



City of Hope

Richard Magnuson
Chief Financial Officer

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August 20, 2014

Municipal Securities Rulemaking Board
Electronic Municipal Market Access (EMMA)
1900 Duke Street, Suite 600
Alexandria, VA 22314

DAC Bond
390 North Orange Avenue
Suite 1750
Orlando, Florida 32801

RE: City of Hope Management's Discussion and Analysis (MD&A) and other continuing disclosure for the nine months ended June 30, 2014 for: (1) the Series 2012 A Revenue Bonds, Series 2012 B Variable Rate Revenue Bonds and Series 2012 C Variable Rate Revenue Bonds through the California Health Facilities Financing Authority issued on November 15, 2012 (collectively, the "Series 2012 Revenue Bonds"). CUSIP #s 13033LK71, 13033LK89, 13033LK97, 13033LL21, 13033LL39, 13033LL47, 13033LL54, 13033LL62, 13033LL70, 13033LL88, 13033LL96, 13033LM20, 13033LM38, 13033LM46, 13033LM95, 13033LM53, 13033LM79, 13033LM87, 13033LM61, 13033LN29, 13033LN37; and (2) City of Hope Direct Obligation Notes, Series 2013 (Taxable) issued on July 25, 2013 (the "Series 2013 Notes"). CUSIP # 17858PAA9.

To Whom It May Concern:

Enclosed in this package are the following items relating to City of Hope, City of Hope National Medical Center (the "Center"), City of Hope Medical Foundation (the "Foundation"), Beckman Research Institute of the City of Hope (the "Institute" and, together with City of Hope, the Center and the Foundation, the "Obligated Group"), the supporting unincorporated associations located throughout the United States that coordinate additional fundraising activities to support the mission of the Obligated Group and two inactive subsidiaries (collectively, with the Obligated Group, "City of Hope and Affiliates"):

1. Management's Discussion and Analysis for the nine months ended June 30, 2014;
2. Unaudited combining financial statements for the nine months ended June 30, 2014; and
3. Liquidity profile for the nine months ended June 30, 2014.

The enclosed disclosure information for items 1 and 2 is required by the continuing disclosure agreements relating to the above-referenced Series 2012 Revenue Bonds and continuing disclosure commitments relating to the above-referenced Series 2013 Notes.

The enclosed unaudited combining financial statements include adjustments that are, in the opinion of management, necessary for a fair presentation of the results of operations for the nine months ended June 30, 2014. All such adjustments are of a normal recurring nature. However, such unaudited financial statements do not include all of the required disclosures or groupings of accounts required by Generally Accepted Accounting Principles in the United States (GAAP) for full annual financial statements. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended September 30, 2013. Results for the nine months ended June 30, 2014 are not necessarily indicative of the financial results that may be expected for the year ending September 30, 2014.

Certain statements included in the above-referenced disclosure information may constitute "forward-looking statements." The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements as they occur and become known over time to be materially different from those expressed or implied by such forward-looking statements. Such factors may include, without limitation, third-party contracts of the Center or the Foundation; the ability of City of Hope and Affiliates to effectively manage employee compensation, pharmaceuticals, employee health benefits and other operating expenses; competition; changes in healthcare practices; changes in federal or state laws or regulations or the interpretation thereof; reduction in provider payments by governmental payers; disasters; contributions; royalty income that is dependent upon sales of pharmaceuticals with intense market competition and subject to challenge; litigation and numerous other factors impacting the delivery and cost of healthcare and research endeavors. City of Hope and Affiliates do not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

Any questions or comments on the above information should be addressed to the undersigned by email at rmagnuson@coh.org.

Sincerely,



Richard Magnuson
Chief Financial Officer

RM/vt

cc: Rating Agencies
Mr. Michael Keane, Chair, City of Hope Board of Directors Audit Committee
Mr. Selwyn Isakow, Chair, City of Hope Board of Directors Finance Committee

Management's Discussion and Analysis (MD&A)
for
City of Hope and Affiliates
For the Nine Months Ended June 30, 2014

The results reflected in the unaudited combining financial statements discussed in this Management's Discussion and Analysis include the assets, liabilities and results of operations and cash flows of City of Hope, City of Hope National Medical Center (the "Center"), City of Hope Medical Foundation (the "Foundation"), Beckman Research Institute of the City of Hope (the "Institute" and, together with City of Hope, the Center and the Foundation, the "Obligated Group"), the supporting unincorporated associations located throughout the United States that coordinate additional fundraising activities to support the mission of the Obligated Group (collectively, with the Obligated Group, "City of Hope and Affiliates"). As of and for the nine months ended June 30, 2014, the Obligated Group represented in excess of 99% of the total assets and in excess of 97% of the total revenues of City of Hope and Affiliates.

