

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

- ▶ Do not enter Social Security numbers on this form as it may be made public.
- ▶ Information about Form 990 and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2016

Open to Public Inspection

A For the 2016 calendar year, or tax year beginning , 2016, 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			D Employer identification number 95-1683892	
	Doing Business As			E Telephone number (805) 652-5050	
	Number and street (or P.O. box if mail is not delivered to street address) Room/suite 147 NORTH BRENT STREET		G Gross receipts \$ 468,880,405.		
	City or town, state or province, country, and ZIP or foreign postal code 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)	
F Name and address of principal officer: GARY K. WILDE 147 NORTH BRENT STREET VENTURA, CA 93003			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			L Year of formation: 1933 M State of legal domicile: CA		
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶			H(c) Group exemption number ▶		

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) 23.		
	4	Number of independent voting members of the governing body (Part VI, line 1b) 22.		
	5	Total number of individuals employed in calendar year 2016 (Part V, line 2a) 2,569.		
	6	Total number of volunteers (estimate if necessary) 352.		
	7a	Total unrelated business revenue from Part VIII, column (C), line 12 15,993.		
7b	Net unrelated business taxable income from Form 990-T, line 34 0.			
Revenue	8	Contributions and grants (Part VIII, line 1h) 4,827,839.	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g) 362,047,421.	4,827,839.	3,760,020.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d) 7,330,118.	362,047,421.	382,269,317.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) 1,367,202.	7,330,118.	9,013,415.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) 375,572,580.	1,367,202.	1,509,894.
	12		375,572,580.	396,552,646.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3) 325,896.	325,896.	331,864.
	14	Benefits paid to or for members (Part IX, column (A), line 4) 0.	0.	0.
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) 171,249,253.	171,249,253.	182,428,083.
	16a	Professional fundraising fees (Part IX, column (A), line 11e) 0.	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) 161,927,233.	161,927,233.	173,685,588.
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) 333,502,382.	333,502,382.	356,445,535.	
19	Revenue less expenses. Subtract line 18 from line 12 42,070,198.	42,070,198.	40,107,111.	
Net Assets or Fund Balances	20	Total assets (Part X, line 16) 818,166,072.	Beginning of Current Year	End of Year
	21	Total liabilities (Part X, line 26) 426,677,059.	818,166,072.	857,554,433.
	22	Net assets or fund balances. Subtract line 21 from line 20. 391,489,013.	426,677,059.	426,152,557.
22		391,489,013.	431,401,876.	

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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	Preparer's signature	Date
	JOCELYNE MILLER	Joelyne C. Miller	11/02/17
	Firm's name ▶ ERNST & YOUNG U.S. LLP	Firm's EIN ▶ 34-656596	Check <input type="checkbox"/> if self-employed
	Firm's address ▶ 4370 LA JOLLA VILLAGE DR, STE 500 SAN DIEGO, CA 92122	Phone no. 858-535-7200	PTIN P00634378

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** (2016)

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 \$ 309,342,261. including grants of \$ 0.) (Revenue \$ 382,269,317.)

PATIENT SERVICES TO INCLUDE 78,266 PATIENT DAYS, 186,542 OUTPATIENT VISITS, AND 237,347 VISITS TO THE CENTERS FOR FAMILY HEALTH (THE HEALTHCARE SYSTEM'S OUTPATIENT CARE CLINICS). SEE SCHEDULE O

4b (Code:) (Expenses \$ 1,026,267. including grants of \$ 331,864.) (Revenue \$ 0.)

COMMUNITY OUTREACH PROGRAMS 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. SEE SCHEDULE O.

4c (Code:) (Expenses \$ 1,132,881. including grants of \$ 0.) (Revenue \$ 0.)

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. SEE SCHEDULE O.

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

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

4e Total program service expenses 311,501,409.

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

Part IV Checklist of Required Schedules (continued)

	Yes	No
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	
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	
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		X
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		X
d 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
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I.</i>		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):		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV.</i>		X
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV.</i>		X
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV.</i>	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	
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2.</i>	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 question numbers (1a-14b), Yes/No checkboxes, and numerical input fields. Includes questions about Form 1096, Form W-2G, Form W-3, Form 990-T, Form 8886-T, Form 8282, Form 8899, Form 1098-C, Form 990, Form 720, and Form 702.

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 (23), 1b (22), 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 2590 EAST MAIN STREET, SUITE 200 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)MICHAEL BRADBURY BOARD MEMBER	1.00 0.	X						0.	0.	0.
(2)LAMAR BUSHNELL, MD BOARD MEMBER	1.00 0.	X						0.	0.	0.
(3)PHILIP DRESCHER BOARD MEMBER	1.00 0.	X						0.	0.	0.
(4)EDIE MARSHALL BOARD MEMBER	1.00 17.00	X						0.	0.	0.
(5)DAVID FUKUTOMI BOARD MEMBER	1.00 0.	X						0.	0.	0.
(6)TIMOTHY GALLAGHER BOARD MEMBER	1.00 0.	X						0.	0.	0.
(7)THOMAS GOLDEN, MD BOARD MEMBER	1.00 0.	X					118,290.	0.	0.	0.
(8)JOHN HAMMER BOARD MEMBER	1.00 0.	X						0.	0.	0.
(9)WILLIAM HART, MD BOARD MEMBER	1.00 0.	X						0.	0.	0.
(10)JOHN HILL, MD BOARD MEMBER	1.00 0.	X						0.	0.	0.
(11)LYDIA HOPPS BOARD MEMBER	1.00 1.00	X						0.	0.	0.
(12)FRITZ HUNTSINGER BOARD MEMBER	1.00 0.	X						0.	0.	0.
(13)WILLIAM KEARNEY BOARD MEMBER	1.00 1.00	X						0.	0.	0.
(14)HARRY MAYNARD 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) F. TED MUEGENBURG, JR SECRETARY	1.00 0.	X		X				0.	0.	0.
16) ELIZABETH PATTERSON, MD BOARD MEMBER	1.00 0.	X						0.	0.	0.
17) JEFFREY PAUL CHAIR	1.00 0.	X		X				0.	0.	0.
18) MARTIN POPS, MD BOARD MEMBER	1.00 0.	X						0.	0.	0.
19) RICHARD RUSH, PHD BOARD MEMBER	1.00 0.	X						0.	0.	0.
20) JOHN RUSSELL BOARD MEMBER	1.00 0.	X						0.	0.	0.
21) ROY SCHNEIDER, MD BOARD MEMBER	1.00 0.	X						0.	0.	0.
22) GREGORY SMITH VICE CHAIR	1.00 0.	X		X				0.	0.	0.
23) GARY WOLFE TREASURER	1.00 0.	X		X				0.	0.	0.
24) DAVID GLYER CFO	40.00 0.			X				444,642.	0.	108,498.
25) GARY K. WILDE PRESIDENT AND CEO	32.00 8.00			X				1,063,145.	0.	538,450.
1b Sub-total								118,290.	0.	0.
c Total from continuation sheets to Part VII, Section A								7,295,679.	0.	1,508,667.
d Total (add lines 1b and 1c)								7,413,969.	0.	1,508,667.

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 **368**

	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 **76**

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 FAHEY CNO	40.00 0.				X		230,791.	0.	47,902.	
(27) STANLEY FROCHTZWAJG CMO, INPATIENT	24.00 0.				X		517,199.	0.	96,905.	
(28) WILFRED GARAND VP PLANNING & MANAGED CARE	40.00 0.				X		255,427.	0.	72,682.	
(29) DIANY KLEIN VP HUMAN RESOURCES	40.00 0.				X		889,718.	0.	81,235.	
(30) HAADY LASHKARI CHF ADMIN OFFICER OJAI/VP CMH	40.00 0.				X		229,840.	0.	107,453.	
(31) EMILIE RAYMAN COMPLIANCE OFFICER	40.00 0.				X		309,983.	0.	43,889.	
(32) RICHARD REISMAN VP AMBULATORY MEDICINE	36.00 0.				X		299,422.	0.	5,078.	
(33) SAMUEL SMALL CHIEF OF MEDICAL EDUCATION	40.00 0.				X		411,852.	0.	4,321.	
(34) ADAM THUNELL VP OPERATIONS	40.00 0.				X		383,905.	0.	149,935.	
(35) RONALD SANDIFER CIO	40.00 0.				X		432,665.	0.	0.	
(36) KIMBERLY BRIDGES ASSISTANT VP - CFH	40.00 0.				X		205,211.	0.	59,310.	
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 **368**

	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 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			
(37) CYNTHIA DEMOTTE ----- VP QUALITY	40.00 0.				X			214,374.	0.	66,209.
(38) MICHAEL ELLINGSON ----- VP MARKETING & DEVELOPMENT	32.00 8.00				X			235,115.	0.	70,598.
(39) KEITH MCWILLIAMS ----- DIRECTOR OF INFORMATION SYSTEM	40.00 0.					X		224,836.	0.	11,286.
(40) CARLOS LIMON, JR ----- PHARMACIST	40.00 0.					X		222,964.	0.	16,381.
(41) EUGENE DAY ----- PHARMACIST	40.00 0.					X		226,845.	0.	16,381.
(42) ANWAR ABBAS ----- DIRECTOR OF INFORMATION SYSTEM	40.00 0.					X		275,810.	0.	868.
(43) MARY SCHMITZ ----- DIRECTOR OF DEVELOPMENT	40.00 0.					X		221,935.	0.	11,286.

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 ▶ 368

	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	247,952.					
	e Government grants (contributions) . .	1e	155,419.					
	f All other contributions, gifts, grants, and similar amounts not included above .	1f	3,356,649.					
	g Noncash contributions included in lines 1a-1f: \$		300,174.					
	h Total. Add lines 1a-1f ▶			3,760,020.				
	Program Service Revenue				Business Code			
2a NET PATIENT SVC REVENUE			621500	376,624,713.	376,624,713.			
b CAFETERIA REVENUE			722210	1,777,312.	1,777,312.			
c HEALTHCARE SVC RENTAL INC			532000	1,507,444.	1,507,444.			
d BREAST/PROSTATE CENTER			900099	1,247,466.	1,247,466.			
e BILLING AND COLLECTION FEES			900099	487,521.	487,521.			
f All other program service revenue				624,861.	624,861.			
g Total. Add lines 2a-2f ▶				382,269,317.				
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts). ▶			4,249,363.			4,249,363.	
	4 Income from investment of tax-exempt bond proceeds . ▶			0.				
	5 Royalties ▶			0.				
	6a Gross rents	(i) Real	116,588.					
		(ii) Personal						
		b Less: rental expenses		447,016.				
		c Rental income or (loss)		-330,428.				
	d Net rental income or (loss) ▶				-330,428.		-330,428.	
	7a Gross amount from sales of assets other than inventory	(i) Securities	76,644,795.					
		(ii) Other						
		b Less: cost or other basis and sales expenses		71,880,743.				
		c Gain or (loss)		4,764,052.				
	d Net gain or (loss) ▶				4,764,052.		4,764,052.	
	8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	a		0.				
		b Less: direct expenses	b		0.			
c Net income or (loss) from fundraising events. ▶				0.				
9a Gross income from gaming activities. See Part IV, line 19	a		0.					
	b Less: direct expenses	b		0.				
	c Net income or (loss) from gaming activities. ▶			0.				
10a Gross sales of inventory, less returns and allowances	a		0.					
	b Less: cost of goods sold	b		0.				
	c Net income or (loss) from sales of inventory. ▶			0.				
Miscellaneous Revenue			Business Code					
11a REBATES/REFUNDS		900099	1,024,975.			1,024,975.		
	b PHARMACY REVENUE	900099	260,785.		15,993.	244,792.		
	c OTHER FOOD SALES	900099	258,291.			258,291.		
	d All other revenue	900099	296,271.			296,271.		
	e Total. Add lines 11a-11d ▶			1,840,322.				
12 Total revenue. See instructions. ▶			396,552,646.	382,269,317.	15,993.	10,507,316.		

