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Form **990**

Department of the Treasury
Internal Revenue Service

# Return of Organization Exempt From Income Tax

**Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)**

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

**2010**

**Open to Public Inspection**

**A For the 2010 calendar year, or tax year beginning 07-01-2010 and ending 06-30-2011**

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

**C** Name of organization
THE READING HOSPITAL & MEDICAL CENTER

Doing Business As

Number and street (or P O box if mail is not delivered to street address)
PO BOX 16052

Room/suite

City or town, state or country, and ZIP + 4
READING, PA 196126052

**D Employer identification number**
23-1352204

**E Telephone number**
(610) 988-8114

**G** Gross receipts $ 776,574,866

**F** Name and address of principal officer
CLINT MATTHEWS SEE SCHEDULE O
PO BOX 16052
READING,PA 196126052

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

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

**H(c)** Group exemption number ▶

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

**J Website:** ▶ WWW READINGHOSPITAL ORG

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

**L** Year of formation 1869

**M** State of legal domicile PA

## Part I Summary

**1** Briefly describe the organization's mission or most significant activities
PRIMARY EXEMPT PURPOSE 1)PROVIDING HEALTH CARE INPATIENT SERVICES 30,253 BIRTHS 3,161 EMERGENCY SERVICES 119,329 OUTPATIENT SERVICES 892,894 AMOUNT OF CHARITY CARE PROVIDED 2) PROMOTING HEALTH HEALTH OUTREACH FOR CHILDREN (NEWBORNS THROUGH TEENS) INITIATED ST CHRIS CARE, AN AMBULATORY PEDIATRIC SPECIALTY PRACTICE PRIMARILY FOR THE MEDICALLY UNDERSERVED OPERATE CHILDREN'S HEALTH CENTER PROVIDE AMBULATORY CARE TO PEDIATRIC PATIENTS WHO ARE MEDICALLY UNDERSERVED, 20,682 VISITS, PROVIDES EACH CHILD WITH A FREE BOOK THROUGH IT REACH OUT AND READ PROGRAM TO IMPROVE LITERACY AND DEVELOP A CHILD'S LIFELONG PASSION FOR READING HEALTH OUTREACH FOR ADULTS OPERATE WOMEN'S HEALTH CENTER OFFERING MEDICALLY UNDERSERVED WOMEN BOTH OBSTETRICAL AND GYNECOLOGICAL CARE, 18,814 OPERATE CENTER FOR PUBLIC HEALTH OFFERS CARE TO INDIVIDUALS DIAGNOSED WITH AIDS OR WHO ARE HIV POSITIVE, 1,675 PATIENT REGISTRATIONS OPERATE OUTPATIENT SERVICES ADULT CLINICS PROVIDES PRIMARY AND SUBSPECIALTY CARE TO MEDIC

**Activities & Governance**

| | | | |
|---|---|---|---|
| **2** | Check this box ▶☐ if the organization discontinued its operations or disposed of more than 25% of its net assets | | |
| **3** | Number of voting members of the governing body (Part VI, line 1a) | **3** | 27 |
| **4** | Number of independent voting members of the governing body (Part VI, line 1b) | **4** | 24 |
| **5** | Total number of individuals employed in calendar year 2010 (Part V, line 2a) | **5** | 6,369 |
| **6** | Total number of volunteers (estimate if necessary) | **6** | 991 |
| **7a** | Total unrelated business revenue from Part VIII, column (C), line 12 | **7a** | 1,102,035 |
| **b** | Net unrelated business taxable income from Form 990-T, line 34 | **7b** | -37,059 |

**Revenue**

| | | Prior Year | Current Year |
|---|---|---|---|
| **8** | Contributions and grants (Part VIII, line 1h) | 2,364,356 | 3,123,673 |
| **9** | Program service revenue (Part VIII, line 2g) | 708,001,072 | 746,785,001 |
| **10** | Investment income (Part VIII, column (A), lines 3, 4, and 7d ) | 550,854 | 736,450 |
| **11** | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 20,270,119 | 25,743,492 |
| **12** | Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 731,186,401 | 776,388,616 |

**Expenses**

| | | | |
|---|---|---|---|
| **13** | Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) | 547,394 | 415,250 |
| **14** | Benefits paid to or for members (Part IX, column (A), line 4) | | 0 |
| **15** | Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10) | 347,213,273 | 363,240,486 |
| **16a** | Professional fundraising fees (Part IX, column (A), line 11e) | | 0 |
| **b** | Total fundraising expenses (Part IX, column (D), line 25) ▶0 | | |
| **17** | Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f) | 322,104,498 | 330,740,577 |
| **18** | Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) | 669,865,165 | 694,396,313 |
| **19** | Revenue less expenses Subtract line 18 from line 12 | 61,321,236 | 81,992,303 |

**Net Assets or Fund Balances**

| | | Beginning of Current Year | End of Year |
|---|---|---|---|
| **20** | Total assets (Part X, line 16) | 819,810,830 | 855,456,958 |
| **21** | Total liabilities (Part X, line 26) | 827,961,527 | 793,836,701 |
| **22** | Net assets or fund balances Subtract line 21 from line 20 | -8,150,697 | 61,620,257 |