Operating Results

Combined net operating revenues for the nine months ended June 30, 2014 and 2013 were \$905 million and \$927.9 million, respectively. Excluding \$10.2 million and \$31.3 million of revenue from the California Hospital Provider Fee Program (the "Provider Fee") recognized in the nine months ended June 30, 2014 and 2013, respectively, combined net operating revenues were \$1.8 million lower during the nine month period ended June 30, 2014 than the same period in the prior fiscal year. This is mainly attributable to contributions revenue being \$22.1 million lower than the same period in the prior fiscal year, while net patient service revenues were \$22.5 million higher than the same period in the prior fiscal year.

Including Provider Fee revenue, net patient service revenues for the nine months ended June 30, 2014 and 2013, totaled \$580.5 million and \$579.1 million, respectively. Excluding Provider Fee revenue, net patient service revenues were \$570.3 million or 4.1% higher during the nine month period ended June 30, 2014 than the same period in the prior fiscal year. Most patient volumes and utilization during the nine months ended June 30, 2014 were higher compared to the nine months ended June 30, 2013. Inpatient days during the nine months ended June 30, 2014 compared to the nine months ended June 30, 2013 were down 5.5%, while outpatient visits including infusions have increased 7.6% (excluding outpatient surgery). Bone Marrow Transplant (BMT) volume was down 9.3% when compared with the same period in the prior year, while outpatient surgery cases for the nine months ended June 30, 2014 were up 4.1%. New patient visits, representing a patient's first visit to City of Hope National Medical Center, were up 4.3% for the nine months ended June 30, 2014, when compared with the same period in the prior year.

Contributions (including net revenues from special events) for the nine months ended June 30, 2014 and 2013 amounted to \$71.1 million and \$93.2million, respectively. The prior year contributions total was bolstered by a large pledge gift given in June 2013. Fundraising management continues to focus its efforts on attracting major gifts and reducing the costs associated with fundraising, including special events.

Royalty revenues for the nine months ended June 30, 2014 and 2013 amounted to \$188.3 million and \$190 million, respectively. Royalty revenues under the licensing arrangement with Genentech were consistent with revenues during the same period in the prior year.

Extramural and other grant revenues for the nine months ended June 30, 2014 totaled \$53.3 million compared to \$54.7 million for the nine months ended June 30, 2013. Grant funding from federal and state sources were lower compared to the prior fiscal period due to continued tightening in the budgets for research activities.

On a combined basis, operating expenses for the nine months ended June 30, 2014 were \$827 million compared to \$781 million in the same period for 2013. Excluding Provider Fee related expenses of \$3.2 million and \$13.9 million during the nine months ended June 30, 2014 and 2013, respectively, the change between the nine month periods represents an increase of 7.4% in expenses primarily related to increased salaries, wages and employee benefits \$17.5 million, pharmaceuticals and supplies (\$12.8 million) due to increased volumes related to infusion visits, professional fees (\$7.2 million) due in part to increased clinical compensation, depreciation and amortization (\$6.4 million) due to the completion of various capital projects during the fiscal quarter and increased interest expense (\$13.5 million) due to the additional long-term debt borrowings during fiscal year 2013 as disclosed previously.

Combined income from operations for the nine months ended June 30, 2014 and 2013, amounted to \$78 million and \$146.9 million, respectively.

Liquidity and Capital Resources

Combined unrestricted days cash on hand for City of Hope and Affiliates was 648.4 days as of June 30, 2014 and 588.7 days as of September 30, 2013.

The consolidated current ratio is 5.0 and 4.27 as of June 30, 2014 and September 30, 2013, respectively.

As of June 30, 2014, the Obligated Group maintained a consolidated unsecured revolving line of credit in the amount of \$50 million. The unsecured revolving line of credit was recently renewed with an expiration date of June 30, 2015. There were no outstanding balances on the line of credit as of June 30, 2014.

Other Events During the Quarter Ended June 30, 2014

As previously disclosed, City of Hope and Genentech are defending two cases involving challenges to the Cabilly patents, both filed in 2013. The first was brought by Eli Lilly and Company and ImClone Systems LLC (jointly, "Lilly"), and involves Lilly's antibody drug Erbitux, and the second was brought by Bristol-Myers Squibb ("BMS") and involves two antibody drugs, Erbitux and Yervoy. Both cases were filed in the Northern District of California. At City of Hope's and Genentech's request, the Court transferred both cases to the Central District of California.