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	331,864.	331,864.		
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	4,510,259.	1,151,590.	3,358,669.	
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	121,762,480.	116,678,734.	5,083,746.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	6,695,763.	6,695,763.		
9 Other employee benefits	38,552,176.	34,909,580.	3,642,596.	
10 Payroll taxes	10,907,405.	10,252,913.	654,492.	
11 Fees for services (non-employees):				
a Management	2,949,163.	1,670,336.	1,278,827.	
b Legal	713,857.		713,857.	
c Accounting	508,332.		508,332.	
d Lobbying	0.			
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.)	21,970,478.	18,753,171.	3,217,307.	
12 Advertising and promotion	472,342.	446,493.	25,849.	
13 Office expenses	71,978,494.	71,243,678.	734,816.	
14 Information technology	11,221,161.	10,934,816.	286,345.	
15 Royalties	525,968.	172,379.	353,589.	
16 Occupancy	5,109,152.	5,065,089.	44,063.	
17 Travel	209,738.	209,738.		
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0.			
19 Conferences, conventions, and meetings	683,410.	304,983.	378,427.	
20 Interest	9,851.		9,851.	
21 Payments to affiliates	0.			
22 Depreciation, depletion, and amortization	11,159,302.	11,020,846.	138,456.	
23 Insurance	2,557,627.	384,951.	2,172,676.	
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	23,128,043.	18,208,570.	4,919,473.	
b HOSP QUALITY ASSURANCE FEE	15,657,798.		15,657,798.	
c RECRUITING	1,777,896.	837,368.	940,528.	
d DUES & SUBSCRIPTIONS	1,064,032.	464,370.	599,662.	
e All other expenses	1,988,944.	1,764,177.	224,767.	
25 Total functional expenses. Add lines 1 through 24e	356,445,535.	311,501,409.	44,944,126.	
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	30,152,995.	2	27,489,543.	
	3 Pledges and grants receivable, net	0.	3	0.	
	4 Accounts receivable, net	59,044,522.	4	59,315,471.	
	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	14,029,787.	7	4,814,349.	
	8 Inventories for sale or use	10,157,384.	8	9,910,042.	
	9 Prepaid expenses and deferred charges	6,098,437.	9	7,515,055.	
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 643,173,444.			
	b Less: accumulated depreciation	10b 163,405,996.	405,603,676.	10c	479,767,448.
	11 Investments - publicly traded securities	122,043,111.	11	129,078,333.	
	12 Investments - other securities. See Part IV, line 11	19,339,330.	12	14,507,490.	
	13 Investments - program-related. See Part IV, line 11	7,327,274.	13	7,736,862.	
	14 Intangible assets	0.	14	0.	
	15 Other assets. See Part IV, line 11	144,369,556.	15	117,419,840.	
16 Total assets. Add lines 1 through 15 (must equal line 34)	818,166,072.	16	857,554,433.		
Liabilities	17 Accounts payable and accrued expenses	65,172,525.	17	79,325,809.	
	18 Grants payable	0.	18	0.	
	19 Deferred revenue	0.	19	0.	
	20 Tax-exempt bond liabilities	344,805,156.	20	330,932,268.	
	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	5,229,343.	23	5,470,740.	
	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	11,470,035.	25	10,423,740.	
	26 Total liabilities. Add lines 17 through 25	426,677,059.	26	426,152,557.	
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	386,247,338.	27	425,943,630.	
	28 Temporarily restricted net assets	5,241,675.	28	5,458,246.	
	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	391,489,013.	33	431,401,876.	
	34 Total liabilities and net assets/fund balances	818,166,072.	34	857,554,433.	

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	396,552,646.
2	Total expenses (must equal Part IX, column (A), line 25)	2	356,445,535.
3	Revenue less expenses. Subtract line 2 from line 1	3	40,107,111.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	391,489,013.
5	Net unrealized gains (losses) on investments	5	-232,500.
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	38,252.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	431,401,876.

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

2016

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 12, 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 (Form 990 or 990-EZ).)
- 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 agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: _____
- 10 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.)
- 11 An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 12 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 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
 - 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.

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-10 above (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) 2016

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) 2012, (b) 2013, (c) 2014, (d) 2015, (e) 2016, (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) 2012, (b) 2013, (c) 2014, (d) 2015, (e) 2016, (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, etc. (see instructions); 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 2016; 15 Public support percentage from 2015 Schedule A, Part II, line 14; 16a 33 1/3% support test - 2016; b 33 1/3% support test - 2015; 17a 10%-facts-and-circumstances test - 2016; b 10%-facts-and-circumstances test - 2015; 18 Private foundation.

Part III Support Schedule for Organizations Described in Section 509(a)(2)
 (Complete only if you checked the box on line 10 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) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(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) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(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 <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2016 (line 8, column (f) divided by line 13, column (f)).	15	%
16 Public support percentage from 2015 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2016 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2015 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2016. 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 - 2015. 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 in line 12 on Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d 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 12a or 12b 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 (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) 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 section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</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 or 990-EZ).</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 9a) 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 9a) 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 section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer 10b 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?	11 a	
b A family member of a person described in (a) above?	11 b	
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>	11 c	

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>	1	
2 Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? <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>	2	

Section C. Type II Supporting Organizations

	Yes	No
1 Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? <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>	1	

Section D. All Type III Supporting Organizations

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

Section E. Type III Functionally Integrated Supporting Organizations

1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).			
a <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>	2a		
b Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? <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>	2b		
3 Parent of Supported Organizations. Answer (a) and (b) below.			
a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? <i>Provide details in Part VI.</i>	3a		
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>	3b		

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

1 Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (explain in Part VI). **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 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 2016 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-2016	(iii) Distributable Amount for 2016
1 Distributable amount for 2016 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2016 (reasonable cause required-explain in Part VI). See instructions.			
3 Excess distributions carryover, if any, to 2016:			
a			
b			
c From 2013.			
d From 2014.			
e From 2015.			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2016 distributable amount			
i Carryover from 2011 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2016 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2016 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4.			
5 Remaining underdistributions for years prior to 2016, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in Part VI. See instructions.			
6 Remaining underdistributions for 2016. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI. See instructions.			
7 Excess distributions carryover to 2017. Add lines 3j and 4c.			
8 Breakdown of line 7:			
a			
b Excess from 2013. . . .			
c Excess from 2014. . . .			
d Excess from 2015. . . .			
e Excess from 2016. . . .			

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

Schedule of Contributors

2016

▶ **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
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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 for 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. Don't 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 isn't covered by the General Rule and/or the Special Rules doesn't 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 doesn't 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		\$ 2,486,869.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2		\$ 390,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
3		\$ 100,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
4		\$ 60,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
5		\$ 50,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
6		\$ 17,978.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization COMMUNITY MEMORIAL HEALTH SYSTEM	Employer identification number 95-1683892
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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
7	_____	\$ 15,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II for noncash contributions.)
8	_____	\$ 15,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
9	_____	\$ 15,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
10	_____	\$ 15,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
11	_____	\$ 10,004.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" 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	Employer identification number 95-1683892
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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	_____	\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
18	_____	\$ 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
19		\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
20		\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
21		\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
22		\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
23		\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
24		\$ 8,500.	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		\$ 7,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
26		\$ 6,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
27		\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
28		\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
29		\$ 247,952.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input 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
6	SHARES OF STOCK IN VARIOUS COMPANIES _____ _____ _____	\$ 17,978.	VAR
7	SHARES OF STOCK IN VARIOUS COMPANIES _____ _____ _____	\$ 9,929.	VAR
11	SHARES OF STOCK IN VARIOUS COMPANIES _____ _____ _____	\$ 10,004.	VAR
_____	_____ _____ _____	\$ _____	_____
_____	_____ _____ _____	\$ _____	_____
_____	_____ _____ _____	\$ _____	_____
_____	_____ _____ _____	\$ _____	_____

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

2016

Open to Public Inspection

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

Department of the Treasury
Internal Revenue Service

▶ **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," on 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," on 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," on 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
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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. (see instructions for definition of "political campaign activities")
- 2 Political campaign activity expenditures (see instructions) ▶ \$ _____
- 3 Volunteer hours for political campaign activities (see instructions) _____

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) 2016

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%; text-align: left;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width: 70%; text-align: left;">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) 2013	(b) 2014	(c) 2015	(d) 2016	(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 on 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		65,149.
j Total. Add lines 1c through 1i			65,149.
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 campaign activity 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 2016, \$209,237 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

2016

Open to Public Inspection

Department of the Treasury Internal Revenue Service

Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.

Attach to Form 990.

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

Name of the organization

Employer identification number

COMMUNITY MEMORIAL HEALTH SYSTEM

95-1683892

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.

Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows include: 1 Total number at end of year, 2 Aggregate value of contributions to (during year), 3 Aggregate value of grants from (during year), 4 Aggregate value at end of year, 5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?, 6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?

Part II Conservation Easements.

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

Table with 2 columns: Held at the End of the Tax Year. Rows include: 1 Purpose(s) of conservation easements held by the organization (check all that apply), 2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year. (a) Total number of conservation easements, (b) Total acreage restricted by conservation easements, (c) Number of conservation easements on a certified historic structure included in (a), (d) Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register, 3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year, 4 Number of states where property subject to conservation easement is located, 5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?, 6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year, 7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year, 8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?, 9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

Table with 2 columns: Revenue, Assets. Rows include: 1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items. b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items: (i) Revenue included in Form 990, Part VIII, line 1, (ii) Assets included in Form 990, Part X. 2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items: a Revenue included in Form 990, Part VIII, line 1, b Assets included in Form 990, Part X.

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

Schedule D (Form 990) 2016

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?

Part IV Escrow and Custodial Arrangements.

Complete if the organization answered "Yes" on 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?
b If "Yes," explain the arrangement in Part XIII and complete the following table:
Table with columns: Amount, 1c Beginning balance, 1d Additions during the year, 1e Distributions during the year, 1f Ending balance
2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability?
b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII

Part V Endowment Funds.

Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

Table with 6 columns: (a) Current year, (b) Prior year, (c) Two years back, (d) Three years back, (e) Four years back. Rows include: 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 on lines 2a, 2b, and 2c should equal 100%.

- 3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:
(i) unrelated organizations
(ii) related organizations
b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R?
Table with columns: Yes, No. Rows: 3a(i), 3a(ii), 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" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Table with 5 columns: (a) Cost or other basis (investment), (b) Cost or other basis (other), (c) Accumulated depreciation, (d) Book value. Rows include: 1a Land, b Buildings, c Leasehold improvements, d Equipment, e Other, Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)

Part VII Investments - Other Securities.

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

(a) Description	(b) Book value
(1) CONSTRUCTION FUNDS	77,168,296.
(2) OTHER ASSETS	22,862,959.
(3) ASSETS LIMITED TO USE	8,339,951.
(4) DEPOSITS WITH INSURANCE CO.	5,462,948.
(5) DUE FROM THIRD PARTIES	3,585,686.
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	117,419,840.

Part X Other Liabilities.

Complete if the organization answered "Yes" on 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	8,007,771.
(3) OTHER LIABILITIES	2,415,969.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	10,423,740.

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" on Form 990, Part IV, line 12a.

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

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

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

Table with 5 main rows and sub-rows (a-e) for adjustments. Columns include descriptions, sub-headers (2a-2d, 4a-4b), and totals (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

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, 2016 OR 2015. 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.

**SCHEDULE H
(Form 990)**

Hospitals

OMB No. 1545-0047

2016

Open to Public Inspection

▶ **Complete if the organization answered "Yes" on 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?		
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)			1,124,498.		1,124,498.	.32
b Medicaid (from Worksheet 3, column a)			68,713,561.	75,623,167.		
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			69,838,059.	75,623,167.	1,124,498.	.32
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,545,173.	66,098.	1,479,075.	.42
f Health professions education (from Worksheet 5)			6,937,305.	1,637,546.	5,299,759.	1.49
g Subsidized health services (from Worksheet 6)			14,812,812.	11,597,118.	3,215,694.	.90
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			331,864.		331,864.	.09
j Total. Other Benefits			23,627,154.	13,300,762.	10,326,392.	2.90
k Total. Add lines 7d and 7j.			93,465,213.	88,923,929.	11,450,890.	3.22

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

Schedule H (Form 990) 2016

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			1,396,330.		1,396,330.	.39
9 Other						
10 Total			1,396,330.		1,396,330.	.39

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	72,460,830.
6 Enter Medicare allowable costs of care relating to payments on line 5	6	88,108,694.
7 Subtract line 6 from line 5. This is the surplus (or shortfall)	7	-15,647,864.
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	66.00000		34.00000
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 NORTH 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): 1&2

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"/> The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s)		
j	<input type="checkbox"/> Other (describe in Section C)		
4	Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>16</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	
b	Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C	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>16</u>		
10	Is the hospital facility's most recently adopted implementation strategy posted on a website?	X	
a	If "Yes," (list url): <u>SEE PART V, SECTION C</u>		
b	If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?		
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>200.0000</u> % and FPG family income limit for eligibility for discounted care of <u>700.0000</u> %		
b	<input type="checkbox"/> Income level other than FPG (describe in Section C)		
c	<input checked="" type="checkbox"/> Asset level		
d	<input type="checkbox"/> Medical indigency		
e	<input checked="" type="checkbox"/> Insurance status		
f	<input checked="" 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 checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
b	<input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
c	<input checked="" 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	Was widely publicized 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 checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>SEE PART V, SECTION C</u>		
c	<input type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): <u>SEE PART V, SECTION C</u>		
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 type="checkbox"/> Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention		
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"/> The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by LEP populations		
j	<input type="checkbox"/> Other (describe in Section C)		

Part V Facility Information (continued)

Billing and Collections

Name of hospital facility or letter of facility reporting group A

		Yes	No
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 nonpayment?	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"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP		
d	<input type="checkbox"/> Actions that require a legal or judicial process		
e	<input type="checkbox"/> Other similar actions (describe in Section C)		
f	<input checked="" type="checkbox"/> None of these actions or other similar actions were permitted		
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? If "Yes," check all actions in which the hospital facility or a third party engaged:		X
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"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP		
d	<input type="checkbox"/> Actions that require a legal or judicial process		
e	<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"/> Provided a written notice about upcoming ECAs (Extraordinary Collection Action) and a plain language summary of the FAP at least 30 days before initiating those ECAs		
b	<input checked="" type="checkbox"/> Made a reasonable effort to orally notify individuals about the FAP and FAP application process		
c	<input type="checkbox"/> Processed incomplete and complete FAP applications		
d	<input type="checkbox"/> Made presumptive eligibility determinations		
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

		Yes	No
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)		

Part V Facility Information *(continued)*

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

Name of hospital facility or letter of facility reporting group A

		Yes	No
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 a look-back method based on claims allowed by Medicare fee-for-service during a prior 12-month period		
b	<input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period		
c	<input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicaid, either alone or in combination with Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period		
d	<input checked="" type="checkbox"/> The hospital facility used a prospective Medicare or Medicaid method		
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? If "Yes," explain in Section C.		X
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? If "Yes," explain in Section C.		X

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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, 16j, 18e, 19e, 20e, 21c, 21d, 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 5

IN CONDUCTING ITS MOST RECENT CHNA, THE SYSTEM COORDINATED ITS ASSESSMENT WITH THOSE OF THE VENTURA COUNTY DEPARTMENT OF PUBLIC HEALTH AND KAISER HEALTH PLAN, FOUNDATION HOSPITALS AND THE PERMANENTE MEDICAL GROUP. IN ADDITION, THE SYSTEM HELD FOCUS GROUPS WITH VARIOUS COMMUNITY ORGANIZATIONS TO INCLUDE HELP OF OJAI, LOS ROBLES HOME CARE, CLINICAS DEL CAMINO REAL, VENTURA COUNTY AREA AGENCY ON AGING, CALIFORNIA SENIOR LIVING, CAMARILLO HEALTHCARE DISTRICT, AND SEAVIEW IPA.

