals. As a result, in 2013, we recognized as other operating revenue approximately \$3.1 million of Medicare and Medicaid hospital incentive payments, with the entire amount recorded as a receivable as of December 31, 2013. In December 2014, the System’s Attestations for the Medicare EHR Incentive Program, for the period October 1, 2013 to September 30, 2014, was

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

accepted for our eligible hospitals. As a result, in 2014, we recognized as other operating revenue approximately \$1.9 million of Medicare and Medicaid hospital incentive payments, with the entire amount recorded as a receivable as of December 31, 2014. If the System continues to satisfy specified meaningful use criteria in future periods, we may become entitled to a final year of additional Medicare and Medicaid incentive payments. Income from incentive payments is subject to retrospective adjustment, as the incentive payments are calculated using Medicare cost report data that is subject to adjustment. Additionally, the System complaints with meaningful use criteria is subject to audit by the federal government.

Inventory

Inventories are recorded at cost (by the first-in, first-out method), which is not in excess of market.

Investments

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. Fair value is established based on quoted prices from recognized security exchanges. Management determines the appropriate classification as trading or other-than-trading of all equity and debt securities at the date of purchase and reevaluates such designations at each balance sheet date. The System determined that all investments held at December 31, 2014 and 2013, are designated as trading securities, as the investments are externally managed without restrictions within the guidelines of the System's investment policy. Accordingly, the change in unrealized gains and losses on investments is reported above the performance indicator in the accompanying consolidated statements of operations.

Investment income or loss (including realized and unrealized gains and losses on trading investments and interest and dividends) is included in excess of unrestricted revenues, gains, and other support over expenses. Realized gains and losses with respect to disposition of investments are based on the specific-identification method.

Investment income or loss on investments included in temporarily restricted net assets (including realized gains and losses on investments and interest and dividends) is reported in excess of unrestricted revenues, gains, and other support over expenses unless the income or loss is restricted by donor or by law.

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Alternative Investments

The System's alternative investments includes a commingled fund that seeks to outperform the S&P 500/Citigroup Growth Index when evaluated over a rolling three-to five-year period. The fund manager employs a range of investment strategies, including, but not limited to, long/short equity positions, derivatives, and forward and futures contracts. The System accounts for its ownership interest in alternative investments under the equity method of accounting. The gain or loss from alternative investments is included in investment income in the accompanying consolidated statements of operations. At December 31, 2014 and 2013, these alternative investments comprised approximately 2.2% and 2.2%, respectively, of the System's total assets.

Fair Value Measurements

Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value in accounting principles generally accepted in the United States (U.S. GAAP) and expands disclosures about fair value measurements. As defined in ASC 820, fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

ASC 820 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1 – Assets that have readily observable prices (quoted prices in active markets accessible at measurement date of assets), and therefore a reliable fair market value. Financial assets and liabilities in Level 1 include listed equity securities and mutual funds.

Level 2 – Assets that are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Level 3 – Assets whose fair value cannot be determined by using observable measures, and can only be calculated using estimates or risk-adjusted value ranges, when little or no market data is available. The inputs into the determination of fair value require management's judgment and interpretations by management or estimation of assumptions that market participants would use in pricing the assets or liabilities, including, but not limited to, private and public comparables, third-party appraisals, discounted cash flow models, and fund manager estimates. There are no Level 3 financial assets or liabilities at December 31, 2014 and 2013.

The level in the fair value hierarchy within which the fair value is classified is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Assets and liabilities measured at fair value are based on one or more of three valuation techniques as identified in the tables below. Where more than one technique is noted, individual assets or liabilities were valued using one or more of the noted techniques. The valuation techniques are as follows:

- (a) *Market Approach*. Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- (b) *Cost Approach*. Amount that would be required to replace the service capacity of an asset (replacement cost).
- (c) *Income Approach*. Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing, and excess earnings models).

In determining fair value, the System utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as considers counterparty credit risk in its assessment of fair value.

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Financial assets and liabilities carried at fair value as of December 31, 2014, are classified in the table below:

| | Total | Level 1 | Level 2 | Level 3 | Equity Method | Valuation Technique (a,b,c) |
|--|-----------------------|-----------------------|----------------------|-------------|----------------------|-----------------------------------|
| Assets: | | | | | | |
| Marketable equity securities – domestic | \$ 23,044,687 | \$ 23,044,687 | \$ – | \$ – | – | a |
| Marketable equity securities – international | 7,491,293 | 7,491,293 | – | – | – | a |
| Mutual funds – bond | 41,444,302 | 41,444,302 | – | – | – | a |
| Mutual funds – equity | 24,311,775 | 24,311,775 | – | – | – | a |
| Mutual funds – international | 11,613,593 | 11,613,593 | – | – | – | a |
| Alternative investments* – bond | 2,683,544 | – | – | – | 2,683,544 | |
| Alternative investments* – equity | 10,127,582 | – | – | – | 10,127,582 | |
| Alternative investments* – international | 4,487,868 | – | – | – | 4,487,868 | |
| | 125,204,644 | 107,905,650 | – | – | 17,298,994 | |
| Assets limited as to use: | | | | | | |
| Cash and cash equivalents | 136,018,862 | 136,018,862 | – | – | – | |
| Government bonds | 11,452,144 | – | 11,452,144 | – | – | |
| Municipal bonds | 5,929,441 | – | 5,929,441 | – | – | |
| Mutual funds – bond | 3,027,361 | 3,027,361 | – | – | – | a |
| Mutual funds – equity | 3,149,277 | 3,149,277 | – | – | – | a |
| Mutual funds – international | 456,920 | 456,920 | – | – | – | a |
| | 160,034,005 | 142,652,420 | 17,381,585 | – | – | |
| | \$ 285,238,649 | \$ 250,558,070 | \$ 17,381,585 | \$ – | \$ 17,298,994 | |
| Liability: | | | | | | |
| Interest rate swap liability | \$ (215,581) | \$ – | \$ (215,581) | \$ – | \$ – | b |
| | \$ (215,581) | \$ – | \$ (215,581) | \$ – | \$ – | |

* Alternative investments are accounted for using the equity method; however, the carrying amount approximates the fair value of these investments.

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Financial assets and liabilities carried at fair value as of December 31, 2013, are classified in the table below:

| | Total | Level 1 | Level 2 | Level 3 | Equity Method | Valuation Technique (a,b,c) |
|--|-----------------------|-----------------------|-----------------------|----------------|--------------------------|--|
| Assets: | | | | | | |
| Marketable equity securities – domestic | \$ 6,731,236 | \$ 6,731,236 | \$ – | \$ – | – | a |
| Marketable equity securities – international | 247,288 | 247,288 | – | – | – | a |
| Mutual funds – bond | 34,105,486 | 34,105,486 | – | – | – | a |
| Mutual funds – equity | 48,707,801 | 48,707,801 | – | – | – | a |
| Mutual funds – international | 17,390,699 | 17,390,699 | – | – | – | a |
| Alternative investments* – bond | 3,002,317 | – | – | – | 3,002,317 | |
| Alternative investments* – equity | 9,118,865 | – | – | – | 9,118,865 | |
| Alternative investments* – international | 4,462,141 | – | – | – | 4,462,141 | |
| | <u>123,765,833</u> | <u>107,182,510</u> | <u>–</u> | <u>–</u> | <u>16,583,323</u> | |
| Assets limited as to use: | | | | | | |
| Cash and cash equivalents | 125,173,262 | 125,173,262 | – | – | – | |
| Government bonds | 46,155,058 | – | 46,155,058 | – | – | |
| Municipal bonds | 57,653,033 | – | 57,653,033 | – | – | |
| Mutual funds – bond | 2,569,884 | 2,569,884 | – | – | – | a |
| Mutual funds – equity | 2,156,979 | 2,156,979 | – | – | – | a |
| Mutual funds – international | 832,065 | 832,065 | – | – | – | a |
| | <u>234,540,281</u> | <u>130,732,190</u> | <u>103,808,091</u> | <u>–</u> | <u>–</u> | |
| | <u>\$ 358,306,114</u> | <u>\$ 237,914,700</u> | <u>\$ 103,808,091</u> | <u>\$ –</u> | <u>\$ 16,583,323</u> | |
| Liability: | | | | | | |
| Interest rate swap liability | \$ (239,211) | \$ – | \$ (239,211) | \$ – | \$ – | b |
| | <u>\$ (239,211)</u> | <u>\$ –</u> | <u>\$ (239,211)</u> | <u>\$ –</u> | <u>\$ –</u> | |

* Alternative investments are accounted for using the equity method; however, the carrying amount approximates the fair value of these investments.

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Concentration of Credit Risk

Financial instruments that potentially subject the System to concentrations of credit risk consist primarily of cash and cash equivalents, investments, and patient accounts receivable. The investment portfolio is managed within the guidelines established by the board of directors, which, as a matter of policy, limit the amounts that may be invested in any one issue. Concentration of credit risk with respect to patient accounts receivable is limited due to the large number of payors comprising the System's patient base.

Fair Value of Financial Instruments

The System's consolidated balance sheets include the following financial instruments: cash and cash equivalents, investments, other receivables, accounts payable and accrued liabilities, estimated third-party payor settlements, and long-term debt. The System considers the carrying amounts of current assets and liabilities in the consolidated balance sheets to approximate the fair value of these financial instruments because of the relatively short period of time between origination of the instruments and their expected realization. The System determines the fair value of its long-term debt using inputs that can be corroborated by observable market data, which is defined as Level 2 input under GAAP on fair value measures.