The complaints filed by, respectively, Lilly and BMS contain allegations that are similar in significant respects to allegations made in prior challenges to the Cabilly patents. The Lilly and BMS cases are at a very early stage. The final outcome of the cases cannot be determined at this time. If either the Cabilly II or Cabilly III patent is ultimately declared invalid or unenforceable, royalties under the patent or patents could be significantly reduced or eliminated in the future, which could have a material adverse impact on the financial condition of the Obligated Group.

As previously disclosed, on October 10, 2013, City of Hope and Providence Health & Services, Southern California (Providence), announced their execution of a letter of intent to develop a regional partnership to expand access to oncology services with the Southern California communities served by Providence. The letter of intent expired on May 31, 2014 and discussions of a regional partnership are no longer ongoing.

As previously disclosed, in April 2014, City of Hope was notified by the Internal Revenue Service ("IRS") of an audit with respect to the City of Hope's Fiscal Year 2012 Federal Form 990 (Tax Year 2011). City of Hope has responded to various Information Document Requests from the IRS, and is continuing to work with the IRS through the audit process.

As previously disclosed, Kathleen Kane, Chief Philanthropy and External Relations Officer announced her resignation effective as of the end of Fiscal Year 2014. City of Hope has commenced a national search for an individual to fill the role of Chief Philanthropy Officer. Paul Blodgett, Senior Vice-President, Major Gifts, is serving as the interim head during the search process.

Subsequent Events

On July 11, 2014, as part of the Obligated Group's efforts to broaden its reach throughout the greater Los Angeles market, the Foundation entered into an asset purchase agreement to purchase substantially all of the assets used in the operation and/or management of a ten-physician medical group (the "Group"). The Group provides oncology and cancer care services at five office practice locations in the Eastern San Gabriel Valley and Inland Empire area of Southern California. Subject to all closing conditions being satisfied, the transaction is scheduled to close in mid-September, 2014. As of the closing, nine of the Group physicians are expected to join City of Hope Medical Group and the Foundation is expected to begin operations at the Group's five clinical locations.

CITY OF HOPE AND AFFILIATES

Combining Financial Statements

For the Nine Months Ended June 30, 2014

UNAUDITED

CITY OF HOPE AND AFFILIATES
Combining Statements of Financial Position
as of June 30, 2014 and 2013
(Amounts in Millions)