PART V, SECTION B, LINE 6A & 6B

IN CONDUCTING ITS 2016 COMMUNITY HEALTH NEEDS ASSESSMENT, THE SYSTEM COLLABORATED WITH AND UTILIZED THE WORK AND RESOURCES OF THE VENTURA COUNTY DEPARTMENT OF PUBLIC HEALTH AND KAISER HEALTH PLAN, FOUNDATION HOSPITALS AND THE PERMANENTE MEDICAL GROUP. FURTHER, FOCUS GROUPS WERE CONDUCTED TO GATHER DIRECT COMMUNITY INPUT. THE FOCUS GROUPS WERE HELD AT BOTH THE COMMUNITY MEMORIAL HOSPITAL AND OJAI VALLEY COMMUNITY HOSPITAL IN OCTOBER 2016 AND INCLUDED MEMBERS OF OTHER NON-PROFIT AND HEALTHCARE ORGANIZATIONS.

PART V, SECTION B, LINE 7

CHNA WEBSITE

[HTTP://WWW.CMHSHEALTH.ORG/CHNA/PDFS/CHNA_2016.PDF](http://www.cmhshealth.org/chna/pdfs/chna_2016.pdf)

PART V, SECTION B, LINE 10

IMPLEMENTATION STRATEGY

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, 16j, 18e, 19e, 20e, 21c, 21d, 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.

[HTTP://WWW.CMHSHEALTH.ORG/CHNA/PDFS/CHNA_IMPLEMENTATION_2016.PDF](http://www.cmhshealth.org/chna/pdfs/chna_implementation_2016.pdf)

PART V, SECTION B, LINE 11

THE BOARD OF TRUSTEES FOR COMMUNITY MEMORIAL HEALTH SYSTEM ESTABLISHED A COMMUNITY BENEFIT COMMITTEE FOR ONGOING COMMUNITY BENEFIT ACTIVITIES AND THE COMMUNITY HEALTH NEEDS ASSESSMENT. THIS COMMITTEE REVIEWED INFORMATION ON THE COMMUNITY NEEDS FOR THE OJAI VALLEY COMMUNITY HOSPITAL AND COMMUNITY MEMORIAL HOSPITAL SERVICE AREAS. BASED ON PUBLICLY REPORTED HEALTH DATA AND COMMUNITY INPUT, THE COMMITTEE RECOMMENDED THE RANK ORDERING OF SPECIFIC ISSUES FOR EACH COMMUNITY AND MADE ITS RECOMMENDATIONS TO THE CMHS BOARD OF TRUSTEES. THE CMHS BOARD OF TRUSTEES APPROVED THE CHNA AND IMPLEMENTATION STRATEGIES FOR THE SYSTEM'S HOSPITALS. SUBSTANCE ABUSE, MENTAL HEALTH, AND THE TREATMENT OF CHRONIC AND ACUTE HEALTH CONDITIONS (DIABETES, HEART DISEASE, AND CANCER) WERE GIVEN PRIORITY FOCUS.

THE SYSTEM HAS ADDRESSED THESE AREAS BY RECRUITING SPECIALTY AND FAMILY PHYSICIANS, IMPLEMENTING TELEMEDICINE SERVICES, OFFERING FREE CHRONIC DISEASE DETECTION AND SCREENING SERVICES, AND THROUGH EDUCATIONAL PROGRAMS AND SUPPORT GROUPS. IN ADDITION, PHYSICIAN RESIDENTS IN THE SYSTEM'S GRADUATE MEDICAL EDUCATION PROGRAM ARE PROVIDING FREE HEALTHCARE AND HEALTH EDUCATION IN MEDICALLY UNDERSERVED AREAS OF VENTURA COUNTY.

ORAL HEALTH IS AN INITIATIVE THAT WAS IDENTIFIED IN THE MOST RECENT CHNA. OJAI VALLEY COMMUNITY HOSPITAL AND COMMUNITY MEMORIAL HOSPITAL DO NOT

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, 16j, 18e, 19e, 20e, 21c, 21d, 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.

PROVIDE DENTAL CARE SERVICES. THE SYSTEM WILL CONTINUE TO WORK CLOSELY WITH CLINICAS DEL CAMINO REAL TO PROVIDE ACCESS TO SPECIALTY PHYSICIAN CARE TO ADDRESS UNMET DENTAL CARE NEEDS. OTHER INITIATIVES THAT WILL NOT BE ADDRESSED BY THE SYSTEM INCLUDE POVERTY AND NUTRITION, SENIOR ADULT DAY CARE, AND CHILD ABUSE DOMESTIC VIOLENCE.

CMHS PLANS TO SUPPORT THE LOCAL SCHOOL SYSTEMS GIVEN THE CORRELATION BETWEEN EDUCATION LEVEL AND POVERTY. CMHS WILL CONTINUE ITS ONGOING PARTICIPATION IN THE HOME HEALTH ALLIANCE AND ASSOCIATION WITH HOME HEALTH PROVIDERS TO BRING AWARENESS AND ACCEPTANCE TO SENIORS IN USING ADULT DAY CARE SERVICES. PROGRESS WILL CONTINUE TO BE MADE TO ADDRESS UNMET BEHAVIORAL HEALTH NEEDS IN THE OJAI COMMUNITY WHICH SHOULD IMPROVE CONDITIONS FOR SAFE HOMES AND FAMILIES.

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 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, 16j, 18e, 19e, 20e, 21c, 21d, 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 16A

FINANCIAL ASSISTANCE POLICY WEBSITE

[HTTP://WWW.CMHSHEALTH.ORG/CMH/PDFS/FINANCIALASSISTANCE-CHARITYPOLICY.PDF](http://www.cmhshealth.org/cmh/pdfs/financialassistance-charitypolicy.pdf)

THE SYSTEM WAS MADE AWARE IN AUGUST 2017 THAT THE FINANCIAL ASSISTANCE POLICY DID NOT CONTAIN A LIST OF PROVIDERS, OTHER THAN THE HOSPITAL FACILITY AND ITS EMPLOYEES, THAT DELIVER EMERGENCY OR OTHER MEDICALLY NECESSARY CARE IN THE FACILITY, AND SPECIFY WHICH PROVIDERS ARE COVERED BY THE FAP AND WHICH ARE NOT, IN ORDER TO MEET THE SPECIFIC REQUIREMENTS OF IRC 501(R). THE SYSTEM IMMEDIATELY WORKED ON CORRECTING THE FINACIAL ASSISTANCE POLICY AND INCLUDING THE LIST OF PROVIDERS DURING 2017. THE CORRECTED FINANCIAL ASSISTANCE POLICY IS CURRENTLY IN USE THROUGHOUT THE SYSTEM IN ALL WAYS REQUIRED BY IRC 501(R).

PART V, SECTION B, LINE 16B

FINANCIAL ASSISTANCE POLICY APPLICATION WEBSITE

[HTTP://WWW.CMHSHEALTH.ORG/CMH/PDFS/FINANCIALASSISTANCE-CHARITYPOLICY.PDF](http://www.cmhshealth.org/cmh/pdfs/financialassistance-charitypolicy.pdf)

PART V, SECTION B, LINE 16C AND 16F

THE SYSTEM WAS MADE AWARE IN AUGUST 2017 THAT THE PLAIN LANGUAGE SUMMARY WAS INCOMPLETE AND DID NOT MEET THE SPECIFIC REQUIREMENTS OF IRC 501(R). THE SYSTEM IMMEDIATELY WORKED ON AMENDING THE PLS AND COMPLETED THE AMENDMENT IN AUGUST 2017. THE UPDATED PLS IS CURRENTLY IN USE THROUGHOUT THE SYSTEM IN ALL WAYS REQUIRED BY IRC 501(R).

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, 16j, 18e, 19e, 20e, 21c, 21d, 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 16G

INDIVIDUALS WERE NOTIFIED ABOUT THE FINANCIAL ASSISTANCE POLICY BY RECEIVING A CONSPICUOUS WRITTEN NOTICE ABOUT THE FINANCIAL ASSISTANCE POLICY ON THEIR BILLING STATEMENTS AND VIA CONSPICUOUS PUBLIC DISPLAYS. THE PLAIN LANGUAGE SUMMARY OF THE FINANCIAL ASSISTANCE POLICY WAS COMPLETED AND MADE AVAILABLE DURING 2017.

PART V, SECTION B, LINE 16I

THE SYSTEM WAS MADE AWARE IN AUGUST 2017 THAT THE PLAIN LANGUAGE SUMMARY AND FINANCIAL ASSISTANCE POLICY APPLICATION NEEDED TO BE TRANSLATED TO SPANISH, TAGALOG, CHINESE, PERSIAN, VIETNAMESE, KOREAN AND ARABIC IN ORDER TO MEET THE SPECIFIC REQUIREMENTS OF IRC 501(R). WE IMMEDIATELY WORKED ON TRANSLATING BOTH DOCUMENTS AND COMPLETED THE TRANSLATIONS PRIOR TO THE FILING OF THIS RETURN. THE TRANSLATED FINANCIAL ASSISTANCE POLICY, FINANCIAL ASSISTANCE POLICY APPLICATION AND PLAIN LANGUAGE SUMMARY ARE CURRENTLY IN USE THROUGHOUT THE SYSTEM IN ALL WAYS REQUIRED BY IRC 501(R).

THE SYSTEM'S ELECTRONIC PATIENT FILES CONTAIN THE PRIMARY LANGUAGE SPOKEN BY EACH PATIENT. THE SYSTEM WILL BE REVIEWING ITS PATIENT POPULATION EVERY THREE YEARS TO DETERMINE WHETHER THERE ARE ADDITIONAL LIMITED ENGLISH PROFICIENCY POPULATIONS THAT REQUIRE THE TRANSLATION OF THE SYSTEM'S FINANCIAL ASSISTANCE POLICIES AND RELATED DOCUMENTS IN ACCORDANCE WITH 501(R).

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? 20

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 SANTA PAULA CENTER FOR FAMILY HEALTH 242 E. HARVARD BLVD SANTA PAULA CA 93060	OP CLINIC
6 VINEYARD CENTER FOR FAMILY HEALTH 2361 VINEYARD AVENUE OXNARD CA 93036	OP CLINIC
7 SAN BUENAVENTURA UROLOGY CENTER 2705 LOMA VISTA ROAD, SUITE 206 VENTURA CA 93003	OP CLINIC
8 AIRPORT MARINA CENTER FOR FAMILY HEALTH 3641 W. FIFTH STREET OXNARD CA 93035	OP CLINIC
9 MAIN STREET CENTER FOR FAMILY HEALTH 138 W. MAIN STREET VENTURA CA 93001	OP CLINIC
10 MSO PACIFIC INPATIENT PHYSICIANS 147 N. BRENT STREET VENTURA CA 93003	OP CLINIC

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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 FILLMORE CENTER FOR FAMILY HEALTH 852 VENTURA STREET FILLMORE CA 93015	OP CLINIC
2 MIDTOWN MEDICAL GROUP CLINIC 2721 E. MAIN STREET VENTURA CA 93003	OP CLINIC
3 PORT HUENEME CENTER FOR FAMILY HEALTH 321 E. PORT HUENEME ROAD PORT HUENEME CA 93041	OP CLINIC
4 SANTA ROSA CENTER FOR FAMILY HEALTH 5800 SANTA ROSA ROAD CAMARILLO CA 93010	OP CLINIC
5 MSO RAO CARDIOLOGY PRACTICE 100 N. BRENT STREET VENTURA CA 93003	OP CLINIC
6 MSO PATEL/SPEITEL FAMILY PRACTICE 124 N. BRENT STREET VENTURA CA 93003	OP CLINIC
7 OJAI CENTER FOR FAMILY HEALTH 655 N. VENTURA AVENUE OAK VIEW CA 93022	OP CLINIC
8 OAK VIEW CENTER FOR FAMILY HEALTH 655 N. VENTURA AVENUE OAK VIEW CA 93022	OP CLINIC
9 OJAI MULTISPECIALTY CENTER 117 PIRIE ROAD OJAI CA 93023	OP CLINIC
10 PREMIERE ENDOCRINOLOGY CENTER 3655 W. FIFTH STREET OXNARD CA 93035	OP CLINIC

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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.

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 7

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

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

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.