Capitalized Interest

Interest, related to the facility replacement project, is capitalized during construction. Interest on the Community Memorial Health System Series 2011 Revenue Bonds, net of investment income earned on unused bond proceeds, was capitalized in the amount of \$24.0 million and \$21.3 million for the years ended December 31, 2014 and 2013, respectively.

Accounting for the Impairment of Long-Lived Assets

The System reviews long-lived assets for impairment when events or changes in business conditions indicate that their carrying value may not be recoverable. The System considers assets to be impaired and writes them down to fair value if expected associated cash flows are less than the carrying amounts. Fair value is the present value of the associated cash flows. No long-lived asset impairment indicators were present and no impairment was recognized for the years ended December 31, 2014 and 2013.

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by the System has been limited by donors to a specific time period or purpose.

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as temporarily restricted net assets if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the accompanying consolidated statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated statements of operations.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Amortization expense related to capital leases is included in depreciation and amortization expense. The System provides for depreciation using the straight-line method over the following estimated useful lives:

| | |
|----------------------------|---------------|
| Buildings and improvements | 3 to 40 years |
| Equipment | 3 to 15 years |

Gifts of long-lived assets, such as buildings or equipment, are recorded at fair value at the donation date and are reported as unrestricted support and excluded from the excess of unrestricted revenue, gains, and other support over expenses unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts 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, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

On July 18, 2011, in connection with its replacement hospital project, CMHS entered into a real estate exchange agreement with the City of Ventura to reconfigure the surrounding area of its CMH facility. Pursuant to the agreement, CMHS transferred a portion of its asset held for future use with carrying value of \$2.0 million in exchange for three parcels of the City of Ventura's properties, with fair value totaling \$2.0 million. Both parties mutually agreed that the exchanged properties were of equal value. For reasons related to the financing and development of the project, the City of Ventura transferred one of its three parcels to be exchanged to CMHS in July 2011. CMHS will transfer its property to the City of Ventura, and the City of Ventura will transfer the other two parcels of property to CMHS toward the latter part of the project when public roadways are reconfigured. CMHS has classified the property received by the City of Ventura, totaling \$0.8 million, as land and has recorded a right to receive land from the city with a fair value of \$1.2 million for the two remaining parcels to be received and a liability for the future transfer of its asset held for future use to the city in the amount of \$2.0 million.

Assets Limited as to Use

Assets limited as to use include assets held by the insurer for payment of workers' compensation claims, amounts held to fund an annuity trust, amounts designated by the Board of Trustees for payment of accrued pension obligations, and construction funds held in trust. The current portion of assets limited as to use includes amounts that will be used to pay the current portion of workers' compensation claims.

Employee Healthcare, Workers' Compensation, and Medical Malpractice Claims

The System is self-insured for certain employee health care claims. Employee health care claims, including an estimate for incurred but not reported claims, are estimated by management based on historical experience. Amounts accrued totaled \$1,137,600 and \$982,600 at December 31, 2014 and 2013, respectively, and are included in accrued compensation and related benefits in the accompanying consolidated balance sheets.

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

The System is insured for workers' compensation claims with deductibles as follows:

| <u>Policy Period</u> | <u>Deductible</u> | <u>Annual Aggregate Retention</u> |
|----------------------|-------------------|---|
| 4/9/2001–4/8/2002 | \$ 250,000 | \$ 3,155,120 |
| 4/9/2002–4/8/2003 | 350,000 | 4,351,652 |
| 4/9/2003–4/8/2004 | 350,000 | None |
| 4/9/2004–4/8/2005 | 350,000 | None |
| 4/9/2005–4/8/2006 | 350,000 | None |
| 4/9/2006–4/8/2007 | 350,000 | 3,905,000 |
| 4/9/2007–4/8/2008 | 350,000 | 4,080,000 |
| 4/9/2008–4/8/2009 | 350,000 | 4,052,160 |
| 4/9/2009–4/8/2010 | 350,000 | 5,550,000 |
| 4/9/2010–4/8/2011 | 350,000 | 6,000,000 |
| 4/9/2011–4/8/2012 | 350,000 | 7,000,000 |
| 4/9/2012–4/8/2013 | 350,000 | 10,000,000 |
| 4/9/2013–4/8/2014 | 350,000 | 11,000,000 |
| 4/9/2014–4/8/2015 | 500,000 | 13,000,000 |

Accruals for known claims and claims incurred but not reported are estimated, on an undiscounted basis, based upon the System's claims experience. Such accruals totaled \$8,872,986 and \$9,632,696 at December 31, 2014 and 2013, respectively.

The System has various levels of general and malpractice liability self-insured risks that vary by year as follows:

| <u>Policy Period</u> | <u>Deductible</u> | <u>Annual Aggregate Retention</u> |
|----------------------|-------------------|---|
| 11/13/1958–4/30/2003 | \$ 1,000 | Claims made excess coverage |
| 5/1/2003–4/30/2004 | 25,000 | Claims made excess coverage |
| 5/1/2004–6/30/2008 | 100,000 | Claims made excess coverage |
| 7/1/2008–12/31/2014 | 250,000 | Claims made excess coverage |

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

The System purchases excess insurance coverage resulting in total coverage of \$250,000 per occurrence insuring all employees, volunteers, and members of the medical staff. Accruals for uninsured claims and claims incurred but not reported are estimated, on an undiscounted basis, based on the System's claims experience. Such accruals totaled \$7,956,300 and \$5,457,500 at December 31, 2014 and 2013, respectively. The accruals represent the total actuarially determined loss without reduction for the portion that is expected to be recoverable through insurance. The expected amounts to be recovered through insurance are included in prepaid and other assets in the accompanying consolidated balance sheets.

The current portion of workers' compensation and medical malpractice liabilities, totaling \$4,876,926 and \$3,212,002 at December 31, 2014 and 2013, respectively, represents the cost expected to be paid in the following year and is included in accounts payable and accrued liabilities in the accompanying consolidated balance sheets. Amounts expected to be paid beyond one year are included in long-term portion of workers' compensation and medical malpractice liabilities in the accompanying consolidated balance sheets.

Income Taxes

CMH and OVCH are divisions of the System, a nonprofit corporation recognized as tax-exempt under Internal Revenue Code Section 501(a) as an organization described in Sections 501(c)(3) and 170(b)(1)(A)(iii) and corresponding sections of the California Revenue and Taxation Code. Grossman is a limited liability corporation. CMHS's ratable share of Grossman's earnings is recorded by CMHS and, as it furthers CMHS's mission, is exempt from federal and state income taxes.

The System accounts for income taxes under the provisions of ASC 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Under ASC 740, the tax benefit from uncertain tax positions may be recognized only if it is more likely than not the tax position will be sustained, based solely on its technical merits, with the taxing authority having full knowledge of all relevant information. The System records a liability for unrecognized tax benefits from uncertain tax positions as discrete tax adjustments in the first interim period that the more-likely-than-not threshold is not met. The System recognizes deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of its assets and liabilities along with net operating loss and tax credit

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

carryovers for tax positions that meet the more-likely-than-not recognition criteria. The System completed an analysis of its tax position, in accordance with ASC 740, and determined that there are no uncertain tax positions taken or expected to be taken. No significant tax liability for unrecognized tax benefits, interest, or penalties was accrued at December 31, 2014 or 2013. The System is subject to routine audits by the taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The System believes it is no longer subject to income tax examinations for years prior to 2008.

Conditional Asset-Retirement Obligations

The System accounts for asset-retirement obligations under ASC 410, *Asset Retirement and Environmental Obligations*. ASC 410 requires an entity to recognize a liability for the fair value of conditional asset-retirement obligations if the fair value of the liability can be reasonably estimated. The fair value of a liability for conditional asset-retirement obligations must be recognized when incurred, generally upon acquisition, construction, or development and/or through the normal operation of the asset.

On August 18, 2011, the System began its construction of an acute care replacement hospital at its CMH facility in order to comply with California's seismic safety standards (see Note 9). The System projects the cost of the project to be \$274 million (unaudited). Funding for the project came from a \$350 million bond issue (see Note 5). Bond proceeds were recorded as assets limited as to use, and bond obligations were recorded as long-term debt in the accompanying consolidated balance sheets. The System plans to utilize the existing facility for nonclinical purposes. The System's plans for renovation of the existing facility are not complete, and the date and amounts for which the asset retirement obligations (ARO), if any, would be settled are unknown. Accordingly, the System concluded it could not reasonably estimate the fair value of a liability, if any, and no amounts have been recorded in the consolidated balance sheets. Instead, the System will record a liability in a future period in which the fair value can be reasonably estimated.

Performance Indicator

Management considers excess of unrestricted revenues, gains, and other support over expenses to be the System's performance indicator. Changes in unrestricted net assets, which are excluded from excess of revenues over expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions that, by donor restriction, were to be used for the purposes of acquiring such assets) and change in the pension obligations.

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Subsequent Events

The System has evaluated subsequent events occurring through May 29, 2015, the date the financial statements were issued.