	CITY OF HOPE			NATIONAL MEDICAL CENTER			MEDICAL FOUNDATION			BECKMAN RESEARCH INSTITUTE			ELIMINATIONS			COMBINED TOTALS			
	June 2014	September 2013	June 2013	June 2014	September 2013	June 2013	June 2014	September 2013	June 2013	June 2014	September 2013	June 2013	June 2014	September 2013	June 2013	June 2014	September 2013	June 2013	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	
ASSETS																			
CURRENT ASSETS:																			
A Cash and cash equivalents:																			
B Undesignated	\$ 6.9	\$ 11.4	\$ 8.7	\$ 17.4	\$ 4.9	\$ 25.1	\$ 1.0	\$ -	\$ 0.5	\$ 9.6	\$ 0.3	\$ 1.1	\$ -	\$ -	\$ -	\$ 34.9	\$ 16.6	\$ 35.4	A
B Management designated	47.4	65.8	31.8	7.4	26.2	-	-	-	-	9.5	20.9	15.9	-	-	-	64.3	112.9	47.7	B
C Investments:																			
C Management designated	426.9	321.6	320.5	160.0	129.1	149.7	-	-	-	110.9	100.6	104.9	-	-	-	697.8	551.3	575.1	C
D Self-insurance trust funds	-	-	-	3.5	3.6	3.4	-	-	-	-	-	-	-	-	-	3.5	3.6	3.4	D
E Bond trust funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	E
F Donor restricted assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	F
G Patient accounts receivable, less allowances of \$395.6 in 2014 and \$274.5 in 2013	-	-	-	173.4	149.0	134.1	17.6	15.1	13.4	-	-	-	-	-	-	191.0	164.1	147.5	G
H Due from affiliates	8.6	4.7	4.4	13.5	5.5	3.3	-	-	-	2.2	1.4	2.2	(24.3)	(11.6)	(9.9)	-	-	-	H
I Due from related parties	-	-	-	-	4.6	4.6	-	-	-	-	-	-	-	-	-	-	4.6	4.6	I
J Due from third party payors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	J
K Grants and other receivables	5.2	8.8	2.6	4.5	14.4	16.2	0.5	2.3	0.1	8.8	6.7	6.2	-	-	-	19.0	32.2	25.1	K
L Unconditional promise to give	19.5	19.5	12.9	-	-	-	-	-	-	-	-	-	-	-	-	19.5	19.5	12.9	L
M Supplies inventory, at cost	-	-	-	9.2	8.7	7.6	0.8	0.7	0.6	-	0.2	0.3	-	-	-	10.0	9.6	8.5	M
N Prepaid expenses and other	0.4	1.2	0.1	2.6	4.4	5.0	0.2	0.3	0.2	0.2	0.4	0.3	-	-	-	3.4	6.3	5.6	N
O Total current assets	514.9	433.0	381.0	391.5	350.4	349.0	20.1	18.4	14.8	141.2	130.5	130.9	(24.3)	(11.6)	(9.9)	1,043.4	920.7	865.8	O
PROPERTY, PLANT AND EQUIPMENT, at cost, less accumulated deprec	14.6	15.8	16.0	416.2	372.3	357.4	16.0	14.4	7.4	227.0	229.6	225.3	-	-	-	673.8	632.1	606.1	P
OTHER ASSETS:																			
Q Investments	6.5	7.7	7.0	322.5	297.2	-	-	-	-	55.7	49.5	-	-	-	-	384.7	354.4	7.0	Q
R Board designated assets	58.3	51.6	48.5	47.1	43.4	40.9	-	-	-	558.5	497.7	476.0	-	-	-	663.9	592.7	565.4	R
S Bond trust funds	-	-	-	11.2	29.8	29.8	-	-	-	-	2.7	2.7	-	-	-	11.2	32.5	32.5	S
Donor restricted assets:																			
T Investments	276.3	237.1	238.6	-	-	-	-	-	-	18.6	17.0	16.3	-	-	-	294.9	254.1	254.9	T
U Unconditional promises to give, Contribution receivable from split-	47.6	44.4	50.5	-	-	-	-	-	-	-	-	-	-	-	-	47.6	44.4	50.5	U
V interest agreements, net	8.6	9.1	9.0	-	-	-	-	-	-	-	-	-	-	-	-	8.6	9.1	9.0	V
W Other	0.7	2.6	0.7	-	-	-	-	-	-	-	-	-	-	-	-	0.7	2.6	0.7	W
X Intangible assets	-	-	-	-	-	-	5.6	6.5	6.8	-	-	-	-	-	-	5.6	6.5	6.8	X
Y Goodwill	-	-	-	-	-	-	30.1	30.1	30.1	-	-	-	-	-	-	30.1	30.1	30.1	Y
Z Other Long-term assets	7.7	3.8	2.4	18.1	11.6	6.9	3.5	3.5	3.5	2.8	2.8	2.5	-	-	-	32.1	21.7	15.3	Z
AA Total other assets	405.7	356.3	356.7	398.9	382.0	77.6	39.2	40.1	40.4	635.6	569.7	497.5	-	-	-	1,479.4	1,348.1	972.2	AA
BB Total assets	\$ 935.2	\$ 805.1	\$ 753.7	\$ 1,206.6	\$ 1,104.7	\$ 784.0	\$ 75.3	\$ 72.9	\$ 62.6	\$ 1,003.8	\$ 929.8	\$ 853.7	\$ (24.3)	\$ (11.6)	\$ (9.9)	\$ 3,196.6	\$ 2,900.9	\$ 2,444.1	BB

CITY OF HOPE AND AFFILIATES
Combining Statements of Financial Position
as of June 30, 2014 and 2013
(Amounts in Millions)