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 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 \$15,657,798 AND \$12,980,865 IN 2016 AND 2015, RESPECTIVELY. THE SYSTEM

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.
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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.
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MADE CALIFORNIA HEALTH FOUNDATION AND TRUST PAYMENTS IN THE AMOUNT OF \$317,864 AND \$293,396 IN 2016 AND 2015, RESPECTIVELY, AND THE PLEDGE PAYMENTS WERE RECORDED WITHIN QA FEE IN OPERATING EXPENSES WITHIN THE ACCOMPANYING CONSOLIDATED STATEMENTS OF OPERATIONS. THE SYSTEM RECEIVED SUPPLEMENTAL PAYMENTS OF \$35,585,271 AND \$32,421,924 OVER THE COURSE OF THE PROGRAM IN 2016 AND 2015, RESPECTIVELY. THE SYSTEM RECORDED THE SUPPLEMENTAL PAYMENTS AS OPERATING REVENUE WITHIN THE ACCOMPANYING CONSOLIDATED STATEMENTS OF OPERATIONS.

PART I, LINE 7G

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

PART I, LINE 7, COLUMN F

THE ORGANIZATION INCLUDED \$37,216 OF BAD DEBT EXPENSE IN PART IX. THE AMOUNT HAS BEEN SUBTRACTED FROM THE CALCULATION OF COLUMN F.

Part VI Supplemental Information

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PART II

COMMUNITY BUILDING ACTIVITIES

THE SYSTEM REGULARLY RECRUITS FAMILY AND SPECIALTY PHYSICIANS TO FILL THE NEEDS AT ITS OUTPATIENT CLINICS AND HOSPITALS. THE SYSTEM ALSO ASSISTS AFFILIATED MEDICAL GROUPS WITH THE RECRUITMENT OF PHYSICIANS WHERE COMMUNITY NEED IS DEMONSTRATED. THE SYSTEM DETERMINES MARKET NEED BY PERFORMING A MARKET STUDY OF THE NUMBER OF PHYSICIANS NEEDED PER PRACTICE AREA BASED ON POPULATION SIZE.

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

THE SYSTEM USED WORKSHEET 2, RATIO OF PATIENT CARE COST TO CHARGES, TO DETERMINE THE COST OF ITS BAD DEBT EXPENSE.

Part VI Supplemental Information

Provide the following 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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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 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

Part VI Supplemental Information

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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 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 QUALIFY 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 92% AND 93% OF THE

Part VI Supplemental Information

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SYSTEM'S COMBINED UNINSURED AND SELF-PAY ACCOUNTS RECEIVABLE AS OF DECEMBER 31, 2016 AND DECEMBER 31, 2015, RESPECTIVELY. THE SYSTEM'S ALLOWANCE FOR BAD DEBT WAS \$38,767,172 AND \$36,239,750 AS OF DECEMBER 31, 2016 AND 2015, RESPECTIVELY. THE SYSTEM'S PROVISION FOR PATIENT BAD DEBTS DECREASED TO \$12,823,555 FROM \$13,963,730 FOR THE YEARS ENDED DECEMBER 31, 2016 AND DECEMBER 31, 2015, RESPECTIVELY.

PART III, LINE 8

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 23.6% OF THE SYSTEMS NET REVENUE FOR 2016. 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,

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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 COMMUNITY BENEFIT PROVIDED BY THE SYSTEM.

PART III, LINE 9B

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

Part VI Supplemental Information

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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 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 VI, LINE 2

NEEDS ASSESSMENT

THE SYSTEM UPDATED ITS COMMUNITY NEEDS ASSESSMENT IN 2016. THE SYSTEM COORDINATED ITS HEALTH NEEDS ASSESSMENT WITH THOSE OF THE VENTURA COUNTY DEPARTMENT OF PUBLIC HEALTH, AND KAISER HEALTH PLAN, FOUNDATION HOSPITALS AND THE PERMANENTE MEDICAL GROUP. THE AREA-WIDE STUDY AND HEALTHCARE SURVEY 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

Part VI Supplemental Information

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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 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 860,000 THOUSAND AND MADE

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OF UP 66.4% WHITE AND 33.6% OTHER RESIDENTS. THE COUNTY OF VENTURA PROVIDES COMMUNITY DATA THROUGH ITS WEBSITE "HEALTH MATTERS IN VC" AND CAN BE ACCESSED AT [HTTP://WWW.HEALTHMATTERSINVC.ORG/INDEX.PHP](http://WWW.HEALTHMATTERSINVC.ORG/INDEX.PHP) FOR FURTHER INFORMATION.

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.

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

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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 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

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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 6

N/A

PART VI, LINE 7

STATE FILING OF COMMUNITY BENEFIT REPORT

CALIFORNIA

Part VI Supplemental Information

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501(R) COMPLIANCE

THE HOSPITAL IDENTIFIED AND CORRECTED CERTAIN GAPS IN ITS 501(R)

COMPLIANCE. FOR MORE INFORMATION, SEE DISCLOSURES IN PART V, SECTION C,

CORRESPONDING TO PART V, SECTION B, LINES 16A, 16C, 16F, 16G, AND 16I.

**SCHEDULE I
(Form 990)**

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

OMB No. 1545-0047

2016

**Open to Public
Inspection**

Complete if the organization answered "Yes" on 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.

Department of the Treasury
Internal Revenue Service

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" on 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 noncash assistance	(h) Purpose of grant or assistance
(1) AMERICAN CANCER SOCIETY 2816 KNOLL DRIVE, SUITE A VENTURA, CA 93003	94-1170350	501(C)(3)	7,500.				GENERAL SUPPORT
(2) CALIFORNIA HEALTH FOUNDATION & TRUST 1215 K ST, SUITE 800 SACRAMENTO, CA 95814	94-1498697	501(C)(3)	317,864.				CA HOSPITAL FEE PROGRAM
(3)							
(4)							
(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 ▶ 2.

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

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

Schedule I (Form 990) (2016)

Part III Grants and Other Assistance to Domestic Individuals. 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. 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 501(C)(3) AND GOVERNMENT 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

Name of the organization

COMMUNITY MEMORIAL HEALTH SYSTEM

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

2016

Open to Public Inspection

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 on 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 (such as, 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 on 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 on 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 on 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" on line 5a or 5b, describe in Part III.

6 For persons listed on 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" on line 6a or 6b, describe in Part III.

7 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III.

8 Were any amounts reported on 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" on 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) 2016

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 on 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 aren't 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 on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 CYNTHIA FAHEY CNO	(i)	224,848.	282.	5,661.	47,756.	146.	278,693.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
2 STANLEY FROCHTZWJG CMO, INPATIENT	(i)	358,472.	2,932.	155,795.	94,377.	2,528.	614,104.	92,258.
	(ii)	0.	0.	0.	0.	0.	0.	0.
3 WILFRED GARAND VP PLANNING & MANAGED CARE	(i)	247,668.	2,932.	4,827.	72,682.	0.	328,109.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
4 DAVID GLYER CFO	(i)	344,922.	2,932.	96,788.	103,420.	5,078.	553,140.	72,682.
	(ii)	0.	0.	0.	0.	0.	0.	0.
5 DIANY KLEIN VP HUMAN RESOURCES	(i)	250,000.	2,932.	636,786.	81,235.	0.	970,953.	601,844.
	(ii)	0.	0.	0.	0.	0.	0.	0.
6 HAADY LASHKARI CHF ADMIN OFFICER OJAI/VP CMH	(i)	213,598.	2,932.	13,310.	96,051.	11,402.	337,293.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
7 EMILIE RAYMAN COMPLIANCE OFFICER	(i)	214,592.	2,932.	92,459.	41,361.	2,528.	353,872.	70,464.
	(ii)	0.	0.	0.	0.	0.	0.	0.
8 RICHARD REISMAN VP AMBULATORY MEDICINE	(i)	288,692.	2,876.	7,854.	0.	5,078.	304,500.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
9 SAMUEL SMALL CHIEF OF MEDICAL EDUCATION	(i)	404,679.	2,932.	4,241.	0.	4,321.	416,173.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
10 ADAM THUNELL VP OPERATIONS	(i)	360,598.	2,932.	20,375.	143,533.	6,402.	533,840.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
11 GARY K. WILDE PRESIDENT AND CEO	(i)	644,648.	2,932.	415,565.	533,098.	5,352.	1,601,595.	372,198.
	(ii)	0.	0.	0.	0.	0.	0.	0.
12 RONALD SANDIFER CIO	(i)	432,665.	0.	0.	0.	0.	432,665.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
13 KEITH MCWILLIAMS DIRECTOR OF INFORMATION SYSTEM	(i)	224,836.	0.	0.	0.	11,286.	236,122.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
14 CARLOS LIMON, JR PHARMACIST	(i)	222,964.	0.	0.	0.	16,381.	239,345.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
15 EUGENE DAY PHARMACIST	(i)	226,845.	0.	0.	0.	16,381.	243,226.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
16 ANWAR ABBAS DIRECTOR OF INFORMATION SYSTEM	(i)	126,501.	0.	149,309.	0.	868.	276,678.	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 on 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 aren't 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 on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 MARY SCHMITZ DIRECTOR OF DEVELOPMENT	(i)	221,935.	0.	0.	0.	11,286.	233,221.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
2 KIMBERLY BRIDGES ASSISTANT VP - CFH	(i)	190,472.	2,721.	12,018.	56,782.	2,528.	264,521.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
3 CYNTHIA DEMOTTE VP QUALITY	(i)	198,105.	2,808.	13,461.	64,693.	1,516.	280,583.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
4 MICHAEL ELLINGSON VP MARKETING & DEVELOPMENT	(i)	217,684.	2,900.	14,531.	70,282.	316.	305,713.	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

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

THE SYSTEM'S CEO RECEIVES AN AUTOMOBILE ALLOWANCE. THE ALLOWANCE IS INCLUDED IN TAXABLE WAGES AND REPORTED ON HIS W-2.

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

THE FOLLOWING INDIVIDUAL RECEIVED A SEVERANCE PAYMENT:

ANWAR ABBAS - \$149,309

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

ON APRIL 1, 2002, A SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (THE 2002 SERP) WAS ESTABLISHED TO COVER SENIOR STAFF MEMBERS OF CMHS. 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, WHICH INCLUDES A CATCH UP PROVISION FOR A SERP BENEFIT FORFEITED FROM A PRIOR EMPLOYER AS A CONDITION OF HIS EMPLOYMENT AT CMH, AND 2% FOR OTHER PARTICIPANTS AFTER APRIL 4, 2004. PARTICIPANTS VEST AFTER TEN YEARS OF SERVICE AND THE

Part III Supplemental Information

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

ATTAINMENT OF AGE 60, 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.

THE FOLLOWING INDIVIDUALS RECEIVED A SERP PAYOUT DURING THE YEAR (AS NOTED ON SCHEDULE J, PART II, COLUMN F, ALL OF THESE PAYOUTS, EXCLUDING ACCRUALS FOR THE 2016 YEAR, WERE PREVIOUSLY REPORTED ANNUALLY ON SCHEDULE J, PART II, COLUMN C, IN PRIOR YEAR'S 990S):

DIANY KLEIN - \$601,844

GARY K. WILDE - \$372,198

STANLEY FROCHTZWAJG - \$92,258

DAVID GLYER - \$72,682

EMILIE RAYMAN - \$70,464

Part III Supplemental Information

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

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

OMB No. 1545-0047

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

2016

▶ **Attach to Form 990.**

**Open to Public
Inspection**

▶ **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) Defeased		(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	77,168,296.							
5 Capitalized interest from proceeds	136,307,293.							
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	136,389,959.							
11 Other spent proceeds								
12 Other unspent proceeds								
13 Year of substantial completion	2017							
	Yes	No	Yes	No	Yes	No	Yes	No
14 Were the bonds issued as part of a current refunding issue?		X						
15 Were the bonds issued as part of an advance refunding issue?		X						
16 Has the final allocation of proceeds been made?		X						
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

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

Part III Private Business Use (Continued)

CITY OF SAN BUENAVENTURA

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

Part IV Arbitrage

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

Part 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 K, PART IV, LINE 2C

THE REBATE COMPUTATION TO DETERMINE THAT NO REBATE IS DUE WAS COMPLETED
ON 8/23/2017.

SCHEDULE L
(Form 990 or 990-EZ)

Transactions With Interested Persons

OMB No. 1545-0047

2016

Open To Public Inspection

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.**

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) SUBSTANTIAL CONTRIBUTOR	SUBSTANTIAL CONTRIBUTOR	664,929.	MEDICAL SUPPLIES		X
(2) SUBSTANTIAL CONTRIBUTOR	SUBSTANTIAL CONTRIBUTOR	497,044.	STORAGE RENTAL		X
(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 M
(Form 990)**

Noncash Contributions

OMB No. 1545-0047

2016

**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	6 .	300,174 .	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 isn't 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 nonstandard 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 didn't 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) (2016)

JSA

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PAGE 82

Part II **Supplemental Information.** 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

Name of the organization

COMMUNITY MEMORIAL HEALTH SYSTEM

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

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

OMB No. 1545-0047

2016

**Open to Public
Inspection**

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, LINES 4A-4C

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. CONTINUE TO SPONSOR AND PARTICIPATE IN COMMUNITY HEALTH FAIRS AND PUBLIC EXPOS AND OTHER MECHANISMS TO PROMOTE HEALTH SERVICES, HEALTH EDUCATION, AND PREVENTION THROUGHOUT THE COMMUNITY. HEALTH RELATED EDUCATION AND PREVENTION WILL BE FOCUSED AROUND DIABETES, OBESITY,

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

PRENATAL CARE, HEART HEALTH, AND HEALTHY LIVING AND NUTRITION.

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

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

4. 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.

5. 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.