3. Property and Equipment

Property and equipment consist of the following at December 31:

| | <u>2014</u> | <u>2013</u> |
|--|-----------------------|-----------------------|
| Land and improvements | \$ 23,792,632 | \$ 23,167,579 |
| Buildings | 115,173,430 | 112,579,286 |
| Leasehold improvements | 4,433,527 | 4,241,701 |
| Equipment | 114,964,014 | 111,326,656 |
| | <u>258,363,603</u> | <u>251,315,222</u> |
| Less accumulated depreciation and amortization | (166,307,297) | (158,733,011) |
| | <u>92,056,306</u> | <u>92,582,211</u> |
| Construction in progress | 258,301,682 | 171,147,090 |
| Total property and equipment, net | <u>\$ 350,357,988</u> | <u>\$ 263,729,301</u> |

Equipment under capital leases net of accumulated depreciation of \$2,414,255 and \$2,951,751 for 2014 and 2013, respectively, is included above. Depreciation on equipment under capital leases is included in depreciation and amortization.

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

4. Investments and Assets Limited as to Use

Investments, stated at fair value except for alternative investments, consist of the following at December 31:

| | 2014 | 2013 |
|--|----------------|----------------|
| Mutual funds – bond | \$ 41,444,302 | \$ 34,105,486 |
| Mutual funds – equity | 24,311,775 | 48,707,801 |
| Mutual funds – international | 11,613,593 | 17,390,699 |
| Alternative investments* – bond | 2,683,544 | 3,002,317 |
| Alternative investments* – equity | 10,127,582 | 9,118,865 |
| Alternative investments* – international | 4,487,868 | 4,462,141 |
| Marketable equity securities – domestic | 23,044,687 | 6,731,236 |
| Marketable equity securities – international | 7,491,293 | 247,288 |
| Total investments | \$ 125,204,644 | \$ 123,765,833 |

* Alternative investments are accounted for on the equity method; however, the carrying amount approximates fair value of these investments.

Assets limited as to use, stated at fair value, consist of the following at December 31:

| | 2014 | 2013 |
|------------------------------|----------------|----------------|
| Cash and cash equivalents | \$ 136,018,862 | \$ 125,173,262 |
| Government bonds | 11,452,144 | 46,155,058 |
| Municipal bonds | 5,929,441 | 57,653,033 |
| Mutual funds – bond | 3,027,361 | 2,569,884 |
| Mutual funds – equity | 3,149,277 | 2,156,979 |
| Mutual funds – international | 456,920 | 832,065 |
| | 160,034,005 | 234,540,281 |
| Less current portion | (2,178,155) | (1,246,053) |
| | \$ 157,855,850 | \$ 233,294,228 |

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

4. Investments and Assets Limited as to Use (continued)

Investment income consists of the following for the years ended December 31:

| | 2014 | 2013 |
|---|---------------------|----------------------|
| Interest and dividends | \$ 1,734,618 | \$ 1,635,247 |
| Realized gains (including equity interest in earnings of alternative investments) | 5,969,476 | 2,824,809 |
| Unrealized (losses) gains | (4,041,062) | 7,267,863 |
| | \$ 3,663,032 | \$ 11,727,919 |

5. Long-Term Debt and Capital Lease Obligations

Long-term debt consists of the following at December 31:

| | 2014 | 2013 |
|---|-----------------------|-----------------------|
| Series 2011 Revenue Bonds, with interest from 5% to 8%, principal amount \$350,000,000, semi-annual interest payments due through 2041 | \$ 349,880,674 | \$ 349,876,193 |
| Term notes payable to bank, with interest of 7.125%, principal payable monthly in installments in the amount of \$1,599, secured by equipment, due through 2026 | 157,633 | 165,280 |
| Term note payable to bank, with interest of 5.42%, secured by real property, due through 2019 | 2,922,247 | 3,085,878 |
| Bank line of credit | 1,430,000 | 1,380,000 |
| Capital lease obligations for medical equipment, net of imputed interest ranging from \$708 to \$17,544, including interest at rates ranging from 4.28% to 7.25% per annum; the leases expire at various dates through 2018 | 770,659 | 1,694,042 |
| | 355,161,213 | 356,201,393 |
| Less current maturities | (2,043,196) | (2,450,188) |
| | \$ 353,118,017 | \$ 353,751,205 |

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt and Capital Lease Obligations (continued)

On August 1, 2011, the obligated group of CMHS, consisting of CMH and OVCH (the Group), entered into a loan agreement with the City of San Buenaventura (the City), State of California, for \$350,000,000. In connection with this loan, the City authorized the issuance of Community Memorial Health System Series 2011 Revenue Bonds in the principal amount of \$350,000,000 for the purpose of assisting CMHS with the acquisition, construction, and improvement of its health care facilities. The bonds were issued on August 17, 2011, with an original issuance discount of \$134,500. Pursuant to a Master Indenture between the Group and The Bank of New York Mellon Trust Company, N.A. (Master Trustee), the Group is obligated to make payments sufficient to pay the principal and interest on the bonds. To secure its obligation to make required payments under the Master Indenture, the Group has granted to the Master Trustee a security interest in its gross receivables, inventory, and property and equipment. Interest on the bonds is payable semiannually on June 1 and December 1 of each year, with bonds fully maturing in the year 2041. Principal and sinking fund payments of \$5.1 million to \$28.9 million are due annually from 2016 to 2041. Debt issuance costs of \$10.3 million were incurred in connection with the debt offering in 2011. Debt issuance costs are being amortized, using the effective-interest method, over the 30-year life of the note.

During 2014, \$24.0 million of interest expense was capitalized, net of \$2.0 million of investment income. As of December 31, 2014, the fair value of the System's bonds was \$438,004,631.

The Group has agreed to comply with certain financial covenants in the Master Indenture, including the maintenance of a debt service coverage ratio of not less than 1.25 and days-cash-on-hand ratio of not less than 75. As of December 31, 2014, The Group was in compliance with these financial covenants.

Grossman had a line of credit agreement with a bank in the amount of \$1,500,000, with interest at the bank's prime rate plus 0.50%. The line of credit was renewed through July 15, 2015, for \$1,500,000 and at prime (3.25% at December 31, 2014). Grossman had \$1,430,000 drawn and outstanding at December 31, 2014.

On August 28, 2012, the System obtained an unsecured revolving line of credit for \$5,000,000, with interest at the greater of the bank's prime rate (3.25% at December 31, 2014) or 4% per annum. The System did not have any amount drawn and outstanding at December 31, 2014.

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt and Capital Lease Obligations (continued)

On April 1, 2009, the System entered into an interest rate swap transaction with a lender. Under the terms of the swap agreement, the System has agreed to pay the lender a fixed interest rate of 5.42%, and the lender has agreed to pay the System one-month LIBOR, based on an aggregate notional amount of \$3,500,000, which is equal to the principal amount, secured by real estate, of the term note payable to the bank. Management did not designate the swap as a cash flow hedge as permitted by ASC 814, *Derivatives and Hedging*, and, accordingly, changes in the fair value of the swap totaling \$(23,630) and \$(164,189) were recognized in other operating expenses within the performance indicator for the years ended December 31, 2014 and 2013, respectively.

Effective October 1, 2007, CMHS made an intercompany loan to Grossman of \$8,500,000, the proceeds of which were used to immediately pay term notes payable to a bank and capital lease obligations to lessors that were outstanding at that date of \$1,535,000 and \$3,480,000, respectively, and to provide additional working capital for Grossman. In addition, effective October 1, 2007, Irwin Grossman M.D., the minority shareholder, made an irrevocable and personal guarantee to CMHS for his pro rata share (49%) of the payments owing to CMHS by Grossman on the intercompany loan. On June 22, 2010, the Board of Trustees of CMHS agreed to refinance the intercompany loan to Grossman. The balance outstanding on the intercompany loan, which eliminates in consolidation, is \$3,601,906 and \$3,664,492 at December 31, 2014 and 2013, respectively. On January 1, 2015, the outstanding balance of the loan was refinanced again over five (5) years at a rate of 4.25%, with annual escalating principal payments over the five-year period.

Principal maturities on all long-term debt and capital lease obligations at December 31, 2014, are as follows:

| | Net Capital Lease Obligations | Notes Payable and Line of Credit | 2011 Revenue Bonds | Total Long-Term Debt |
|------------|--|---|-----------------------------------|-------------------------------------|
| 2015 | \$ 464,990 | \$ 1,578,206 | \$ – | \$ 2,043,196 |
| 2016 | 207,865 | 148,810 | 5,080,000 | 5,436,675 |
| 2017 | 95,245 | 149,458 | 5,330,000 | 5,574,703 |
| 2018 | 2,559 | 150,155 | 5,610,000 | 5,762,714 |
| 2019 | – | 150,902 | 5,935,000 | 6,085,902 |
| Thereafter | – | 2,332,349 | 327,925,674 | 330,258,023 |
| | <u>\$ 770,659</u> | <u>\$ 4,509,880</u> | <u>\$ 349,880,674</u> | <u>\$ 355,161,213</u> |

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

6. Retirement Plans

CMHS has a defined-contribution plan covering substantially all employees except those at Grossman. The Plan allows employees to contribute an amount of compensation up to the Internal Revenue Service elective deferral limit, as defined, with CMHS matching 50% of the employees' contributions up to a maximum of 6% of each employee's annual compensation. In addition, CMHS contributed 1% in 2014 and 2013 of all covered employees' compensation. Amounts charged to expense applicable to this defined-contribution plan totaled approximately \$3,901,000 and \$3,622,000 in 2014 and 2013, respectively.