	CITY OF HOPE			NATIONAL MEDICAL CENTER			MEDICAL FOUNDATION			BECKMAN RESEARCH INSTITUTE			ELIMINATIONS			COMBINED TOTALS			
	June 2014	September 2013	June 2013	June 2014	September 2013	June 2013	June 2014	September 2013	June 2013	June 2014	September 2013	June 2013	June 2014	September 2013	June 2013	June 2014	September 2013	June 2013	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	
LIABILITIES AND NET ASSETS																			
CURRENT LIABILITIES:																			
A Accounts payable trade	\$ 1.0	\$ 3.2	\$ 1.1	\$ 12.2	\$ 22.6	\$ 19.6	\$ 1.2	\$ 2.1	\$ 1.6	\$ 3.1	\$ 4.8	\$ 2.6	\$ -	\$ -	\$ -	\$ 17.5	\$ 32.7	\$ 24.9	A
B Accrued bond interest	-	-	-	3.0	6.6	0.9	-	-	-	0.4	0.9	0.1	-	-	-	3.4	7.5	1.0	B
C Other accrued liabilities	0.8	0.5	0.3	27.8	22.5	21.8	11.7	12.8	9.5	1.8	1.5	1.2	-	-	-	42.1	37.3	32.8	C
Accrued salaries, wages and employee																			
D benefits	3.5	3.9	3.8	48.6	39.6	52.8	1.4	1.1	0.8	12.0	10.6	13.0	-	-	-	65.5	55.2	70.4	D
E Deferred revenue	0.1	0.9	0.2	0.1	0.7	8.3	-	-	-	6.5	8.6	9.3	-	-	-	6.7	10.2	17.8	E
F Due to affiliates	4.2	2.0	-	-	-	-	12.5	7.6	5.0	7.6	2.0	4.9	(24.3)	(11.6)	(9.9)	-	-	-	F
G Due to related party	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	G
H Long-term debt, current portion	-	-	-	36.0	33.1	33.1	0.3	0.3	-	32.5	32.5	32.5	-	-	-	68.8	65.9	65.6	H
I Due to third party payors	-	-	-	4.0	4.9	6.2	-	-	-	-	-	-	-	-	-	4.0	4.9	6.2	I
J Other	0.1	0.2	-	0.2	0.2	0.7	-	-	-	-	-	-	-	-	-	0.3	0.4	0.7	J
K Total current liabilities	9.7	10.7	5.4	131.9	130.2	143.4	27.1	23.9	16.9	63.9	60.9	63.6	(24.3)	(11.6)	(9.9)	208.3	214.1	219.4	K
LONG-TERM DEBT, net of current portion																			
of \$68.8 and unamortized bond discount																			
L of \$4.5	-	-	-	566.3	534.9	237.6	1.8	1.9	-	74.6	74.7	25.1	-	-	-	642.7	611.5	262.7	L
M Annuity and split interest obligatic	17.9	17.3	18.1													17.9	17.3	18.1	M
N Other long term liabilities	0.4	0.4	0.2	29.6	27.4	13.6	4.7	3.7	0.1	4.2	2.7	2.3	-	-	-	38.9	34.2	16.2	N
O Total liabilities	28.0	28.4	23.7	727.8	692.5	394.6	33.6	29.5	17.0	142.7	138.3	91.0	(24.3)	(11.6)	(9.9)	907.8	877.1	516.4	O
P COMMITMENTS AND CONTINGENCIES																			
NET ASSETS:																			
Q Unrestricted	572.4	481.3	467.6	478.8	412.2	389.4	41.7	43.4	45.6	842.5	774.5	746.4	-	-	-	1,935.4	1,711.4	1,649.0	Q
R Restricted	334.8	295.4	262.4	-	-	-	-	-	-	18.6	17.0	16.3	-	-	-	353.4	312.4	278.7	R
S Total net assets	907.2	776.7	730.0	478.8	412.2	389.4	41.7	43.4	45.6	861.1	791.5	762.7	-	-	-	2,288.8	2,023.8	1,927.7	S
T Total liabilities and net assets	\$ 935.2	\$ 805.1	\$ 753.7	\$ 1,206.6	\$ 1,104.7	\$ 784.0	\$ 75.3	\$ 72.9	\$ 62.6	\$ 1,003.8	\$ 929.8	\$ 853.7	\$ (24.3)	\$ (11.6)	\$ (9.9)	\$ 3,196.6	\$ 2,900.9	\$ 2,444.1	T

CITY OF HOPE AND AFFILIATES
Combining Statements of Activities
For the Nine Months Ended June 30, 2014
(Amounts in Millions)