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

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

Name of the organization COMMUNITY MEMORIAL HEALTH SYSTEM	Employer identification number 95-1683892
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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.
 10. CONTINUE TO TRAIN RESIDENT PHYSICIANS THROUGH THE SYSTEM'S GRADUATE MEDICAL EDUCATION PROGRAM WITH FOCUS ON FAMILY AND INTERNAL MEDICINE. RESIDENTS WITH THE GME PROGRAM ARE PROVIDING FREE HEALTHCARE AND HEALTH EDUCATION IN MEDICALLY UNDERSERVED AREAS OF VENTURA COUNTY.
- UNCOMPENSATED AND UNDER FUNDED CARE;

Name of the organization COMMUNITY MEMORIAL HEALTH SYSTEM	Employer identification number 95-1683892
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1. CONTINUE TO PROVIDE ACCESS TO A SIGNIFICANT NUMBER OF MEDICAL BENEFICIARIES ACROSS A BROAD RANGE OF MEDICAL SERVICES (MEASURED AS A 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.

SCHEDULE O, PART VI, LINE 2

BUSINESS RELATIONSHIPS

JOHN RUSSELL AND MARTIN POPS HAVE A BUSINESS RELATIONSHIP.

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

FORM 990, PART VI, QUESTION 11B

FORM 990 WAS PREPARED BY ERNST & YOUNG LLP AND COMMUNITY MEMORIAL HEALTH SYSTEM (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, QUESTION 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 PROVIDE DISCLOSURE OF FINANCIAL INTERESTS AND TRANSACTIONS WHERE CONFLICT OF INTEREST IS A POSSIBILITY, AND SHALL ASSIST IN THE AVOIDANCE OF POTENTIAL CONFLICT OF INTEREST IN CHOOSING NEW DIRECTORS, AND OTHER 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. THE SYSTEM'S CHIEF CORPORATE OFFICER HAS OVERSIGHT OF THIS PROCESS AND DETERMINES WHETHER A CONFLICT OF INTEREST IS PRESENT.

FORM 990, PART VI, QUESTIONS 15A AND 15B

PROCESS FOR DETERMINING COMPENSATION
IN 2015 AND 2016, 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

Name of the organization COMMUNITY MEMORIAL HEALTH SYSTEM	Employer identification number 95-1683892
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PERCENTILE OF THOSE SURVEYED AND BY ORGANIZATIONAL SIZE AND SCOPE. 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. THE PROCESS WAS LAST COMPLETED IN AUGUST 2016.

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.

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 ARE AVAILABLE THROUGH THE ADMINISTRATIVE OFFICES AND ARE PROVIDED UPON REQUEST.

FORM 990, PART XI, LINE 9

OTHER CHANGES IN NET ASSETS

CHANGE IN PENSION OBLIGATION \$(262,205)

CHANGE IN PLEDGE RECEIVABLE RESERVE \$(136,934)

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

CHANGE IN CONTRIBUTED CAPITAL	\$ 437,397
ROUNDING	\$ (6)

TOTAL	\$ 38,252

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>
KAUFMAN, HALL & ASSOCIATES, LLC 5202 OLD ORCHARD RD #700 SKOKIE, IL 60077	CONSULTING SERVICES	2,469,706.
PB BUILDING MAINTENANCE 10454 TULSA CIR VENTURA, CA 93301	MAINTENANCE SERVICES	1,251,413.
VENTURA ANESTHESIA MEDICAL GROUP 1081 MONTAUK LANE, UNIT B VENTURA, CA 93301	MEDICAL SERVICES	1,236,410.
DIVERSIFIED CLINICAL SERVICES INC 4500 SALISBURY ROAD, STE 300 JACKSONVILLE, FL 32216	MEDICAL SERVICES	1,148,638.
VENTURA EMERGENCY PHYSICIANS 147 N BRENT STREET VENTURA, CA 93001	MEDICAL SERVICES	1,036,621.

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No. 1545-0047

2016

**Open to Public
Inspection**

▶ **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.**

Department of the Treasury
Internal Revenue Service

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	2,400.	2,425.	CMHS
(2) COMMUNITY MEMORIAL PHYSICIANS SVCS, LLC 46-3142917 147 N. BRENT STREET VENTURA, CA 93003	MGMT SVCS	CA	165,447.	89,196.	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 STREET VENTURA, CA 93003	FUNDRAISING	CA	501(C)(3)	7	CMHS	X	
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							

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

Schedule R (Form 990) 2016

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	107,364.	665,691.		X	0.		X	51.0000
(2) VENTURA CARDIOVASCULAR CO-MANA SEE PART VII	MANAGEMENT SVCS	CA	N/A	RELATED	222,989.	246,188.		X	0.		X	50.0000
(3) BUENAVISTA MEDICAL PROPERTIES SEE PART VII	RENTAL	CA	N/A									
(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) BUENAVISTA MEDICAL PROPERTIES, INC 77-0298516 147 N. BRENT STREET VENTURA, CA 93003	REAL ESTATE	CA	N/A	C CORP	72,286.	264,510.	100.0000	X	
(2) CALIFORNIA HEART INSTITUTE 77-0276145 147 N. BRENT STREET VENTURA, CA 93003	BILLING SERVICES	CA	N/A	C CORP	268,640.	152,976.	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	139,574.	ACCRUAL METHOD
(2) GROSSMAN IMAGING CENTER	D	3,922,076.	ACCRUAL METHOD
(3) GROSSMAN IMAGING CENTER	J	153,516.	ACCRUAL METHOD
(4) COMMUNITY MEMORIAL HEALTHCARE FDN	C	185,349.	ACCRUAL METHOD
(5) COMMUNITY MEMORIAL HEALTHCARE FDN	Q	236,578.	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

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: VENTURA CARDIOVASCULAR CO-MANAGEMENT CO. LLC

ORGANIZATION EIN: 27-3227049 U.S.

ADDRESS: 147 NORTH BRENT STREET, VENTURA, CA 93003

ORGANIZATION NAME: BUENAVISTA MEDICAL PROPERTIES, LTD.

ORGANIZATION EIN: 77-0275364

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

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Community Memorial Health System
Years Ended December 31, 2016 and 2015
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, 2016 and 2015

Contents

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Ernst & Young LLP
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Los Angeles, CA 90017-5418

Tel: +1 213 977 3200
Fax: +1 213 977 3152
ey.com

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, 2016 and 2015, 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 the System at December 31, 2016 and 2015, 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 19, 2017

Community Memorial Health System

Consolidated Balance Sheets

	December 31	
	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 28,647,563	\$ 31,311,334
Investments	143,585,823	141,382,441
Patient accounts receivable, net of allowance for doubtful accounts of \$38,767,172 and \$36,239,750 at December 31, 2016 and 2015, respectively	59,315,472	59,044,522
Due from third-party payors, net	3,585,686	4,600,457
Inventory	9,910,042	10,157,384
Current portion of assets limited as to use	1,521,945	1,714,535
Prepaid expenses and other	13,401,717	11,995,247
Hospital Medi-Cal supplemental receivable	16,382,081	11,692,838
Total current assets	276,350,329	271,898,758
Assets limited as to use, less current portion:		
For workers' compensation claims	3,941,003	4,651,417
For pension plans	6,060,487	7,611,295
Annuity trust	218,606	217,272
Construction funds	77,168,296	105,392,150
	87,388,392	117,872,134
Property and equipment, net	481,581,360	406,431,583
Other assets:		
Investment in affiliate	251,266	279,074
Property held for future use	1,984,894	3,098,492
Other assets	5,041,444	4,871,593
Total assets	\$ 852,597,685	\$ 804,451,634

	December 31	
	2016	2015
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 42,429,220	\$ 34,226,474
Hospital quality assurance fee payable	3,860,230	3,244,696
Accrued compensation and related benefits	24,593,211	20,660,370
Current maturities of long-term debt and capital lease obligations	<u>6,869,301</u>	<u>6,757,031</u>
Total current liabilities	<u>77,751,962</u>	64,888,571
Accrued pension obligation	8,930,448	7,497,084
Accrued workers' compensation and malpractice insurance claims, less current portion	8,007,771	9,243,258
Long-term debt and capital lease obligations, net of current maturities	333,997,336	338,959,974
Annuity trust liability	117,730	122,884
Other liabilities	<u>2,415,969</u>	<u>2,226,777</u>
Total liabilities	<u>431,221,216</u>	422,938,548
Net assets:		
Unrestricted:		
System	418,879,741	379,285,202
Non-controlling interests in subsidiaries	(3,186,859)	(3,287,282)
Temporarily restricted – System	<u>5,683,587</u>	<u>5,515,166</u>
Total net assets	<u>421,376,469</u>	<u>381,513,086</u>
Total liabilities and net assets	<u><u>\$ 852,597,685</u></u>	<u><u>\$ 804,451,634</u></u>

See accompanying notes.

Community Memorial Health System

Consolidated Statements of Operations

	Year Ended December 31	
	2016	2015
Unrestricted revenue, gains, and other support:		
Net patient service revenues, net of contractual discounts and allowances	\$ 353,862,997	\$ 337,547,461
Provision for patient bad debts	(12,823,555)	(13,963,730)
Net patient service revenue before Hospital Medi-Cal supplemental payments	341,039,442	323,583,731
Hospital Medi-Cal supplemental payments	35,585,271	32,421,924
Net patient service revenue	376,624,713	356,005,655
Other operating revenue	17,241,665	16,991,436
Net assets released from restrictions	296,364	407,715
Total unrestricted revenues, gains, and other support	394,162,742	373,404,806
Expenses:		
Payroll and related expenses	186,391,485	174,932,229
Other operating expenses	150,919,429	141,330,062
Hospital quality assurance fees	15,975,662	13,274,261
Depreciation and amortization	11,974,844	12,249,400
Interest	372,881	256,540
Total expenses	365,634,301	342,042,492
Operating income	28,528,441	31,362,314
Other income (loss):		
Investment income (loss)	8,273,305	(2,043,274)
Donations	246,498	174,659
Total other income (loss)	8,519,803	(1,868,615)
Excess of unrestricted revenues, gains, and other support over expenses	37,048,244	29,493,699
Less: excess of unrestricted revenues, gains, and other support over expenses attributable to non-controlling interests	(239,048)	(429,902)
Excess of unrestricted revenues, gains, and other support over expenses attributable to the System	\$ 36,809,196	\$ 29,063,797

See accompanying notes.

Community Memorial Health System

Consolidated Statements of Changes in Net Assets

	Year Ended December 31	
	2016	2015
Net assets at beginning of year	\$ 381,513,086	\$ 348,195,627
Unrestricted net assets:		
Excess of unrestricted revenues, gains, and other support over expenses attributable to the System	36,809,196	29,063,797
Excess of unrestricted revenues, gains, and other support over expenses attributable to non-controlling interests	239,048	429,902
Change in pension obligation	(262,205)	(107,400)
Distributions to non-controlling interests	(138,625)	(143,613)
Net assets released from restrictions for the acquisition of property and equipment	3,047,548	1,968,648
Increase in unrestricted net assets	39,694,962	31,211,334
Temporarily restricted net assets:		
Contributions	3,512,333	4,482,488
Net assets released from restrictions	(3,343,912)	(2,376,363)
Increase in temporarily restricted net assets	168,421	2,106,125
Increase in net assets	39,863,383	33,317,459
Net assets at end of year	\$ 421,376,469	\$ 381,513,086

See accompanying notes.

Community Memorial Health System
Consolidated Statements of Cash Flows

	Year Ended December 31	
	2016	2015
Operating activities		
Increase in net assets	\$ 39,863,383	\$ 33,317,459
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	11,974,844	12,249,400
Net unrealized losses on trading investments	232,498	9,200,939
Purchases of trading investments, net of sales	(2,435,880)	(25,378,736)
Provision for bad debts	12,823,555	13,963,730
Other	(1,559,809)	(1,961,859)
Changes in operating assets and liabilities:		
Patient accounts receivable	(13,094,505)	(17,157,536)
Inventory	247,342	(1,419,289)
Prepaid expenses and other and Hospital Medi-Cal supplemental receivable	(6,095,713)	21,840,594
Other assets	3,772,469	1,562,058
Annuity trust asset	(1,334)	14,932
Accounts payable and accrued liabilities and hospital quality assurance fee payable	4,608,303	(9,579,118)
Due from third-party payors	1,014,771	216,236
Accrued pension obligation	1,433,364	(1,490,610)
Accrued workers' compensation and malpractice insurance claims, less current portion	(1,235,487)	(2,709,148)
Other liabilities	184,038	165,482
Net cash provided by operating activities	51,731,839	32,834,534
Investing activities		
Decrease in assets limited as to use for construction	28,223,854	39,812,342
Purchase of property and equipment	(78,981,803)	(74,027,640)
Net cash used in investing activities	(50,757,949)	(34,215,298)
Financing activities		
Proceeds from new borrowings and restricted contributions	1,564,291	1,966,341
Repayments of long-term debt and capital lease obligations	(5,201,952)	(554,218)
Net cash (used in) provided by financing activities	(3,637,661)	1,412,123
Net (decrease) increase in cash and cash equivalents	(2,663,771)	31,359
Cash and cash equivalents at beginning of year	31,311,334	31,279,975
Cash and cash equivalents at end of year	\$ 28,647,563	\$ 31,311,334
Supplemental cash flow information		
Interest paid	\$ 26,393,881	\$ 26,277,540
Non-cash purchase of property and equipment	\$ (4,538,233)	\$ (5,704,645)

See accompanying notes.