Effective January 1, 1990, CMH established a Supplemental Executive Retirement Plan (the 1990 SERP) to cover senior staff members of CMH. The 1990 SERP, which was frozen effective December 1, 1999, calls for benefits to be paid to eligible employees at retirement based on the number of years of service with CMH and the five highest years of earned compensation. Service and salary after 1999 are not counted under the frozen plan. On April 1, 2002, a second Supplemental Executive Retirement Plan (the 2002 SERP) became effective. For the 2002 SERP, the monthly benefit at normal retirement date (age 65) is equal to the average monthly compensation for the three-year period during which compensation was the highest, including periods before April 1, 2002, at the following rates: (i) 4% for the CEO and 2% for other participants through April 4, 2004, and (ii) 5% for the CEO and 2% for other participants after April 4, 2004. Participants vest after ten years of service, including service prior to the effective date, or attainment of age 65, whichever is earlier. Together, the 1990 SERP and the 2002 SERP are referred to as SERPs.

The SERPs are funded based on an annual valuation of the liability. The Board of Directors has designated assets to be segregated to fund the SERPs. However, the assets are not held in trust or otherwise legally restricted to fund the plans.

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

6. Retirement Plans (continued)

The following tables set forth the changes in benefit obligations, components of net periodic benefit cost, and other benefit information for the SERPs at December 31:

| | 2014 | 2013 |
|---|---------------------|--------------|
| Change in projected benefit obligation: | | |
| Projected benefit obligation at beginning of year | \$ 6,434,389 | \$ 6,024,658 |
| Service cost | 942,167 | 755,115 |
| Interest cost | 275,357 | 218,551 |
| Actuarial gain | 608,895 | (535,454) |
| Benefits paid | (31,935) | (28,481) |
| Projected benefit obligation at end of year and funded status | \$ 8,228,873 | \$ 6,434,389 |

Net pension cost includes the following components for the years ended December 31:

| | 2014 | 2013 |
|-------------------------------------|---------------------|--------------|
| Service cost | \$ 942,167 | \$ 755,115 |
| Interest cost | 275,357 | 218,551 |
| Recognition of past service credits | 28,625 | 40,607 |
| Net periodic pension cost | \$ 1,246,149 | \$ 1,014,273 |

Weighted-average assumptions used to determine the pension benefit obligation are as follows at December 31:

| | 2014 | 2013 |
|-------------------------------|-------------|-------------|
| Discount rate | 3.3% | 3.5% |
| Rate of compensation increase | 5.0 | 5.0 |

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

6. Retirement Plans (continued)

Weighted-average assumptions to determine net periodic pension cost are as follows for the year ended December 31:

| | <u>2014</u> | <u>2013</u> |
|-------------------------------|-------------|-------------|
| Discount rate | 3.3% | 3.5% |
| Rate of compensation increase | 5.0 | 5.0 |

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

| | |
|-----------------|--------------|
| 2015 | \$ 2,487,411 |
| 2016 | 1,129,361 |
| 2017 | 4,148,512 |
| 2018 | 48,924 |
| 2019 | 681,938 |
| Years 2020–2024 | 494,712 |

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

7. Changes in Consolidated Unrestricted Net Assets

Changes in consolidated unrestricted net assets that are attributable to the System and the noncontrolling interests in subsidiaries are as follows:

| | <u>Total</u> | <u>System</u> | <u>Noncontrolling Interest</u> |
|--|------------------------------|------------------------------|------------------------------------|
| Balance January 1, 2013 | \$ 276,124,665 | \$ 279,253,654 | \$ (3,128,889) |
| Excess of revenue and gains over expenses | 30,042,400 | 30,253,373 | (210,973) |
| Contributions | 1,686,218 | 1,686,218 | – |
| Distributions | (85,303) | – | (85,303) |
| Change in pension obligation | 576,061 | 576,061 | – |
| Change in net assets | <u>32,219,376</u> | <u>32,515,652</u> | <u>(296,276)</u> |
| Balance December 31, 2013 | 308,344,041 | 311,769,306 | (3,425,265) |
| Excess of revenue and gains over expenses | 35,474,851 | 35,506,157 | (31,306) |
| Contributions | 1,664,964 | 1,664,964 | – |
| Distributions | (117,000) | – | (117,000) |
| Change in pension obligation | (580,270) | (580,270) | – |
| Change in net assets | <u>36,442,545</u> | <u>36,590,851</u> | <u>(148,306)</u> |
| Balance December 31, 2014 | <u>\$ 344,786,586</u> | <u>\$ 348,360,157</u> | <u>\$ (3,573,571)</u> |

8. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31:

| | <u>2014</u> | <u>2013</u> |
|-----------------------------------|----------------------------|---------------------|
| Educational and clinical programs | \$ 529,627 | \$ 526,162 |
| Medical equipment and buildings | 2,879,414 | 3,258,910 |
| | <u>\$ 3,409,041</u> | <u>\$ 3,785,072</u> |

During 2014, net assets were released from restrictions by satisfying the restricted purpose of purchasing equipment and providing patient care services in the amount of \$1,934,563.

During 2013, net assets were released from restrictions by satisfying the restricted purpose of purchasing equipment and providing patient care services in the amount of \$1,963,229.

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

9. Commitments and Contingencies

Leases

The System leases office space and certain medical and office equipment under operating leases. The following is a summary of minimum noncancelable lease commitments for the years ending December 31:

| | |
|------------|----------------------|
| 2015 | \$ 3,733,852 |
| 2016 | 3,535,326 |
| 2017 | 3,011,150 |
| 2018 | 2,131,040 |
| 2019 | 1,953,108 |
| Thereafter | <u>1,968,684</u> |
| | <u>\$ 16,333,160</u> |

Rent and lease expense under the operating leases totaled \$5,039,394 and \$3,907,188 for the years ended December 31, 2014 and 2013, respectively.

The System is involved in legal actions in the normal course of business, some of which seek substantial monetary damages, including claims for punitive damages, which are not covered by insurance. These actions, when finally concluded and determined, will not, in the opinion of management, have a material adverse effect on the System's consolidated financial position, results of operations, or cash flows.

The System is required to comply with the Hospital Seismic Safety Act (SB1953), which regulates the seismic performance of all aspects of hospital facilities in California. SB1953 imposes near-term and long-term compliance deadlines for seismic safety assessments, submission of corrective plans, and the retrofitting or replacement of the Hospital's facilities to comply with current seismic standards. These requirements are expected to result in significant operational changes and capital outlays. The cost to replace and construct the CMH six-story and 250-bed facility is projected to be \$274 million (unaudited), of which \$12.5 million (unaudited) represents open purchase commitments at December 31, 2014. Actual amounts could differ from these estimates.

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

9. Commitments and Contingencies (continued)

Senate Bill (SB) 90 allows hospitals with active mitigation projects under construction to extend the 2013 deadline under SB1953 seven years to 2020. In October 2012, the System applied for and received the extension and requested continued occupancy of the existing acute care facility until such time that the replacement project is complete, licenses are obtained, and the move is made into the new building, which is projected to be in early 2016. Construction entitlements have been approved by the City of Ventura and the Office of Statewide Health Planning and Development (OSHPD). The project was formally initiated on August 18, 2011. Through December 31, 2014, project costs, including land acquisition costs, amounted to \$161,544,608 (unaudited).

10. Functional Expenses

The System provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows for the years ended December 31:

| | <u>2014</u> | <u>2013</u> |
|----------------------------|-----------------------|-----------------------|
| Health care services | \$ 200,749,255 | \$ 190,163,716 |
| General and administrative | 120,671,812 | 115,090,248 |
| Fundraising | 44,972 | 77,699 |
| | <u>\$ 321,466,039</u> | <u>\$ 305,331,663</u> |

Supplementary Information

Community Memorial Health System

Consolidating Balance Sheets

December 31, 2014

| | Community Memorial Hospital | Ojai Valley Community Hospital | Grossman Imaging of CMH | Consolidated Buenavista Medical Properties, Inc. | Community Memorial Healthcare Foundation | California Heart Institute, Inc. | Accountable Care Alliance of Ventura County | Community Memorial Physicians Services | Totals | Eliminations | Consolidated |
|---|-----------------------------|--------------------------------|-------------------------|--|--|----------------------------------|---|--|----------------|-----------------|----------------|
| Assets | | | | | | | | | | | |
| Current assets: | | | | | | | | | | | |
| Cash and cash equivalents | \$ 26,913,480 | \$ 25,941 | \$ (72,794) | \$ 507,535 | \$ 483,526 | \$ 93,135 | \$ 25 | \$ - | \$ 27,950,848 | \$ 3,329,127 | \$ 31,279,975 |
| Investments | 128,528,074 | - | - | - | 5,697 | - | - | - | 128,533,771 | (3,329,127) | 125,204,644 |
| Patient accounts receivable, net | 49,745,476 | 6,105,240 | - | - | - | - | - | - | 55,850,716 | - | 55,850,716 |
| Due from third-party payors, net | 4,816,693 | - | - | - | - | - | - | - | 4,816,693 | - | 4,816,693 |
| Inventory | 8,022,957 | 715,138 | - | - | - | - | - | - | 8,738,095 | - | 8,738,095 |
| Current portion of assets limited as to use | 1,846,925 | 331,230 | - | - | - | - | - | - | 2,178,155 | - | 2,178,155 |
| Prepaid expenses and other | 9,149,915 | 967,707 | 1,945,861 | 78,310 | - | 3,539 | - | - | 12,145,332 | - | 12,145,332 |
| Hospital Medi-Cal supplemental receivable | 32,574,759 | 808,588 | - | - | - | - | - | - | 33,383,347 | - | 33,383,347 |
| Total current assets | 261,598,279 | 8,953,844 | 1,873,067 | 585,845 | 489,223 | 96,674 | 25 | - | 273,596,957 | - | 273,596,957 |
| Assets limited as to use, less current portion: | | | | | | | | | | | |
| For workers' compensation claims | 4,737,407 | 928,847 | - | - | - | - | - | - | 5,666,254 | - | 5,666,254 |
| For pension plans | 6,752,900 | - | - | - | - | - | - | - | 6,752,900 | - | 6,752,900 |
| Annuity trust | - | - | - | - | 232,204 | - | - | - | 232,204 | - | 232,204 |
| Construction funds | 145,204,492 | - | - | - | - | - | - | - | 145,204,492 | - | 145,204,492 |
| Property and equipment, net | 335,583,833 | 10,504,805 | 1,814,238 | 2,455,112 | - | - | - | - | 350,357,988 | - | 350,357,988 |
| Other assets: | | | | | | | | | | | |
| Investment in affiliates | 7,456,142 | - | - | - | - | - | - | - | 7,456,142 | (7,217,356) | 238,786 |
| Intercompany receivables | 21,859,355 | - | - | - | - | 342,832 | - | - | 22,202,187 | (22,202,187) | - |
| Property held for future use | 3,098,492 | - | - | - | - | - | - | - | 3,098,492 | - | 3,098,492 |
| Deferred debt issuance costs, net | 9,241,573 | - | - | - | - | - | - | - | 9,241,573 | - | 9,241,573 |
| Other assets | 5,118,886 | 346,025 | 41,865 | - | - | - | - | - | 5,506,776 | - | 5,506,776 |
| Total assets | \$ 800,651,359 | \$ 20,733,521 | \$ 3,729,170 | \$ 3,040,957 | \$ 721,427 | \$ 439,506 | \$ 25 | \$ - | \$ 829,315,965 | \$ (29,419,543) | \$ 799,896,422 |