	CITY OF HOPE		NATIONAL MEDICAL CENTER		MEDICAL FOUNDATION		BECKMAN RESEARCH INSTITUTE		BUSINESS SUPPORT		ELIMINATIONS		COMBINED TOTALS		
	Actual	Last Year	Actual	Last Year	Actual	Last Year	Actual	Last Year	Actual	Last Year	Actual	Last Year	Actual	Last Year	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
OPERATING REVENUES:															
Patient service revenues:															
A Inpatient	\$ -	\$ -	\$ 885.3	\$ 870.5	\$ 55.6	\$ 54.6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 940.9	\$ 925.1	A
B Outpatient	-	-	901.1	778.1	125.5	104.8	-	-	-	-	-	-	1,026.6	882.9	B
	-	-	1,786.4	1,648.6	181.1	159.4	-	-	-	-	-	-	1,967.5	1,808.0	
Deductions from patient service revenues:															
C Medicare contractuals	-	-	470.9	416.0	17.0	16.5	-	-	-	-	-	-	487.9	432.5	C
D Medi-Cal contractuals	-	-	296.5	196.0	40.4	36.5	-	-	-	-	-	-	336.9	232.5	D
E Managed care and insurance	-	-	491.0	494.5	57.3	46.1	-	-	-	-	-	-	548.3	540.6	E
F Charity care and Medi-Cal denials	-	-	13.8	23.1	0.1	0.2	-	-	-	-	-	-	13.9	23.3	F
	-	-	1,272.2	1,129.6	114.8	99.3	-	-	-	-	-	-	1,387.0	1,228.9	
G Net patient service revenues	-	-	514.2	519.0	66.3	60.1	-	-	-	-	-	-	580.5	579.1	G
Other operating revenues:															
H Extramural and other grant income	-	-	4.9	2.7	-	-	48.4	52.0	-	-	-	-	53.3	54.7	H
I Contributions - unrestricted	33.6	32.7	-	-	-	-	-	-	-	-	-	-	33.6	32.7	I
J Contributions - restricted	37.5	60.5	-	-	-	-	-	-	-	-	-	-	37.5	60.5	J
K Royalties - Genentech	185.9	188.0	-	-	-	-	-	-	-	-	-	-	185.9	188.0	K
L Royalties - other	0.1	0.3	0.1	-	-	-	2.2	1.7	-	-	-	-	2.4	2.0	L
M TARP services and other fees	-	-	-	-	31.8	31.9	-	-	-	-	(31.5)	(31.9)	0.3	-	M
N Other	0.8	0.6	8.1	9.4	7.9	5.0	0.5	0.5	-	-	(5.8)	(4.6)	11.5	10.9	N
O Net operating revenues	257.9	282.1	527.3	531.1	106.0	97.0	51.1	54.2	-	-	(37.3)	(36.5)	905.0	927.9	O
OPERATING EXPENSES:															
P Salaries, wages and benefits	14.8	14.5	196.6	184.9	10.0	8.1	43.9	46.3	46.4	40.4	-	-	311.7	294.2	P
Q Purchased services	5.9	5.9	41.6	48.2	0.9	1.1	5.2	4.6	18.7	18.0	(5.3)	(4.2)	67.0	73.6	Q
R Professional fees	1.8	0.4	1.1	2.3	77.7	70.8	1.0	1.7	2.0	1.2	-	-	83.6	76.4	R
S Research/teaching and admin/TARP svcs.	-	-	29.7	31.0	-	-	1.8	1.7	-	-	(31.5)	(31.9)	-	0.8	S
T Supplies - pharmaceuticals	-	-	89.3	79.3	9.1	7.5	-	-	-	-	-	-	98.4	86.8	T