Community Memorial Health System

Notes to Consolidated Financial Statements

December 31, 2016

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., a California for-profit corporation owned by CMHS, is a general partner and 66% 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., 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 is a for-profit accountable care organization owned by CMHS to provide gainsharing for covered Medicare patients.

Community Memorial Physician Services 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 non-controlling interests in the performance indicator of the System. For Grossman, CMHS has recorded the non-controlling owner's losses, including those that reduced the non-controlling interest below zero, since the non-controlling 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 \$1,097,800 and \$1,532,250 for the years ended December 31, 2016 and 2015, 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 payor 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 92% and 93% of the System's combined uninsured and self-pay accounts receivable as of December 31, 2016 and 2015, respectively.

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 are as follows:

	2016	Ratio	2015	Ratio
Medicare	\$ 83,509,918	23.6%	\$ 82,101,554	24.3%
Medicare – Managed Care	50,509,813	14.3	47,229,067	14.0
Medi-Cal	37,615,817	10.6	38,142,702	11.3
Managed Care and other	176,180,280	49.8	169,139,573	50.1
Self	6,047,169	1.7	934,565	0.3
Patient service revenues before provision for bad debt and excluding Hospital Medi-Cal supplemental payments	\$ 353,862,997		\$ 337,547,461	

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 2016 and 2015, the System settled several previously filed Medicare and Medicaid cost reports and recorded changes in estimates that decreased revenue by \$167,263 and increased revenue by \$193,390, 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, 2016. 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, effective September 8, 2010, was signed into law by the governor of California. 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 June 2012, Centers for Medicare and Medicaid Services (CMS) amended legislation to allow for the fee-for-service portion of the Program to be administered separately from the managed care portion.

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

In 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 2015, the System recorded \$32.3 million of Supplemental Payments and \$11.4 million in QA Fees as hospital fee program revenues and expenses, respectively, in the accompanying consolidated statements of operations related to the January 1, 2015 through December 31, 2015, period of the approved fee-for-service portion of the 36-Month Program. The non-expansion managed care component of the 36-Month Program was approved by CMS in 2015 for the period January 1, 2014 to June 30, 2014. Thus, in 2015, the System recorded \$0.1 million in Supplemental Payments and \$1.9 million in QA Fees related to the first 6-month period of the managed care component of the 36-Month Program.

In 2016, the System recorded \$35.4 million of Supplemental Payments and \$12.7 million in QA Fees as hospital Medi-Cal supplemental payments and hospital quality assurance fees, respectively, in the accompanying consolidated statements of operations related to the January 1, 2016 through December 31, 2016, period of the approved fee-for-service portion of the 36-Month Program. The non-expansion managed care component of the 36-Month Program was approved by CMS in 2016 for the period July 1, 2014 to June 30, 2015, and the expansion component was approved by CMS for the period July 1, 2014 to December 31, 2014. Thus, in 2016, the System recorded \$0.2 million in Supplemental Payments and \$3.3 million in QA Fees related to the approved non-expansion and expansion managed care components of the 36-Month Program.

CMS has yet to approve the remainder of 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 \$7.7 million for the period from January 1, 2015 to December 31, 2016.

Supplemental Payment receivables of \$16.4 million and \$11.7 million that were not received as of December 31, 2016 and 2015, respectively, are recorded as a Hospital Medi-Cal supplement receivable in the consolidated balance sheet as of December 31, 2016. Unpaid QA Fees as of December 31, 2016, of \$3.9 million and \$3.2 million are reported in hospital quality assurance fee payable in the consolidated balance sheet as of December 31, 2016 and 2015, respectively.

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

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 December 2015, the System’s Attestations for the final year of the Medicare EHR Incentive Program, for the period October 1, 2014 to September 30, 2015, was accepted for our eligible hospitals. As a result, in 2015, we recognized as other operating revenue of approximately \$0.8 million of Medicare and Medicaid hospital incentive payments, with the entire amount recorded as a receivable as of December 31, 2015. 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’s compliance 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.

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

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, 2016 and 2015, 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 as part of investment income 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.

Alternative Investments

The System's alternative investment fund managers employ a range of investment strategies, including, but not limited to, long/short equity positions, derivatives, and forward and futures contracts. The gain or loss from alternative investments is included in investment income in the accompanying consolidated statements of operations. At December 31, 2016 and 2015, these alternative investments comprised approximately 1.7% and 2.4%, respectively, of the System's total consolidated assets.

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements

Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, 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.

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, 2016 and 2015.

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

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, 2016, are classified in the table below:

	Total	Level 1	Level 2	Valuation Technique (a,b,c)
Assets:				
Marketable equity securities	\$ 30,999,182	\$ 30,999,182	\$ –	a
Mutual funds	77,421,469	77,421,469	–	a
Government bonds	6,475,083	–	6,475,083	a
Municipal bonds	952,870	–	952,870	a
Corporate bonds	13,229,729	–	13,229,729	a
	<u>129,078,333</u>	<u>108,420,651</u>	<u>20,657,682</u>	
Assets limited as to use:				
Cash and cash equivalents	82,849,566	82,849,566	–	a
Mutual funds	6,060,771	6,060,771	–	a
	<u>88,910,337</u>	<u>88,910,337</u>	–	
	217,988,670	<u>\$ 197,330,988</u>	<u>\$ 20,657,682</u>	
Investments measured at net asset value				
	<u>14,507,490</u>			
	<u>\$ 232,496,160</u>			
Liability:				
Interest rate swap liability	\$ (45,425)	\$ –	\$ (45,425)	b
	<u>\$ (45,425)</u>	<u>\$ –</u>	<u>\$ (45,425)</u>	

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, 2015, are classified in the table below:

	Total	Level 1	Level 2	Valuation Technique (a,b,c)
Assets:				
Marketable equity securities	\$ 26,689,909	\$ 26,689,909	\$ –	a
Mutual funds	74,659,637	74,659,637	–	a
Government bonds	5,385,214	–	5,385,214	a
Municipal bonds	1,077,282	–	1,077,282	a
Corporate bonds	14,231,069	–	14,231,069	a
	<u>122,043,111</u>	<u>101,349,546</u>	<u>20,693,565</u>	
Assets limited as to use:				
Cash and cash equivalents	111,994,619	111,994,619	–	a
Mutual funds	7,592,050	7,592,050	–	a
	<u>119,586,669</u>	<u>119,586,669</u>	<u>–</u>	
	241,629,780	<u>\$ 220,936,215</u>	<u>\$ 20,693,565</u>	
Investments measured at net asset value				
	19,339,330			
	<u>\$ 260,969,110</u>			
Liability:				
Interest rate swap liability	\$ (175,737)	\$ –	\$ (175,737)	b
	<u>\$ (175,737)</u>	<u>\$ –</u>	<u>\$ (175,737)</u>	

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 a Level 2 input under U.S. 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 \$25.9 million and \$25.7 million for the years ended December 31, 2016 and 2015, 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, 2016 and 2015.

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 \$968,881 and \$949,180 at December 31, 2016 and 2015, 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:

Policy Period	Deductible	Annual Aggregate Retention
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	13,973,995
4/9/2015–4/8/2016	500,000	13,000,000
4/9/2016–4/8/2017	500,000	14,500,000

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 \$5,789,581 and \$8,116,218 at December 31, 2016 and 2015, respectively.

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

Policy Period	Deductible	Annual Aggregate Retention
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
7/1/2008–12/31/2016	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 \$5,073,410 and \$4,143,400 at December 31, 2016 and 2015, 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 \$2,855,220 and \$3,016,360 at December 31, 2016 and 2015, 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 malpractice insurance claims 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 carryovers for tax positions that meet the more-likely-than-not recognition criteria. The System completed an

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

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, 2016 or 2015. 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 \$276 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 non-clinical 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, 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.

Adoption of New Accounting Standards

In August 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-14, *Revenue from Contracts with Customers*. The amendments in this update defer the effective date of ASU 2014-09 *Revenue from Contracts with Customers*, issued in May 2014. ASU 2014-09 clarifies the principles for recognizing revenue and improves financial reporting by creating common revenue recognition guidance for U.S. GAAP. The core principle of this guidance is that an entity should recognize revenue to depict the transfer of promised goods

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those good or services. The System is evaluating the potential impact of this guidance on its consolidated financial statements, which will be effective in 2018.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The amendments in this update require lessees to put most leases on their balance sheets but recognize expenses on their income statements in a manner similar to today's accounting. The guidance also eliminates today's real estate-specific provisions for all entities. The System is evaluating the potential impact of this guidance on its consolidated financial statements, which will be effective for fiscal year 2019.

In April 2015, the FASB issued ASU 2015-03, *Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, which requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Prior to the issuance of ASU 2015-03, debt issuance costs were required to be presented as an asset on the balance sheet. ASU 2015-03 does not change the recognition and measurement requirements for debt issuance costs. The System adopted the new accounting guidance in its consolidated financial statements in 2016, with a retrospective change in 2015. Such retroactive adoption impacted the December 31, 2015, consolidated balance sheet with no impact to the consolidated statements of operations, changes in net assets, and cash flows. The adoption decreased non-current assets and long-term debt, less current maturities as of December 31, 2015, by \$8.9 million as compared to amounts previously reported.

In August 2016, the FASB completed Phase I of its Presentation of Financial Statements of Not-for-Profit Entities project by issuing ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The new guidance simplifies and improves the face of the financial statements and enhances the disclosures in the footnote of not-for-profit entities (NFPs). The most significant change is that net assets will now be reported in two classes: net assets without donor restrictions and net assets with donor restrictions. Other simplifications and improvements will be made on how NFPs present information about liquidity, financial performance, and cash flows. The amendments in the standard are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Early application of the amendments in this update is permitted. The System is currently in the process of evaluating the impact of adopting the new accounting standard update on its consolidated financial statements.

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

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.

Subsequent Events

The System has evaluated subsequent events occurring through May 19, 2017, the date the financial statements were issued.

3. Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2016</u>	<u>2015</u>
Land and improvements	\$ 24,965,007	\$ 23,851,412
Buildings	129,740,818	115,987,966
Leasehold improvements	6,786,401	5,975,815
Equipment	122,432,312	115,391,839
	<u>283,924,538</u>	<u>261,207,032</u>
Less accumulated depreciation and amortization	(182,373,792)	(172,340,763)
	101,550,746	88,866,269
Construction-in-progress	380,030,614	317,565,314
Total property and equipment, net	<u>\$ 481,581,360</u>	<u>\$ 406,431,583</u>

Equipment under capital leases net of accumulated depreciation of \$1,986,180 and \$1,883,010 for 2016 and 2015, 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 consist of the following at December 31:

	2016	2015
Mutual funds – bond	\$ 77,421,469	\$ 56,691,412
Mutual funds – equity	–	10,744,545
Mutual funds – international	–	7,223,680
Alternative investments – bond	2,863,222	3,255,529
Alternative investments – equity	8,781,046	11,371,393
Alternative investments – international	2,863,222	4,712,408
Marketable equity securities – domestic	27,277,467	23,388,471
Marketable equity securities – international	3,721,715	3,301,438
Government bonds	6,475,083	5,385,214
Municipal bonds	952,870	1,077,282
Corporate bonds	13,229,729	14,231,069
Total investments	\$ 143,585,823	\$ 141,382,441

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

	2016	2015
Cash and cash equivalents	\$ 82,849,566	\$ 111,994,619
Mutual funds – bond	2,077,210	3,460,215
Mutual funds – equity	3,585,513	3,751,270
Mutual funds – international	398,048	380,565
	88,910,337	119,586,669
Less current portion	(1,521,945)	(1,714,535)
	\$ 87,388,392	\$ 117,872,134

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

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

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

	2016	2015
Interest and dividends	\$ 3,741,752	\$ 2,708,257
Realized gains	4,764,051	4,449,408
Unrealized losses	(232,498)	(9,200,939)
	\$ 8,273,305	\$ (2,043,274)

5. Long-Term Debt and Capital Lease Obligations

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

	2016	2015
Series 2011 Revenue Bonds, with interest from 5% to 8%, principal amount \$350,000,000, semiannual principal and interest payments due through 2041	\$ 344,809,638	\$ 349,885,156
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	140,741	149,342
Term note payable to bank, with interest of 3.5%, secured by real property, due through 2026	2,633,758	2,742,403
Bank line of credit	1,146,291	1,250,000
Capital lease obligations for medical equipment, net of imputed interest ranging from \$1,040 to \$5,400, including interest at rates ranging from 4.82% to 8.00% per annum; the leases expire at various dates through 2021	683,579	584,576
	349,414,007	354,611,477
Less current maturities	(6,869,301)	(6,757,031)
	342,544,706	347,854,446
Less debt issuance costs	(8,547,370)	(8,894,472)
	\$ 333,997,336	\$ 338,959,974

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 \$5.3 million to \$28.9 million are due annually from 2017 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.

As of December 31, 2016 and 2015, the fair value of the System's bonds was \$405.1 million and \$429.0 million, respectively.

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, 2016, 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, 2017, for \$1,500,000 and at prime plus 0.5% (4.25% at December 31, 2016). Grossman had \$1,146,291 drawn and outstanding at December 31, 2016.

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 (3.75% at December 31, 2016) or 4% per annum. The System did not have any amount drawn and outstanding at December 31, 2016 and 2015. The line of credit was renewed through July 15, 2017.

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 London Interbank Offered Rate (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 \$(130,310) and \$(39,840) were recognized in other operating expenses within the performance indicator for the years ended December 31, 2016 and 2015, respectively. On November 15, 2016, the System refinanced the swap agreement for a new ten-year agreement with a fixed interest rate of 3.5% for the initial interest period and LIBOR plus 1.95% for the remainder of the loan.