Community Memorial Health System

Consolidating Balance Sheets (continued)

December 31, 2014

| | Community Memorial Hospital | Ojai Valley Community Hospital | Grossman Imaging of CMH | Consolidated Buenvista Medical Properties, Inc. | Community Memorial Healthcare Foundation | California Heart Institute, Inc. | Accountable Care Alliance of Ventura County | Community Memorial Physicians Services | Totals | Eliminations | Consolidated |
|--|-----------------------------|--------------------------------|-------------------------|---|--|----------------------------------|---|--|----------------|-----------------|----------------|
| Liabilities and net assets | | | | | | | | | | | |
| Current liabilities: | | | | | | | | | | | |
| AP and Accrued Liab. | \$ 38,489,699 | \$ 1,687,412 | \$ 540,729 | \$ 14,286 | \$ - | \$ 3,698 | \$ - | \$ 40,483 | \$ 40,776,307 | \$ - | \$ 40,776,307 |
| Hospital quality assurance fee payable | 12,005,180 | - | - | - | - | - | - | - | 12,005,180 | - | 12,005,180 |
| Accrued compensation and related benefits | 19,068,043 | 1,560,855 | 4,918 | - | - | - | - | - | 20,633,816 | - | 20,633,816 |
| Current maturities of long-term debt and capital lease obligations | 17,173 | 8,206 | 1,877,817 | 140,000 | - | - | - | - | 2,043,196 | - | 2,043,196 |
| Total current liabilities | 69,580,095 | 3,256,473 | 2,423,464 | 154,286 | - | 3,698 | - | 40,483 | 75,458,499 | - | 75,458,499 |
| Intercompany payables | - | 16,427,681 | 4,240,292 | 986,057 | 108,707 | 359,642 | 281,172 | (201,364) | 22,202,187 | (22,202,187) | - |
| Accrued pension obligation | 8,987,694 | - | - | - | - | - | - | - | 8,987,694 | - | 8,987,694 |
| Accrued workers' compensation and malpractice insurance claims, less current portion | 10,403,886 | 1,548,520 | - | - | - | - | - | - | 11,952,406 | - | 11,952,406 |
| Long-term debt and capital lease obligations, net of current maturities | 349,880,674 | 149,427 | 305,669 | 2,782,247 | - | - | - | - | 353,118,017 | - | 353,118,017 |
| Annuity trust liability | 1,984,894 | - | - | - | 129,436 | - | - | - | 129,436 | - | 129,436 |
| Other liabilities | 440,837,243 | 21,451,950 | 6,969,425 | 3,922,590 | 238,143 | 363,340 | 281,172 | (160,881) | 473,902,982 | (22,202,187) | 451,700,795 |
| Total liabilities | | | | | | | | | | | |
| Net assets: | | | | | | | | | | | |
| Unrestricted: | | | | | | | | | | | |
| System | 357,531,967 | (1,553,975) | 16,264 | (564,581) | 191,938 | 76,166 | (281,147) | 160,881 | 355,577,513 | (7,217,356) | 348,360,157 |
| Noncontrolling interests in subsidiaries | - | - | (3,256,519) | (317,052) | - | - | - | - | (3,573,571) | - | (3,573,571) |
| Temporarily restricted - System | 2,282,149 | 835,546 | - | - | 291,346 | - | - | - | 3,409,041 | - | 3,409,041 |
| Total net assets (deficit) | 359,814,116 | (718,429) | (3,240,255) | (881,633) | 483,284 | 76,166 | (281,147) | 160,881 | 355,412,983 | (7,217,356) | 348,195,627 |
| Total liabilities and net assets | \$ 800,651,359 | \$ 20,733,521 | \$ 3,729,170 | \$ 3,040,957 | \$ 721,427 | \$ 439,506 | \$ 25 | \$ - | \$ 829,315,965 | \$ (29,419,543) | \$ 799,896,422 |

Community Memorial Health System

Consolidating Balance Sheets

December 31, 2013

| | Community Memorial Hospital | Ojai Valley Community Hospital | Grossman Imaging of CMH | Consolidated Buenavista Medical Properties, Inc. | Community Memorial Healthcare Foundation | California Heart Institute, Inc. | Accountable Care Alliance of Ventura County | Community Memorial Physicians Services | Totals | Eliminations | Consolidated |
|---|-----------------------------|--------------------------------|-------------------------|--|--|----------------------------------|---|--|----------------|-----------------|----------------|
| Assets | | | | | | | | | | | |
| Current assets: | | | | | | | | | | | |
| Cash and cash equivalents | \$ 11,459,419 | \$ 71,294 | \$ 97,074 | \$ 448,068 | \$ 460,317 | \$ 61,350 | \$ 25 | \$ - | \$ 12,597,547 | \$ 1,455,589 | \$ 14,053,136 |
| Investments | 124,806,076 | - | - | - | 415,346 | - | - | - | 125,221,422 | (1,455,589) | 123,765,833 |
| Patient accounts receivable, net | 45,626,724 | 4,922,141 | - | - | - | - | - | - | 50,548,865 | - | 50,548,865 |
| Due from third-party payors, net | 2,788,337 | (22,692) | - | - | - | - | - | - | 2,765,645 | - | 2,765,645 |
| Inventory | 6,441,877 | 675,815 | - | - | - | - | - | - | 7,117,692 | - | 7,117,692 |
| Current portion of assets limited as to use | 1,066,105 | 179,948 | - | - | - | - | - | - | 1,246,053 | - | 1,246,053 |
| Prepaid expenses and other | 9,428,622 | 1,164,726 | 2,337,578 | 91,930 | 20,933 | - | - | - | 13,043,789 | - | 13,043,789 |
| Hospital Medi-Cal supplemental receivable | 5,626,386 | 129,105 | - | - | - | - | - | - | 5,755,491 | - | 5,755,491 |
| Total current assets | 207,243,546 | 7,120,337 | 2,434,652 | 539,998 | 896,596 | 61,350 | 25 | - | 218,296,504 | - | 218,296,504 |
| Assets limited as to use, less current portion: | | | | | | | | | | | |
| For workers' compensation claims | 6,298,087 | 904,331 | - | - | - | - | - | - | 7,202,418 | - | 7,202,418 |
| For pension plans | 5,841,654 | - | - | - | - | - | - | - | 5,841,654 | - | 5,841,654 |
| Annuity trust | - | - | - | - | 231,315 | - | - | - | 231,315 | - | 231,315 |
| Construction funds | 220,018,841 | - | - | - | - | - | - | - | 220,018,841 | - | 220,018,841 |
| Property and equipment, net | 249,150,422 | 9,578,613 | 2,368,710 | 2,631,556 | - | - | - | - | 263,729,301 | - | 263,729,301 |
| Other assets: | | | | | | | | | | | |
| Investment in affiliates | 7,293,332 | - | - | - | - | - | - | - | 7,293,332 | (7,053,275) | 240,057 |
| Intercompany receivables | 18,086,304 | - | - | - | - | 223,003 | - | - | 18,309,307 | (18,309,307) | - |
| Property held for future use | 3,098,492 | - | - | - | - | - | - | - | 3,098,492 | - | 3,098,492 |
| Deferred debt issuance costs, net | 9,588,675 | - | - | - | - | - | - | - | 9,588,675 | - | 9,588,675 |
| Other assets | 4,686,307 | 344,331 | 36,162 | - | - | - | - | - | 5,066,800 | - | 5,066,800 |
| Total assets | \$ 731,305,660 | \$ 17,947,612 | \$ 4,839,524 | \$ 3,171,554 | \$ 1,127,911 | \$ 284,353 | \$ 25 | \$ - | \$ 758,676,639 | \$ (25,362,582) | \$ 733,314,057 |

Community Memorial Health System

Consolidating Balance Sheets (continued)