U Supplies - other	1.2	0.9	33.8	33.1	0.7	0.5	2.8	2.8	2.5	2.5	-	-	41.0	39.8	U
V Extramural grant expense	-	-	4.6	1.4	-	-	34.7	35.4	-	-	-	-	39.3	36.8	V
W Other research expense	-	-	5.7	5.1	-	-	9.6	8.9	-	-	-	-	15.3	14.0	W
X Interest	-	-	18.5	6.9	-	-	3.4	1.5	-	-	-	-	21.9	8.4	X
Y Depreciation and amortization	1.6	1.4	33.5	29.7	2.6	2.0	12.2	10.4	-	-	-	-	49.9	43.5	Y
Z Utilities	-	-	3.8	4.2	0.1	0.1	3.4	3.2	0.2	0.2	-	-	7.5	7.7	Z
AA Royalty sharing expense	-	0.1	-	0.1	-	-	57.9	58.9	-	-	-	-	57.9	59.1	AA
BB Bad Debt Expense	-	-	0.4	0.6	1.6	2.7	-	-	-	-	-	-	2.0	3.3	BB
CC Provider fee payments	-	-	3.2	13.9	-	-	-	-	-	-	-	-	3.2	13.9	CC
DD Other	3.2	3.3	9.2	8.1	2.8	1.3	0.4	2.5	13.2	7.9	(0.5)	(0.4)	28.3	22.7	DD
EE Due to/from Business Support Services	4.5	3.3	58.8	49.7	2.2	1.9	17.5	15.3	(83.0)	(70.2)	-	-	(0.0)	(0.0)	EE
FF Total operating expenses	33.0	29.8	529.8	498.5	107.7	96.0	193.8	193.2	-	-	(37.3)	(36.5)	827.0	781.0	FF
GG Income from operations	224.9	252.3	(2.5)	32.6	(1.7)	1.0	(142.7)	(139.0)	-	-	-	-	78.0	146.9	GG
HH Early extinguishment of debt	-	-	-	(6.0)	-	-	-	(0.1)	-	-	-	-	-	(6.1)	HH
II Interest income	8.7	7.3	7.7	3.2	-	0.1	11.0	8.3	-	-	-	-	27.4	18.9	II
JJ Gain (loss) on sale of investments	14.4	11.7	5.2	2.7	-	-	17.4	10.8	-	-	-	-	37.0	25.2	JJ
KK Gain (loss) on equity based investment holdin	7.9	1.7	-	-	-	-	9.6	9.2	-	-	-	-	17.5	10.9	KK
LL Gain(Loss) on interest rate swap agreemnt	-	-	(1.6)	(0.4)	-	-	(1.5)	7.1	-	-	-	-	(3.1)	6.7	LL
MM Investment gain (loss) unrealized	37.0	10.2	29.0	(0.6)	-	-	42.2	15.4	-	-	-	-	108.2	25.0	MM
NN City of Hope general distribution	(24.5)	(19.6)	24.5	1.1	-	-	-	18.5	-	-	-	-	-	-	NN
OO City of Hope construction distrib	-	(1.7)	-	1.1	-	-	-	0.6	-	-	-	-	-	(0.0)	OO
PP City of Hope grant research distrib	(14.0)	(10.5)	4.3	2.9	-	-	9.7	7.6	-	-	-	-	-	-	PP
QQ City of Hope royalties distributed	(123.9)	(125.3)	-	-	-	-	123.9	125.3	-	-	-	-	-	-	QQ
RR Change in net assets	130.5	126.1	66.6	36.6	(1.7)	1.1	69.6	63.7	-	-	-	-	265.0	227.5	RR
SS NET ASSETS, at beginning of period	776.7	603.9	412.2	352.8	43.4	44.5	791.5	699.0	-	-	-	-	2,023.8	1,700.2	SS
TT NET ASSETS, at end of period	\$ 907.2	\$ 730.0	\$ 478.8	\$ 389.4	\$ 41.7	\$ 45.6	\$ 861.1	\$ 762.7	\$ -	\$ -	\$ -	\$ -	\$ 2,288.8	\$ 1,927.7	TT
OPERATING EBIDA	\$ 226.5	\$ 253.7	\$ 49.5	\$ 69.2	\$ 0.9	\$ 3.0	\$ (127.1)	\$ (127.1)	\$ -	\$ -	\$ -	\$ -	\$ 149.8	\$ 198.8	