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 \$3,138,374 and \$3,478,800 at December 31, 2016 and 2015, respectively. On January 1, 2015, the outstanding balance of the loan was refinanced again over five 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, 2016, are as follows:

	Net Capital Lease Obligations	Notes Payable and Line of Credit	2011 Revenue Bonds	Total Long-Term Debt
2017	\$ 280,028	\$ 1,259,273	\$ 5,330,000	\$ 6,869,301
2018	166,496	113,679	5,610,000	5,890,175
2019	131,555	114,426	5,935,000	6,180,981
2020	100,910	115,228	6,290,000	6,506,138
2021	4,590	116,089	6,685,000	6,805,679
Thereafter	–	2,202,095	314,959,638	317,161,733
	<u>\$ 683,579</u>	<u>\$ 3,920,790</u>	<u>\$ 344,809,638</u>	<u>\$ 349,414,007</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 2016 and 2015 of all covered employees' compensation. Amounts charged to expense applicable to this defined-contribution plan totaled \$5,126,770 and \$4,101,040 in 2016 and 2015, 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:

	2016	2015
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$ 6,592,465	\$ 8,228,873
Service cost	1,120,029	1,084,972
Interest cost	285,241	311,577
Actuarial gain	371,327	151,440
Benefits paid	(577,423)	(3,184,397)
Projected benefit obligation at end of year and funded status	\$ 7,791,639	\$ 6,592,465

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

	2016	2015
Service cost	\$ 1,120,029	\$ 1,084,972
Interest cost	285,241	311,577
Recognition of past service credits	24,330	24,329
Recognition of prior experience losses	84,792	19,712
Net periodic pension cost	\$ 1,514,392	\$ 1,440,590

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

	2016	2015
Discount rate	3.7%	3.5%
Rate of compensation increase	5.0	5.0

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

	2016	2015
Discount rate	3.7%	3.5%
Rate of compensation increase	5.0	5.0

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

6. Retirement Plans (continued)

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

2017	\$ 5,144,210
2018	28,287
2019	869,905
2020	29,709
2021	477,724
Years 2022–2026	965,751

7. Changes in Consolidated Unrestricted Net Assets

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

	Total	System	Non-Controlling Interest
Balance January 1, 2015	\$ 344,786,586	\$ 348,360,157	\$ (3,573,571)
Excess of revenue and gains over expenses	29,493,699	29,063,797	429,902
Contributions	1,968,648	1,968,648	–
Distributions	(143,613)	–	(143,613)
Change in pension obligation	(107,400)	(107,400)	–
Change in net assets	31,211,334	30,925,045	286,289
Balance December 31, 2015	375,997,920	379,285,202	(3,287,282)
Excess of revenue and gains over expenses	37,048,244	36,809,196	239,048
Contributions	3,047,548	3,047,548	–
Distributions	(138,625)	–	(138,625)
Change in pension obligation	(262,205)	(262,205)	–
Change in net assets	39,694,962	39,594,539	100,423
Balance December 31, 2016	\$ 415,692,882	\$ 418,879,741	\$ (3,186,859)

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

8. Temporarily Restricted Net Assets

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

	<u>2016</u>	<u>2015</u>
Educational and clinical programs	\$ 311,232	\$ 495,631
Medical equipment and buildings	5,372,355	5,019,535
	<u>\$ 5,683,587</u>	<u>\$ 5,515,166</u>

During 2016, net assets were released from restrictions by satisfying the restricted purpose of purchasing equipment and providing patient care services in the amount of \$3,343,912.

During 2015, net assets were released from restrictions by satisfying the restricted purpose of purchasing equipment and providing patient care services in the amount of \$2,376,363.

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 non-cancelable lease commitments for the years ending December 31:

2017	\$ 4,265,691
2018	3,272,672
2019	3,013,268
2020	2,575,538
2021	1,792,398
Thereafter	4,995,376
	<u>\$ 19,914,943</u>

Rent and lease expense under the operating leases totaled \$5,395,968 and \$4,792,360 for the years ended December 31, 2016 and 2015, respectively.

Community Memorial Health System

Notes to Consolidated Financial Statements (continued)

9. Commitments and Contingencies

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 6-story and 250-bed facility is projected to be \$276 million (unaudited), of which \$16.0 million (unaudited) represents open purchase commitments at December 31, 2016. Actual amounts could differ from these estimates.

Senate Bill 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 late 2017. Construction entitlements have been approved by the City of Ventura and the Office of Statewide Health Planning and Development. The project was formally initiated on August 18, 2011. Through December 31, 2016, project costs, including land acquisition costs, amounted to \$225,456,498 (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>2016</u>	<u>2015</u>
Health care services	\$ 230,996,421	\$ 216,638,399
General and administrative	134,588,124	125,358,328
Fundraising	49,756	45,765
	<u>\$ 365,634,301</u>	<u>\$ 342,042,492</u>

Supplementary Information

Community Memorial Health System

Consolidating Balance Sheets

December 31, 2016

	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	\$ 16,399,834	\$ 42,085	\$ 157,897	\$ 452,652	\$ 419,752	\$ 127,719	\$ 2,425	-	\$ 17,602,364	\$ 11,045,199	\$ 28,647,563
Investments	154,631,022	-	-	-	-	-	-	-	154,631,022	(11,045,199)	143,585,823
Patient accounts receivable, net	55,171,725	4,143,747	-	-	-	-	-	-	59,315,472	-	59,315,472
Due from third-party payors, net	3,585,686	-	-	-	-	-	-	-	3,585,686	-	3,585,686
Inventory	9,154,883	755,159	-	-	-	-	-	-	9,910,042	-	9,910,042
Current portion of assets limited as to use	1,357,459	164,486	-	-	-	-	-	-	1,521,945	-	1,521,945
Prepaid expenses and other	9,609,476	1,545,061	2,152,565	90,540	-	4,075	-	-	13,401,717	-	13,401,717
Hospital Medi-Cal supplemental receivable	16,017,898	364,183	-	-	-	-	-	-	16,382,081	-	16,382,081
Total current assets	265,927,983	7,014,721	2,310,462	543,192	419,752	131,794	2,425	-	276,350,329	-	276,350,329
Assets limited as to use, less current portion:											
For workers' compensation claims	3,494,343	446,660	-	-	-	-	-	-	3,941,003	-	3,941,003
For pension plans	6,060,487	-	-	-	-	-	-	-	6,060,487	-	6,060,487
Annuity trust	-	-	-	-	218,606	-	-	-	218,606	-	218,606
Construction funds	77,168,296	-	-	-	-	-	-	-	77,168,296	-	77,168,296
	86,723,126	446,660	-	-	218,606	-	-	-	87,388,392	-	87,388,392
Property and equipment, net	466,294,550	11,488,004	1,505,551	2,293,255	-	-	-	-	481,581,360	-	481,581,360
Other assets:											
Investment in affiliates	7,743,362	-	-	-	-	-	-	-	7,743,362	(7,492,096)	251,266
Intercompany receivables	23,675,664	-	-	-	-	516,429	-	165,447	24,357,540	(24,357,540)	-
Property held for future use	1,984,894	-	-	-	-	-	-	-	1,984,894	-	1,984,894
Other assets	4,612,651	386,928	41,865	-	-	-	-	-	5,041,444	-	5,041,444
Total assets	\$ 856,962,230	\$ 19,336,313	\$ 3,857,878	\$ 2,836,447	\$ 638,358	\$ 648,223	\$ 2,425	\$ 165,447	\$ 884,447,321	\$ (31,849,636)	\$ 852,597,685

Community Memorial Health System
Consolidating Balance Sheets (continued)

December 31, 2016

	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	\$ 39,816,615	\$ 2,131,706	\$ 433,386	\$ 41,556	–	\$ 5,957	–	–	\$ 42,429,220	–	\$ 42,429,220
Hospital quality assurance fee payable	3,860,230	–	–	–	–	–	–	–	3,860,230	–	3,860,230
Accrued compensation and related benefits	22,756,177	1,665,186	6,401	–	–	–	–	165,447	24,593,211	–	24,593,211
Current maturities of long-term debt and capital lease obligations	5,330,000	9,449	1,426,319	103,533	–	–	–	–	6,869,301	–	6,869,301
Total current liabilities	71,763,022	3,806,341	1,866,106	145,089	–	5,957	–	165,447	77,751,962	–	77,751,962
Intercompany payables	–	18,873,729	3,922,076	764,517	148,936	495,249	153,033	–	24,357,540	(24,357,540)	–
Accrued pension obligation	8,930,448	–	–	–	–	–	–	–	8,930,448	–	8,930,448
Accrued workers' compensation and malpractice insurance claims, less current portion	6,947,741	1,060,030	–	–	–	–	–	–	8,007,771	–	8,007,771
Long-term debt and capital lease obligations, net of current maturities	330,932,268	131,291	403,552	2,530,225	–	–	–	–	333,997,336	–	333,997,336
Annuity trust liability	–	–	–	–	117,730	–	–	–	117,730	–	117,730
Other liabilities	2,115,934	300,035	–	–	–	–	–	–	2,415,969	–	2,415,969
Total liabilities	420,689,413	24,171,426	6,191,734	3,439,831	266,666	501,206	153,033	165,447	455,578,756	(24,357,540)	431,221,216
Net assets:											
Unrestricted:											
System	433,207,186	(7,227,728)	478,528	(228,909)	146,351	147,017	(150,608)	–	426,371,837	(7,492,096)	418,879,741
Non-controlling interests in subsidiaries	–	–	(2,812,384)	(374,475)	–	–	–	–	(3,186,859)	–	(3,186,859)
Temporarily restricted – System	3,065,631	2,392,615	–	–	225,341	–	–	–	5,683,587	–	5,683,587
Total net assets (deficit)	436,272,817	(4,835,113)	(2,333,856)	(603,384)	371,692	147,017	(150,608)	–	428,868,565	(7,492,096)	421,376,469
Total liabilities and net assets	\$ 856,962,230	\$ 19,336,313	\$ 3,857,878	\$ 2,836,447	\$ 638,358	\$ 648,223	\$ 2,425	\$ 165,447	\$ 884,447,321	\$ (31,849,636)	\$ 852,597,685

Community Memorial Health System

Consolidating Balance Sheets

December 31, 2015

	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
Assets											
Current assets:											
Cash and cash equivalents	\$ 24,582,189	\$ 43,926	\$ 95,838	\$ 535,009	\$ 426,750	\$ 100,741	\$ 25	\$ -	\$ 25,784,478	\$ 5,526,856	\$ 31,311,334
Investments	146,909,297	-	-	-	-	-	-	-	146,909,297	(5,526,856)	141,382,441
Patient accounts receivable, net	54,313,806	4,730,716	-	-	-	-	-	-	59,044,522	-	59,044,522
Due from third-party payors, net	4,600,457	-	-	-	-	-	-	-	4,600,457	-	4,600,457
Inventory	9,437,828	719,556	-	-	-	-	-	-	10,157,384	-	10,157,384
Current portion of assets limited as to use	1,494,528	220,007	-	-	-	-	-	-	1,714,535	-	1,714,535
Prepaid expenses and other	8,487,831	1,355,835	2,035,625	105,258	7,590	3,108	-	-	11,995,247	-	11,995,247
Hospital Medi-Cal supplemental receivable	11,435,288	257,550	-	-	-	-	-	-	11,692,838	-	11,692,838
Total current assets	261,261,224	7,327,590	2,131,463	640,267	434,340	103,849	25	-	271,898,758	-	271,898,758
Assets limited as to use, less current portion:											
For workers' compensation claims	4,049,196	602,221	-	-	-	-	-	-	4,651,417	-	4,651,417
For pension plans	7,611,295	-	-	-	-	-	-	-	7,611,295	-	7,611,295
Annuity trust	-	-	-	-	217,272	-	-	-	217,272	-	217,272
Construction funds	105,392,150	-	-	-	-	-	-	-	105,392,150	-	105,392,150
	117,052,641	602,221	-	-	217,272	-	-	-	117,872,134	-	117,872,134
Property and equipment, net	391,934,912	10,570,272	1,637,794	2,288,605	-	-	-	-	406,431,583	-	406,431,583
Other assets:											
Investment in affiliates	7,332,974	-	-	-	-	-	-	-	7,332,974	(7,053,900)	279,074
Intercompany receivables	22,125,519	-	-	-	-	576,032	-	-	22,701,551	(22,701,551)	-
Property held for future use	3,098,492	-	-	-	-	-	-	-	3,098,492	-	3,098,492
Other assets	4,630,705	199,023	41,865	-	-	-	-	-	4,871,593	-	4,871,593
Total assets	\$ 807,436,467	\$ 18,699,106	\$ 3,811,122	\$ 2,928,872	\$ 651,612	\$ 679,881	\$ 25	\$ -	\$ 834,207,085	\$ (29,755,451)	\$ 804,451,634

Community Memorial Health System
Consolidating Balance Sheets (continued)