December 31, 2013

| | Community Memorial Hospital | Ojai Valley Community Hospital | Grossman Imaging of CMH | Consolidated Buenavista Medical Properties, Inc. | Community Memorial Healthcare Foundation | California Heart Institute, Inc. | Accountable Care Alliance of Ventura County | Community Memorial Physicians Services | Totals | Eliminations | Consolidated |
|--|-----------------------------|--------------------------------|-------------------------|--|--|----------------------------------|---|--|----------------|-----------------|----------------|
| Liabilities and net assets | | | | | | | | | | | |
| Current liabilities: | | | | | | | | | | | |
| Accounts payable and accrued liabilities | \$ 20,151,435 | \$ 1,564,584 | \$ 586,735 | \$ - | \$ - | \$ 185 | \$ 20,863 | \$ - | \$ 22,323,802 | \$ - | \$ 22,323,802 |
| Hospital quality assurance fee payable | 3,397,982 | - | - | - | - | - | - | - | 3,397,982 | - | 3,397,982 |
| Accrued compensation and related benefits | 16,732,819 | 1,356,810 | 140,104 | - | - | - | - | - | 18,229,733 | - | 18,229,733 |
| Current maturities of long-term debt and capital lease obligations | 245,062 | 7,655 | 2,057,471 | 140,000 | - | - | - | - | 2,450,188 | - | 2,450,188 |
| Total current liabilities | 40,527,298 | 2,929,049 | 2,784,310 | 140,000 | - | 185 | 20,863 | - | 46,401,705 | - | 46,401,705 |
| Intercompany payables | - | 12,481,727 | 4,226,182 | 1,141,704 | 73,789 | 244,951 | 140,154 | 800 | 18,309,307 | (18,309,307) | - |
| Accrued pension obligation | 7,054,374 | - | - | - | - | - | - | - | 7,054,374 | - | 7,054,374 |
| Accrued workers' compensation and malpractice insurance claims, less current portion | 10,109,989 | 1,768,153 | - | - | - | - | - | - | 11,878,142 | - | 11,878,142 |
| Long-term debt and capital lease obligations, net of current maturities | 349,893,366 | 157,625 | 754,336 | 2,945,878 | - | - | - | - | 353,751,205 | - | 353,751,205 |
| Annuity trust liability | - | - | - | - | 114,624 | - | - | - | 114,624 | - | 114,624 |
| Other liabilities | 1,984,894 | - | - | - | - | - | - | - | 1,984,894 | - | 1,984,894 |
| Total liabilities | 409,569,921 | 17,336,554 | 7,764,828 | 4,227,582 | 188,413 | 245,136 | 161,017 | 800 | 439,494,251 | (18,309,307) | 421,184,944 |
| Net assets: | | | | | | | | | | | |
| Unrestricted: | | | | | | | | | | | |
| System | 319,167,399 | (101,991) | 176,889 | (732,956) | 435,815 | 39,217 | (160,992) | (800) | 318,822,581 | (7,053,275) | 311,769,306 |
| Noncontrolling interests in subsidiaries | - | - | (3,102,193) | (323,072) | - | - | - | - | (3,425,265) | - | (3,425,265) |
| Temporarily restricted - System | 2,568,340 | 713,049 | - | - | 503,683 | - | - | - | 3,785,072 | - | 3,785,072 |
| Total net assets (deficit) | 321,735,739 | 611,058 | (2,925,304) | (1,056,028) | 939,498 | 39,217 | (160,992) | (800) | 319,182,388 | (7,053,275) | 312,129,113 |
| Total liabilities and net assets | \$ 731,305,660 | \$ 17,947,612 | \$ 4,839,524 | \$ 3,171,554 | \$ 1,127,911 | \$ 284,353 | \$ 25 | \$ - | \$ 758,676,639 | \$ (25,362,582) | \$ 733,314,057 |