CITY OF HOPE AND AFFILIATES
Combining Statements of Cash Flows
For the Nine Months Ended June 30, 2014
(Amounts in Millions)

	CITY OF HOPE		NATIONAL MEDICAL CENTER		MEDICAL FOUNDATION		BECKMAN RESEARCH INSTITUTE		COMBINED TOTALS		
	1 June 2014	2 June 2013	3 June 2014	4 June 2013	5 June 2014	6 June 2013	7 June 2014	8 June 2013	9 June 2014	10 June 2013	
CASH FLOWS FROM OPERATING ACTIVITIES:											
A Change in net assets	\$ 130.5	\$ 126.1	\$ 66.6	\$ 36.6	\$ (1.7)	\$ 1.1	\$ 69.6	\$ 63.7	\$ 265.0	\$ 227.5	A
B Depreciation and amortization	1.6	1.4	33.5	29.7	2.6	2.0	12.2	10.4	49.9	43.5	B
C Loss (gain) on sale of contributed real property	-	-	-	-	-	-	(0.2)	-	(0.2)	-	C
D (Gain) Loss on interest rate swap agreement	-	-	1.6	0.4	-	-	1.5	(7.1)	3.1	(6.7)	D
E (Gain) Loss on equity based investment holdings	(7.9)	(1.7)	-	-	-	-	(9.6)	(9.2)	(17.5)	(10.9)	E
F Net unrealized (gain) loss on investments	(37.0)	(10.2)	(29.0)	0.6	-	-	(42.2)	(15.4)	(108.2)	(25.0)	F
Changes in assets and liabilities:											
Decrease (increase) in:											
G Patient accounts receivable	-	-	(24.4)	(15.9)	(2.5)	(0.7)	-	-	(26.9)	(16.6)	G
H Grants and other receivables	3.6	2.1	9.9	9.7	1.8	0.1	(2.1)	(2.1)	13.2	9.8	H
I Unconditional promises to give	(3.2)	(21.5)	-	-	-	-	-	-	(3.2)	(21.5)	I
J Other assets	(1.2)	6.5	(2.1)	3.6	-	(0.2)	(0.4)	0.3	(3.7)	10.2	J
Increase (decrease) in:											
K Accounts payable and other accrued liabilities	(1.9)	(0.5)	(8.7)	(15.6)	(2.0)	3.5	(1.9)	(4.2)	(14.5)	(16.8)	K
L Annuity and split interest obligations	0.6	-	-	-	-	-	-	-	0.6	-	L
M Other liabilities	0.9	(5.5)	8.1	4.9	6.2	(5.1)	4.9	2.1	20.1	(3.6)	M
N Total adjustments	(44.5)	(29.4)	(11.1)	17.4	6.1	(0.4)	(37.8)	(25.2)	(87.3)	(37.6)	N
O Net cash (used in) provided by operating activities	86.0	96.7	55.5	54.0	4.4	0.7	31.8	38.5	177.7	189.9	O
CASH FLOWS FROM INVESTING ACTIVITIES:											
P Purchases of property, plant & equipment	(0.4)	(9.0)	(41.2)	(33.4)	(3.3)	(1.5)	(9.4)	(4.5)	(54.3)	(48.4)	P
Q Capital lease obligation	-	-	(36.2)	-	-	-	-	-	(36.2)	-	Q
R Proceeds from sale of contributed real property	-	-	-	-	-	-	-	-	-	-	R
S Proceeds from sale of property, plant and equipment	-	0.3	-	-	-	-	-	-	-	0.3	S
T Decrease (increase) in contributions receivable from split-interest agreements	0.5	2.0	-	-	-	-	-	-	0.5	2.0	T
U Decrease (increase) in investments	(105.1)	(85.6)	(30.8)	(96.9)	-	-	(27.1)	(23.8)	(163.0)	(206.3)	U
V Decrease (increase) in bond trust funds	-	-	18.6	(11.0)	-	-	2.7	(2.7)	21.3	(13.7)	V
W Decrease (increase) in contributed real property	(1.9)	(1.0)	-	-	-	-	-	-	(1.9)	(1.0)	W
X Decrease (increase) in other assets	(2.0)	0.9	(6.5)	6.7	(0.0)	0.1	-	0.3	(8.5)	8.0	X
Y Net cash (used in) provided by investing activities	(108.9)	(92.4)	(96.1)	(134.6)	(3.3)	(1.4)	(33.8)	(30.7)	(242.1)	(259.1)	Y
CASH FLOWS FROM FINANCING ACTIVITIES:											
Z Repayments on line of credit	-	-	(3.5)	(1.8)	-	-	-	-	(3.5)	(1.8)	Z
AA Proceeds from line of credit	-	-	3.5	1.8	-	-	-	-	3.5	1.8	AA
BB Escrow deposit to refund debt	-	-	-	(190.5)	-	-	-	(47.5)	-	(238.0)	BB
CC Proceeds from long-term debt borrowings	-	-	-	271.6	-	-	-	57.9	-	329.5	CC
DD Capital lease obligation	-	-	36.2	-	-	-	-	-	36.2	-	DD
EE Principal payments on long-term debt	-	(0.1)	(1.9)	(2.2)	(0.1)	-	(0.1)	(10.2)	(2.1)	(12.5)	EE
FF Net cash (used in) provided by financing activities	-	(0.1)	34.3	78.9	(0.1)	-	(0.1)	0.2	34.1	79.0	FF
GG NET INCREASE (DECREASE) IN CASH	(22.9)	4.2	(6.3)	(1.7)	1.0	(0.7)	(2.1)	8.0	(30.3)	9.8	GG
HH CASH AND INVESTMENTS, beginning	77.2	36.3	31.1	26.8	-	1.2	21.2	9.0	129.5	73.3	HH
II CASH AND INVESTMENTS, ending	\$ 54.3	\$ 40.5	\$ 24.8	\$ 25.1	\$ 1.0	\$ 0.5	\$ 19.1	\$ 17.0	\$ 99.2	\$ 83.1	II

CITY OF HOPE AND AFFILIATES' CONSOLIDATED LIQUIDITY PROFILE

As of June 30, 2014

Liquidation Period	Amount (in Thousands)	Percentage of Portfolio
Daily	234,805	11.1%
<1 Week	876,738	41.4%
Monthly	430,519	20.3%
>Monthly	575,394	27.2%
Total	<u>\$ 2,117,456</u>	<u>100%</u>

[1] Includes all of the cash and investment assets of City of Hope and Affiliates as of June 30, 2014, excluding (i) \$3.4 million in Self-insurance trust funds; (ii) \$11.2 million in bond trust funds; (iii) a portion of Donor-restricted investments, in the amount of \$22.6 million in Charitable Remainder Trust fund investments and Gift Annuity funds.