December 31, 2015

	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	\$ 32,897,890	\$ 876,423	\$ 423,572	\$ 24,995	\$ -	\$ 3,594	\$ -	\$ -	\$ 34,226,474	\$ -	\$ 34,226,474
Hospital quality assurance fee payable	2,781,521	463,175	-	-	-	-	-	-	3,244,696	-	3,244,696
Accrued compensation and related benefits	19,088,369	1,568,063	3,938	-	-	-	-	-	20,660,370	-	20,660,370
Current maturities of long-term debt and capital lease obligations	5,080,000	8,815	1,528,216	140,000	-	-	-	-	6,757,031	-	6,757,031
Total current liabilities	59,847,780	2,916,476	1,955,726	164,995	-	3,594	-	-	64,888,571	-	64,888,571
Intercompany payables	-	16,552,783	4,194,621	847,615	88,033	581,078	437,422	-	22,701,552	(22,701,552)	-
Accrued pension obligation	7,497,084	-	-	-	-	-	-	-	7,497,084	-	7,497,084
Accrued workers' compensation and malpractice insurance claims, less current portion	8,192,606	1,050,652	-	-	-	-	-	-	9,243,258	-	9,243,258
Long-term debt and capital lease obligations, net of current maturities	335,910,684	140,528	306,358	2,602,404	-	-	-	-	338,959,974	-	338,959,974
Annuity trust liability	-	-	-	-	122,884	-	-	-	122,884	-	122,884
Other liabilities	1,984,894	241,883	-	-	-	-	-	-	2,226,777	-	2,226,777
Total liabilities	413,433,048	20,902,322	6,456,705	3,615,014	210,917	584,672	437,422	-	445,640,100	(22,701,552)	422,938,548
Net assets:											
Unrestricted:											
System	390,347,285	(3,788,757)	319,547	(363,990)	167,204	95,209	(437,397)	-	386,339,101	(7,053,899)	379,285,202
Non-controlling interests in subsidiaries	-	-	(2,965,130)	(322,152)	-	-	-	-	(3,287,282)	-	(3,287,282)
Temporarily restricted - System	3,656,134	1,585,541	-	-	273,491	-	-	-	5,515,166	-	5,515,166
Total net assets (deficit)	394,003,419	(2,203,216)	(2,645,583)	(686,142)	440,695	95,209	(437,397)	-	388,566,985	(7,053,899)	381,513,086
Total liabilities and net assets	\$ 807,436,467	\$ 18,699,106	\$ 3,811,122	\$ 2,928,872	\$ 651,612	\$ 679,881	\$ 25	\$ -	\$ 834,207,085	\$ (29,755,451)	\$ 804,451,634

Community Memorial Health System
Consolidating Statements of Operations

Year Ended December 31, 2016

	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, net	\$ 328,051,386	\$ 25,811,611	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 353,862,997	\$ -	\$ 353,862,997
Provision for patient bad debts	(11,884,258)	(939,297)	-	-	-	-	-	-	(12,823,555)	-	(12,823,555)
Net patient service revenue before hospital Medi-Cal supplemental payments	316,167,128	24,872,314	-	-	-	-	-	-	341,039,442	-	341,039,442
Hospital Med-Cal supplemental payments	34,737,259	848,012	-	-	-	-	-	-	35,585,271	-	35,585,271
Net patient service revenue	350,904,387	25,720,326	-	-	-	-	-	-	376,624,713	-	376,624,713
Other operating revenue	6,026,201	519,396	9,788,899	1,152,628	-	268,640	2,400	165,447	17,923,611	(681,946)	17,241,665
Net assets released from restrictions	122,750	173,614	-	-	-	-	-	-	296,364	-	296,364
Total unrestricted revenues, gains, and other support	357,053,338	26,413,336	9,788,899	1,152,628	-	268,640	2,400	165,447	394,844,688	(681,946)	394,162,742
Expenses:											
Payroll and related expenses	163,172,911	19,255,171	3,963,403	-	-	-	-	-	186,391,485	-	186,391,485
Other operating expenses	135,266,371	10,555,480	4,707,916	419,368	49,756	216,832	153,008	166,247	151,534,978	(615,549)	150,919,429
Hospital quality assurance fee	15,975,662	-	-	-	-	-	-	-	15,975,662	-	15,975,662
Depreciation and amortization	9,681,096	1,478,206	570,687	244,855	-	-	-	-	11,974,844	-	11,974,844
Interest	-	10,267	235,166	267,022	-	-	-	-	512,455	(139,574)	372,881
Total expenses	324,096,040	31,299,124	9,477,172	931,245	49,756	216,832	153,008	166,247	366,389,424	(755,123)	365,634,301
Operating income (loss)	32,957,298	(4,885,788)	311,727	221,383	(49,756)	51,808	(150,608)	(800)	28,455,264	73,177	28,528,441
Other income:											
Investment income	8,346,055	-	-	-	427	-	-	-	8,346,482	(73,177)	8,273,305
Donations	147,551	7,868	-	-	91,079	-	-	-	246,498	-	246,498
Total other income	8,493,606	7,868	-	-	91,506	-	-	-	8,592,980	(73,177)	8,519,803
Excess (deficiency) of unrestricted revenues, gains, and other support over expenses	41,450,904	(4,877,920)	311,727	221,383	41,750	51,808	(150,608)	(800)	37,048,244	-	37,048,244
Less: excess of unrestricted revenues, gains and other support over expenses attributable to non-controlling interests	-	-	(152,746)	(86,302)	-	-	-	-	(239,048)	-	(239,048)
Excess (deficiency) of unrestricted revenues, gains, and other support over expenses attributable to the System	\$ 41,450,904	\$ (4,877,920)	\$ 158,981	\$ 135,081	\$ 41,750	\$ 51,808	\$ (150,608)	\$ (800)	\$ 36,809,196	\$ -	\$ 36,809,196

Community Memorial Health System
Consolidating Statements of Operations

Year Ended December 31, 2015

	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, net	\$ 309,726,792	\$ 27,820,669	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 337,547,461	\$ -	\$ 337,547,461
Provision for patient bad debts	(12,281,557)	(1,682,173)	-	-	-	-	-	-	(13,963,730)	-	(13,963,730)
Net patient service revenue before hospital Medi-Cal supplemental payments	297,445,235	26,138,496	-	-	-	-	-	-	323,583,731	-	323,583,731
Hospital Med-Cal supplemental payments	31,638,635	783,289	-	-	-	-	-	-	32,421,924	-	32,421,924
Net patient service revenue	329,083,870	26,921,785	-	-	-	-	-	-	356,005,655	-	356,005,655
Other operating revenue	6,319,773	450,133	9,520,769	1,139,077	-	230,655	-	(40,483)	17,619,924	(628,488)	16,991,436
Net assets released from restrictions	124,504	283,211	-	-	-	-	-	-	407,715	-	407,715
Total unrestricted revenues, gains, and other support	335,528,147	27,655,129	9,520,769	1,139,077	-	230,655	-	(40,483)	374,033,294	(628,488)	373,404,806
Expenses:											
Payroll and related expenses	152,726,176	18,523,077	3,682,976	-	-	-	-	-	174,932,229	-	174,932,229
Other operating expenses	126,557,220	10,095,708	4,475,965	421,887	45,765	211,612	156,250	(37,983)	141,926,424	(596,361)	141,330,063
Hospital quality assurance fee	13,274,261	-	-	-	-	-	-	-	13,274,261	-	13,274,261
Depreciation and amortization	10,040,975	1,461,823	518,804	227,798	-	-	-	-	12,249,400	-	12,249,400
Interest	86	12,282	248,352	145,213	-	-	-	-	405,933	(149,393)	256,540
Total expenses	302,598,718	30,092,890	8,926,097	794,898	45,765	211,612	156,250	(37,983)	342,788,247	(745,754)	342,042,493
Operating income (loss)	32,929,429	(2,437,761)	594,672	344,179	(45,765)	19,043	(156,250)	(2,500)	31,245,047	117,266	31,362,313
Other income:											
Investment income	(1,925,955)	-	-	-	(52)	-	-	-	(1,926,007)	(117,266)	(2,043,273)
Donations	44,946	8,530	-	-	121,183	-	-	-	174,659	-	174,659
Total other income	(1,881,009)	8,530	-	-	121,131	-	-	-	(1,751,348)	(117,266)	(1,868,614)
Excess (deficiency) of unrestricted revenues, gains, and other support over expenses	31,048,420	(2,429,231)	594,672	344,179	75,366	19,043	(156,250)	(2,500)	29,493,699	-	29,493,699
Less: excess of expenses over unrestricted revenues, gains, and other support attributable to non-controlling interests	-	-	(291,389)	(138,513)	-	-	-	-	(429,902)	-	(429,902)
Excess (deficiency) of unrestricted revenues, gains, and other support over expenses attributable to the System	\$ 31,048,420	\$ (2,429,231)	\$ 303,283	\$ 205,666	\$ 75,366	\$ 19,043	\$ (156,250)	\$ (2,500)	\$ 29,063,797	\$ -	\$ 29,063,797

Community Memorial Health System
Consolidating Statements of Changes in Net Assets
Year Ended December 31, 2016

	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
Net assets (deficit) at beginning of year	\$ 394,003,421	\$ (2,203,217)	\$ (2,645,583)	\$ (686,143)	\$ 440,695	\$ 95,209	\$ (437,397)	\$ -	\$ 388,566,985	\$ (7,053,899)	\$ 381,513,086
Unrestricted net assets:											
Excess (deficiency) of unrestricted revenues, gains, and other support over expenses attributable to the System	41,450,904	(4,877,920)	158,981	135,081	41,750	51,808	(150,608)	(800)	36,809,196	-	36,809,196
Excess of unrestricted revenues, gains, and other support over expenses attributable to non-controlling interests	-	-	152,746	86,302	-	-	-	-	239,048	-	239,048
Contributed capital	-	-	-	-	-	-	437,397	800	438,197	(438,197)	-
Change in pension obligation	(262,205)	-	-	-	-	-	-	-	(262,205)	-	(262,205)
Distributions to non-controlling interests	-	-	-	(138,625)	-	-	-	-	(138,625)	-	(138,625)
Intercompany transfers	62,202	401	-	-	(62,603)	-	-	-	-	-	-
Net assets released from restrictions for the acquisition of property and equipment	1,609,000	1,438,548	-	-	-	-	-	-	3,047,548	-	3,047,548
Increase (decrease) in unrestricted net assets	42,859,901	(3,438,971)	311,727	82,758	(20,853)	51,808	286,789	-	40,133,159	(438,197)	39,694,962
Temporarily restricted net assets:											
Contributions	955,898	2,419,236	-	-	137,199	-	-	-	3,512,333	-	3,512,333
Intercompany transfers	185,349	-	-	-	(185,349)	-	-	-	-	-	-
Net assets released from restrictions	(1,731,750)	(1,612,162)	-	-	-	-	-	-	(3,343,912)	-	(3,343,912)
Increase (decrease) in temporarily restricted net assets	(590,503)	807,074	-	-	(48,150)	-	-	-	168,421	-	168,421
Increase (decrease) in net assets	42,269,398	(2,631,897)	311,727	82,758	(69,003)	51,808	286,789	-	40,301,580	(438,197)	39,863,383
Net assets at end of year	\$ 436,272,819	\$ (4,835,114)	\$ (2,333,856)	\$ (603,385)	\$ 371,692	\$ 147,017	\$ (150,608)	\$ -	\$ 428,868,565	\$ (7,492,096)	\$ 421,376,469

Community Memorial Health System
Consolidating Statements of Changes in Net Assets
Year Ended December 31, 2015

	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
Net assets (deficit) at beginning 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
Unrestricted net assets:											
Excess (deficiency) of unrestricted revenues, gains, and other support over expenses attributable to the System	31,048,420	(2,429,231)	303,283	205,666	75,366	19,043	(156,250)	(2,500)	29,063,797	-	29,063,797
(Deficiency) excess of unrestricted revenues, gains, and other support over expenses attributable to non-controlling interests	-	-	291,389	138,513	-	-	-	-	429,902	-	429,902
Contributed capital	-	-	-	(5,076)	-	-	-	(158,381)	(163,457)	163,457	-
Change in pension obligation	(107,400)	-	-	-	-	-	-	-	(107,400)	-	(107,400)
Distributions to non-controlling interests	-	-	-	(143,613)	-	-	-	-	(143,613)	-	(143,613)
Intercompany transfers	99,300	800	-	-	(100,100)	-	-	-	-	-	-
Net assets released from restrictions for the acquisition of property and equipment	1,775,000	193,648	-	-	-	-	-	-	1,968,648	-	1,968,648
Increase (decrease) in unrestricted net assets	32,815,320	(2,234,783)	594,672	195,490	(24,734)	19,043	(156,250)	(160,881)	31,047,877	163,457	31,211,334
Temporarily restricted net assets:											
Contributions	3,072,410	1,226,854	-	-	183,224	-	-	-	4,482,488	-	4,482,488
Intercompany transfers	201,079	-	-	-	(201,079)	-	-	-	-	-	-
Net assets released from restrictions	(1,899,504)	(476,859)	-	-	-	-	-	-	(2,376,363)	-	(2,376,363)
Increase (decrease) in temporarily restricted net assets	1,373,985	749,995	-	-	(17,855)	-	-	-	2,106,125	-	2,106,125
Increase (decrease) in net assets	34,189,305	(1,484,788)	594,672	195,490	(42,589)	19,043	(156,250)	(160,881)	33,154,002	163,457	33,317,459
Net assets at end of year	<u>\$ 394,003,421</u>	<u>\$ (2,203,217)</u>	<u>\$ (2,645,583)</u>	<u>\$ (686,143)</u>	<u>\$ 440,695</u>	<u>\$ 95,209</u>	<u>\$ (437,397)</u>	<u>\$ -</u>	<u>\$ 388,566,985</u>	<u>\$ (7,053,899)</u>	<u>\$ 381,513,086</u>

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