Community Memorial Health System

Consolidating Statements of Operations

Year Ended December 31, 2014

| | Community Memorial Hospital | Ojai Valley Community Hospital | Grossman Imaging of CMH | Consolidated Buenvista Medical Properties, Inc. | Community Memorial Healthcare Foundation | California Heart Institute, Inc. | Accountable Care Alliance of Ventura County | Community Memorial Physicians Services | Totals | Eliminations | Consolidated | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|-----------------------------|--------------------------------|-------------------------|---|--|----------------------------------|---|--|----------------|--------------|----------------|----------------------------------|----------------|---------------|-----------|------|-------|------|------|------|----------------|-----------|----------------|---------------------------------|--------------|-------------|-----------|---------|--------|---------|---------|---------|--------------|-----------|--------------|--|-------------|------------|---|---|---------|---|---|---|-------------|-----------|-------------|--|------------|-------------|-----------|---------|--------|--------|-----------|---------|------------|---|------------|--|-------------|------------|---------|-----------|---|---|---|---|-------------|-----------|-------------|---|---------------|----------------|--------------|------------|-----------|-----------|--------------|------------|---------------|-----------|---------------|---------------------------------------|------------|-------------|-----------|---------|----------|--------|-----------|---------|------------|---------|------------|---|-------------|------------|-----------|-----------|---|---------|---|---------|-------------|-----------|-------------|-------------------|-----------|---|---|---|-------|---|---|---|-----------|-----------|-----------|------------------------------|-------------|------------|-----------|---|--------|---|---|---|-------------|---|-------------|--------------------------|-------------|------------|-----------|---------|---------|---------|---------|---------|-------------|-----------|-------------|--|------------|-------------|-----------|---------|--------|--------|-----------|---------|------------|---|------------|--|-----------|-----------|---------|-----------|---|---|---|---|------------|---|------------|---|---------------|----------------|--------------|------------|-----------|-----------|--------------|------------|---------------|-----------|---------------|----------------|-------------|------------|-----------|---------|--------|---------|---------|---------|-------------|-----------|-------------|-------------------------|------------|-------------|-----------|---------|----------|--------|-----------|---------|------------|---------|------------|---------------|--|--|--|--|--|--|--|--|--|--|--|-------------------|-----------|---|---|---|-------|---|---|---|-----------|-----------|-----------|-----------|--------|---|---|---|--------|---|---|---|---------|---|---------|--------------------|-----------|---|---|---|---------|---|---|---|-----------|-----------|-----------|--|------------|-------------|-----------|---------|--------|--------|-----------|---------|------------|---|------------|--|---|---|---------|-----------|---|---|---|---|--------|---|--------|---|---------------|----------------|--------------|------------|-----------|-----------|--------------|------------|---------------|------|---------------|
| Unrestricted revenues, gains, and other support: | | | | | | | | | | | | Net patient service revenue, net | \$ 288,376,145 | \$ 27,991,790 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 316,367,935 | \$ - | \$ 316,367,935 | Provision for patient bad debts | (10,829,333) | (2,675,695) | - | - | - | - | - | - | (13,505,028) | - | (13,505,028) | Net patient service revenue before hospital Medi-Cal supplemental payments | 277,546,812 | 25,316,095 | - | - | - | - | - | - | 302,862,907 | - | 302,862,907 | Hospital Med-Cal supplemental payments | 32,163,151 | 792,218 | - | - | - | - | - | - | 32,955,369 | - | 32,955,369 | Net patient service revenue | 309,709,963 | 26,108,313 | - | - | - | - | - | - | 335,818,276 | - | 335,818,276 | Other operating revenue | 5,935,880 | 985,203 | 9,213,057 | 1,122,073 | - | 179,817 | - | 201,364 | 17,637,394 | (573,853) | 17,063,541 | Net assets released from restrictions | 215,043 | 54,556 | - | - | - | - | - | - | 269,599 | - | 269,599 | Total unrestricted revenues, gains, and other support | 315,860,886 | 27,148,072 | 9,213,057 | 1,122,073 | - | 179,817 | - | 201,364 | 353,725,269 | (573,853) | 353,151,416 | Expenses: | | | | | | | | | | | | Payroll and related expenses | 144,119,886 | 17,458,242 | 3,651,349 | - | - | - | - | - | 165,229,477 | - | 165,229,477 | Other operating expenses | 117,186,130 | 10,068,275 | 4,967,070 | 450,405 | 44,972 | 142,868 | 120,155 | 203,764 | 133,183,639 | (487,030) | 132,696,609 | Hospital quality assurance fee | 11,170,985 | - | - | - | - | - | - | - | 11,170,985 | - | 11,170,985 | Depreciation and amortization | 9,953,334 | 1,321,800 | 554,472 | 227,379 | - | - | - | - | 12,056,985 | - | 12,056,985 | Interest | 18,808 | 11,529 | 355,117 | 152,893 | - | - | - | - | 538,347 | (226,364) | 311,983 | Total expenses | 282,449,143 | 28,859,846 | 9,528,008 | 830,677 | 44,972 | 142,868 | 120,155 | 203,764 | 322,179,433 | (713,394) | 321,466,039 | Operating income (loss) | 33,411,743 | (1,711,774) | (314,951) | 291,396 | (44,972) | 36,949 | (120,155) | (2,400) | 31,545,836 | 139,541 | 31,685,377 | Other income: | | | | | | | | | | | | Investment income | 3,798,575 | - | - | - | 3,998 | - | - | - | 3,802,573 | (139,541) | 3,663,032 | Donations | 28,245 | - | - | - | 98,197 | - | - | - | 126,442 | - | 126,442 | Total other income | 3,826,820 | - | - | - | 102,195 | - | - | - | 3,929,015 | (139,541) | 3,789,474 | Excess (deficiency) of unrestricted revenues, gains, and other support over expenses | 37,238,563 | (1,711,774) | (314,951) | 291,396 | 57,223 | 36,949 | (120,155) | (2,400) | 35,474,851 | - | 35,474,851 | Add: excess (deficiency) of expenses over unrestricted revenues, gains, and other support attributable to noncontrolling interests | - | - | 154,326 | (123,020) | - | - | - | - | 31,306 | - | 31,306 | Excess (deficiency) of unrestricted revenues, gains, and other support over expenses attributable to the System | \$ 37,238,563 | \$ (1,711,774) | \$ (160,625) | \$ 168,376 | \$ 57,223 | \$ 36,949 | \$ (120,155) | \$ (2,400) | \$ 35,506,157 | \$ - | \$ 35,506,157 |
| Net patient service revenue, net | \$ 288,376,145 | \$ 27,991,790 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 316,367,935 | \$ - | \$ 316,367,935 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Provision for patient bad debts | (10,829,333) | (2,675,695) | - | - | - | - | - | - | (13,505,028) | - | (13,505,028) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net patient service revenue before hospital Medi-Cal supplemental payments | 277,546,812 | 25,316,095 | - | - | - | - | - | - | 302,862,907 | - | 302,862,907 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hospital Med-Cal supplemental payments | 32,163,151 | 792,218 | - | - | - | - | - | - | 32,955,369 | - | 32,955,369 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net patient service revenue | 309,709,963 | 26,108,313 | - | - | - | - | - | - | 335,818,276 | - | 335,818,276 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other operating revenue | 5,935,880 | 985,203 | 9,213,057 | 1,122,073 | - | 179,817 | - | 201,364 | 17,637,394 | (573,853) | 17,063,541 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net assets released from restrictions | 215,043 | 54,556 | - | - | - | - | - | - | 269,599 | - | 269,599 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total unrestricted revenues, gains, and other support | 315,860,886 | 27,148,072 | 9,213,057 | 1,122,073 | - | 179,817 | - | 201,364 | 353,725,269 | (573,853) | 353,151,416 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Expenses: | | | | | | | | | | | | Payroll and related expenses | 144,119,886 | 17,458,242 | 3,651,349 | - | - | - | - | - | 165,229,477 | - | 165,229,477 | Other operating expenses | 117,186,130 | 10,068,275 | 4,967,070 | 450,405 | 44,972 | 142,868 | 120,155 | 203,764 | 133,183,639 | (487,030) | 132,696,609 | Hospital quality assurance fee | 11,170,985 | - | - | - | - | - | - | - | 11,170,985 | - | 11,170,985 | Depreciation and amortization | 9,953,334 | 1,321,800 | 554,472 | 227,379 | - | - | - | - | 12,056,985 | - | 12,056,985 | Interest | 18,808 | 11,529 | 355,117 | 152,893 | - | - | - | - | 538,347 | (226,364) | 311,983 | Total expenses | 282,449,143 | 28,859,846 | 9,528,008 | 830,677 | 44,972 | 142,868 | 120,155 | 203,764 | 322,179,433 | (713,394) | 321,466,039 | Operating income (loss) | 33,411,743 | (1,711,774) | (314,951) | 291,396 | (44,972) | 36,949 | (120,155) | (2,400) | 31,545,836 | 139,541 | 31,685,377 | Other income: | | | | | | | | | | | | Investment income | 3,798,575 | - | - | - | 3,998 | - | - | - | 3,802,573 | (139,541) | 3,663,032 | Donations | 28,245 | - | - | - | 98,197 | - | - | - | 126,442 | - | 126,442 | Total other income | 3,826,820 | - | - | - | 102,195 | - | - | - | 3,929,015 | (139,541) | 3,789,474 | Excess (deficiency) of unrestricted revenues, gains, and other support over expenses | 37,238,563 | (1,711,774) | (314,951) | 291,396 | 57,223 | 36,949 | (120,155) | (2,400) | 35,474,851 | - | 35,474,851 | Add: excess (deficiency) of expenses over unrestricted revenues, gains, and other support attributable to noncontrolling interests | - | - | 154,326 | (123,020) | - | - | - | - | 31,306 | - | 31,306 | Excess (deficiency) of unrestricted revenues, gains, and other support over expenses attributable to the System | \$ 37,238,563 | \$ (1,711,774) | \$ (160,625) | \$ 168,376 | \$ 57,223 | \$ 36,949 | \$ (120,155) | \$ (2,400) | \$ 35,506,157 | \$ - | \$ 35,506,157 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Payroll and related expenses | 144,119,886 | 17,458,242 | 3,651,349 | - | - | - | - | - | 165,229,477 | - | 165,229,477 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other operating expenses | 117,186,130 | 10,068,275 | 4,967,070 | 450,405 | 44,972 | 142,868 | 120,155 | 203,764 | 133,183,639 | (487,030) | 132,696,609 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hospital quality assurance fee | 11,170,985 | - | - | - | - | - | - | - | 11,170,985 | - | 11,170,985 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation and amortization | 9,953,334 | 1,321,800 | 554,472 | 227,379 | - | - | - | - | 12,056,985 | - | 12,056,985 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interest | 18,808 | 11,529 | 355,117 | 152,893 | - | - | - | - | 538,347 | (226,364) | 311,983 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total expenses | 282,449,143 | 28,859,846 | 9,528,008 | 830,677 | 44,972 | 142,868 | 120,155 | 203,764 | 322,179,433 | (713,394) | 321,466,039 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Operating income (loss) | 33,411,743 | (1,711,774) | (314,951) | 291,396 | (44,972) | 36,949 | (120,155) | (2,400) | 31,545,836 | 139,541 | 31,685,377 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other income: | | | | | | | | | | | | Investment income | 3,798,575 | - | - | - | 3,998 | - | - | - | 3,802,573 | (139,541) | 3,663,032 | Donations | 28,245 | - | - | - | 98,197 | - | - | - | 126,442 | - | 126,442 | Total other income | 3,826,820 | - | - | - | 102,195 | - | - | - | 3,929,015 | (139,541) | 3,789,474 | Excess (deficiency) of unrestricted revenues, gains, and other support over expenses | 37,238,563 | (1,711,774) | (314,951) | 291,396 | 57,223 | 36,949 | (120,155) | (2,400) | 35,474,851 | - | 35,474,851 | Add: excess (deficiency) of expenses over unrestricted revenues, gains, and other support attributable to noncontrolling interests | - | - | 154,326 | (123,020) | - | - | - | - | 31,306 | - | 31,306 | Excess (deficiency) of unrestricted revenues, gains, and other support over expenses attributable to the System | \$ 37,238,563 | \$ (1,711,774) | \$ (160,625) | \$ 168,376 | \$ 57,223 | \$ 36,949 | \$ (120,155) | \$ (2,400) | \$ 35,506,157 | \$ - | \$ 35,506,157 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Investment income | 3,798,575 | - | - | - | 3,998 | - | - | - | 3,802,573 | (139,541) | 3,663,032 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Donations | 28,245 | - | - | - | 98,197 | - | - | - | 126,442 | - | 126,442 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total other income | 3,826,820 | - | - | - | 102,195 | - | - | - | 3,929,015 | (139,541) | 3,789,474 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Excess (deficiency) of unrestricted revenues, gains, and other support over expenses | 37,238,563 | (1,711,774) | (314,951) | 291,396 | 57,223 | 36,949 | (120,155) | (2,400) | 35,474,851 | - | 35,474,851 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Add: excess (deficiency) of expenses over unrestricted revenues, gains, and other support attributable to noncontrolling interests | - | - | 154,326 | (123,020) | - | - | - | - | 31,306 | - | 31,306 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Excess (deficiency) of unrestricted revenues, gains, and other support over expenses attributable to the System | \$ 37,238,563 | \$ (1,711,774) | \$ (160,625) | \$ 168,376 | \$ 57,223 | \$ 36,949 | \$ (120,155) | \$ (2,400) | \$ 35,506,157 | \$ - | \$ 35,506,157 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Community Memorial Health System

Consolidating Statements of Operations

Year Ended December 31, 2013

| | Community Memorial Hospital | Ojai Valley Community Hospital | Grossman Imaging of CMH | Consolidated Buenavista Medical Properties, Inc. | Community Memorial Healthcare Foundation | California Heart Institute, Inc. | Accountable Care Alliance of Ventura County | Community Memorial Physicians Services | Totals | Eliminations | Consolidated |
|--|-----------------------------|--------------------------------|-------------------------|--|--|----------------------------------|---|--|----------------|--------------|----------------|
| Unrestricted revenues, gains, and other support: | | | | | | | | | | | |
| Net patient service revenue | \$ 271,704,003 | \$ 25,584,356 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 297,288,359 | \$ - | \$ 297,288,359 |
| Provision for patient bad debts | (11,785,045) | (1,907,892) | - | - | - | - | - | - | (13,692,937) | - | (13,692,937) |
| Net patient service revenue before hospital Medi-Cal supplemental payments | 259,918,958 | 23,676,464 | - | - | - | - | - | - | 283,595,422 | - | 283,595,422 |
| Hospital Med-Cal supplemental payments | 20,425,839 | 443,944 | - | - | - | - | - | - | 20,869,783 | - | 20,869,783 |
| Net patient service revenue | 280,344,797 | 24,120,408 | - | - | - | - | - | - | 304,465,205 | - | 304,465,205 |
| Other operating revenue | 7,234,894 | 1,299,457 | 9,570,262 | 1,026,563 | - | 152,141 | - | - | 19,283,317 | (498,831) | 18,784,486 |
| Net assets released from restrictions | 202,749 | 74,262 | - | - | - | - | - | - | 277,011 | - | 277,011 |
| Total unrestricted revenues, gains, and other support | 287,782,440 | 25,494,127 | 9,570,262 | 1,026,563 | - | 152,141 | - | - | 324,025,533 | (498,831) | 323,526,702 |
| Expenses: | | | | | | | | | | | |
| Payroll and related expenses | 135,765,880 | 16,849,575 | 3,750,650 | - | - | - | - | - | 156,366,105 | - | 156,366,105 |
| Other operating expenses | 107,775,095 | 9,174,254 | 4,751,399 | 321,044 | 77,699 | 142,866 | 160,992 | 800 | 122,404,149 | (554,308) | 121,849,841 |
| Hospital quality assurance fee | 14,146,336 | - | - | - | - | - | - | - | 14,146,336 | - | 14,146,336 |
| Depreciation and amortization | 9,742,132 | 1,235,317 | 1,365,000 | 223,370 | - | - | - | - | 12,565,819 | - | 12,565,819 |
| Interest | 66,466 | 11,034 | 417,669 | 160,595 | - | - | - | - | 655,764 | (252,202) | 403,562 |
| Total expenses | 267,495,909 | 27,270,180 | 10,284,718 | 705,009 | 77,699 | 142,866 | 160,992 | 800 | 306,138,173 | (806,510) | 305,331,663 |
| Operating income (loss) | 20,286,531 | (1,776,053) | (714,456) | 321,554 | (77,699) | 9,275 | (160,992) | (800) | 17,887,360 | 307,679 | 18,195,039 |
| Other income: | | | | | | | | | | | |
| Investment income | 12,033,879 | - | - | - | 1,719 | - | - | - | 12,035,598 | (307,679) | 11,727,919 |
| Donations | 19,315 | 1,585 | - | - | 98,542 | - | - | - | 119,442 | - | 119,442 |
| Total other income | 12,053,194 | 1,585 | - | - | 100,261 | - | - | - | 12,155,040 | (307,679) | 11,847,361 |
| Excess (deficiency) of unrestricted revenues, gains, and other support over expenses | 32,339,725 | (1,774,468) | (714,456) | 321,554 | 22,562 | 9,275 | (160,992) | (800) | 30,042,400 | - | 30,042,400 |
| Add: excess (deficiency) of expenses over unrestricted revenues, gains, and other support attributable to noncontrolling interests | - | - | 350,083 | (139,110) | - | - | - | - | 210,973 | - | 210,973 |
| Excess (deficiency) of unrestricted revenues, gains, and other support over expenses attributable to the System | \$ 32,339,725 | \$ (1,774,468) | \$ (364,373) | \$ 182,444 | \$ 22,562 | \$ 9,275 | \$ (160,992) | \$ (800) | \$ 30,253,373 | \$ - | \$ 30,253,373 |

Community Memorial Health System

Consolidating Statements of Changes in Net Assets

Year Ended December 31, 2014

| | Community Memorial Hospital | Ojai Valley Community Hospital | Grossman Imaging of CMH | Consolidated Buenvista Medical Properties, Inc. | Community Memorial Healthcare Foundation | California Heart Institute, Inc. | Accountable Care Alliance of Ventura County | Community Memorial Physicians Services | Totals | Eliminations | Consolidated |
|---|-----------------------------|--------------------------------|-------------------------|---|--|----------------------------------|---|--|----------------|----------------|----------------|
| Net assets (deficit) at beginning of year | \$ 321,735,741 | \$ 611,057 | \$ (2,925,304) | \$ (1,056,029) | \$ 939,498 | \$ 39,217 | \$ (160,992) | \$ (800) | \$ 319,182,388 | \$ (7,053,275) | \$ 312,129,113 |
| Unrestricted net assets: | | | | | | | | | | | |
| Excess (deficiency) of unrestricted revenues, gains, and other support over expenses attributable to the System | 37,238,563 | (1,711,774) | (160,625) | 168,376 | 57,223 | 36,949 | (120,155) | (2,400) | 35,506,157 | - | 35,506,157 |
| (Deficiency) excess of unrestricted revenues, gains, and other support over expenses attributable to noncontrolling interests | - | - | (154,326) | 123,020 | - | - | - | - | (31,306) | - | (31,306) |
| Contributed capital | - | - | - | - | - | - | - | 164,081 | 164,081 | (164,081) | - |
| Change in pension obligation | (580,270) | - | - | - | - | - | - | - | (580,270) | - | (580,270) |
| Distributions to noncontrolling interests | - | - | - | (117,000) | - | - | - | - | (117,000) | - | (117,000) |
| Intercompany transfers | 302,008 | (908) | - | - | (301,100) | - | - | - | - | - | - |
| Net assets released from restrictions for the acquisition of property and equipment | 1,404,265 | 260,699 | - | - | - | - | - | - | 1,664,964 | - | 1,664,964 |
| Increase (decrease) in unrestricted net assets | 38,364,566 | (1,451,983) | (314,951) | 174,396 | (243,877) | 36,949 | (120,155) | 161,681 | 36,606,626 | (164,081) | 36,442,545 |
| Temporarily restricted net assets: | | | | | | | | | | | |
| Contributions | 966,464 | 437,752 | - | - | 154,316 | - | - | - | 1,558,532 | - | 1,558,532 |
| Intercompany transfers | 366,653 | - | - | - | (366,653) | - | - | - | - | - | - |
| Net assets released from restrictions | (1,619,308) | (315,255) | - | - | - | - | - | - | (1,934,563) | - | (1,934,563) |
| Increase (decrease) in temporarily restricted net assets | (286,191) | 122,497 | - | - | (212,337) | - | - | - | (376,031) | - | (376,031) |
| Increase (decrease) in net assets | 38,078,375 | (1,329,486) | (314,951) | 174,396 | (456,214) | 36,949 | (120,155) | 161,681 | 36,230,595 | (164,081) | 36,066,514 |
| Net assets at end of year | \$ 359,814,116 | \$ (718,429) | \$ (3,240,255) | \$ (881,633) | \$ 483,284 | \$ 76,166 | \$ (281,147) | \$ 160,881 | \$ 355,412,983 | \$ (7,217,356) | \$ 348,195,627 |

Community Memorial Health System

Consolidating Statements of Changes in Net Assets

Year Ended December 31, 2013

| | Community Memorial Hospital | Ojai Valley Community Hospital | Grossman Imaging of CMH | Consolidated Buenvista Medical Properties, Inc. | Community Memorial Healthcare Foundation | California Heart Institute, Inc. | Accountable Care Alliance of Ventura County | Community Memorial Physicians Services | Totals | Eliminations | Consolidated |
|---|-----------------------------|--------------------------------|-------------------------|---|--|----------------------------------|---|--|----------------|----------------|----------------|
| Net assets (deficit) at beginning of year | \$ 287,816,777 | \$ 1,961,466 | \$ (2,210,848) | \$ (1,292,279) | \$ 901,619 | \$ 29,942 | \$ - | \$ - | \$ 287,206,677 | \$ (7,053,275) | \$ 280,153,402 |
| Unrestricted net assets: | | | | | | | | | | | |
| Excess (deficiency) of unrestricted revenues, gains, and other support over expenses attributable to the System | 32,339,725 | (1,774,468) | (364,373) | 182,444 | 22,562 | 9,275 | (160,992) | (800) | 30,253,373 | - | 30,253,373 |
| (Deficiency) excess of unrestricted revenues, gains, and other support over expenses attributable to noncontrolling interests | 576,061 | - | (350,083) | 139,110 | - | - | - | - | (210,973) | - | (210,973) |
| Change in pension obligation | - | - | - | - | - | - | - | - | 576,061 | - | 576,061 |
| Distributions to noncontrolling interests | - | - | - | (85,303) | - | - | - | - | (85,303) | - | (85,303) |
| Intercompany transfers | 949 | (949) | - | - | - | - | - | - | - | - | - |
| Net assets released from restrictions for the acquisition of property and equipment | 1,319,772 | 366,446 | - | - | - | - | - | - | 1,686,218 | - | 1,686,218 |
| Increase (decrease) in unrestricted net assets | 34,236,507 | (1,408,971) | (714,456) | 236,251 | 22,562 | 9,275 | (160,992) | (800) | 32,219,376 | - | 32,219,376 |
| Temporarily restricted net assets: | | | | | | | | | | | |
| Contributions | 1,019,764 | 499,271 | - | - | 200,529 | - | - | - | 1,719,564 | - | 1,719,564 |
| Intercompany transfers | 185,212 | - | - | - | (185,212) | - | - | - | - | - | - |
| Net assets released from restrictions | (1,522,521) | (440,708) | - | - | - | - | - | - | (1,963,229) | - | (1,963,229) |
| Increase (decrease) in temporarily restricted net assets | (317,545) | 58,563 | - | - | 15,317 | - | - | - | (243,665) | - | (243,665) |
| Increase (decrease) in net assets | 33,918,962 | (1,350,408) | (714,456) | 236,251 | 37,879 | 9,275 | (160,992) | (800) | 31,975,711 | - | 31,975,711 |
| Net assets (deficit) at end of year | \$ 321,735,739 | \$ 611,058 | \$ (2,925,304) | \$ (1,056,028) | \$ 939,498 | \$ 39,217 | \$ (160,992) | \$ (800) | \$ 319,182,388 | \$ (7,053,275) | \$ 312,129,113 |

EY | Assurance | Tax | Transactions | Advisory

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