## 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: 2012-05-03

RICHARD W JONES CHIEF FINANCIAL OFFICER
Type or print name and title

**Paid Preparer Use Only**

| Print/Type preparer's name | Preparer's signature | Date | Check if self-employed ▶☐ | PTIN |
|---|---|---|---|---|
| | | 2012-05-08 | | |

Firm's name ▶ PRICEWATERHOUSECOOPERS LLP — Firm's EIN ▶

Firm's address ▶ 2001 MARKET ST STE 1700
PHILADELPHIA, PA 19103 — Phone no ▶

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

## Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III . . . . . ☑

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

PRIMARY EXEMPT PURPOSE 1)PROVIDING HEALTH CARE INPATIENT SERVICES 30,253 BIRTHS 3,161 EMERGENCY SERVICES 119,329 OUTPATIENT SERVICES 892,894 AMOUNT OF CHARITY CARE PROVIDED 2) PROMOTING HEALTH HEALTH OUTREACH FOR CHILDREN (NEWBORNS THROUGH TEENS) INITIATED ST CHRIS CARE, AN AMBULATORY PEDIATRIC SPECIALTY PRACTICE PRIMARILY FOR THE MEDICALLY UNDERSERVED OPERATE CHILDREN'S HEALTH CENTER PROVIDE AMBULATORY CARE TO PEDIATRIC PATIENTS WHO ARE MEDICALLY UNDERSERVED, 20,682 VISITS, PROVIDES EACH CHILD WITH A FREE BOOK THROUGH IT REACH OUT AND READ PROGRAM TO IMPROVE LITERACY AND DEVELOP A CHILD'S LIFELONG PASSION FOR READING HEALTH OUTREACH FOR ADULTS OPERATE WOMEN'S HEALTH CENTER OFFERING MEDICALLY UNDERSERVED WOMEN BOTH OBSTETRICAL AND GYNECOLOGICAL CARE, 18,814 OPERATE CENTER FOR PUBLIC HEALTH OFFERS CARE TO INDIVIDUALS DIAGNOSED WITH AIDS OR WHO ARE HIV POSITIVE, 1,675 PATIENT REGISTRATIONS OPERATE OUTPATIENT SERVICES ADULT CLINICS PROVIDES PRIMARY AND SUBSPECIALTY CARE TO MEDIC

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

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

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

If "Yes," describe these changes on Schedule O

**4** Describe the exempt purpose achievements for each of the organization's three largest program services by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts 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 $ 36,409,204 including grants of $ ) (Revenue $ 141,192,609 )

OPERATING ROOM - 227,784 UNITS OF SERVICE TRHMC OPERATES IN A MARKET SERVED BY NEARLY 20 SPECIALTY, INVESTOR-OWNED FACILITIES, WHICH CARVE OUT THE BEST PAYING INSURANCE PLANS, THE HIGHEST MARGIN PROCEDURES, AND THE LEAST COMPLICATED PATIENTS TO SERVE BY CONTINUING TO PROVIDE A FULL SERVICE SURGICAL SERVICE, TRHMC OFFERS THE MOST ADVANCED SURGICAL OPTIONS, FROM ROBOTIC ASSISTED, MINIMALLY INVASIVE SURGERY TO A FULL SPECTRUM OF OUTPATIENT SURGICAL OPTIONS AND TO ENSURE OUR COMMUNITY HAS ACCESS TO SURGICAL SPECIALITIES THAT MAY BE EXPERIENCING SHORTAGES ELSEWHERE IN THE COUNTRY TRHMC SUPPORTS ITS SURGEONS IN THEIR FELLOWSHIP TRAINING AND RECRUITS AND RETAINS SURGEONS IN AREAS LIKE PLASTIC SURGERY - AVAILABLE ONLY DURING LIMITED HOURS OR NOT AT ALL, IN OTHER HOSPITALS IN ITS MARKET

**4b** (Code ) (Expenses $ 29,356,957 including grants of $ ) (Revenue $ 145,826,795 )

EMERGENCY CARE - 383,896 UNITS OF SERVICE TRHMC EMERGENCY DEPARTMENT PROVIDES EMERGENT, URGENT AND PRIMARY CARE SERVICES TO OUR COMMUNITY "24/7/365," REGARDLESS OF ABILITY TO PAY VOLUME TO TRHMC EMERGENCY DEPARTMENT RANKS IT AMONG THE TOP THREE IN THE STATE OF PENNSYLVANIA YEAR AFTER YEAR AS THE AREA'S ONLY ACCREDITED TRAUMA CENTER, TRHMC ALSO PROVIDES IMMEDIATE ACCESS THROUGH ITS EMERGENCY DEPARTMENT TO ALL SPECIALITY SREVICES, FROM TRAUMA SURGEONS TO PLASTIC SURGEONS, AND ALL AREAS OF SEPCIALITY CARE IN ADDITION TO ITS TRAUMA CERTIFICATION, TRHMC IS THE ONLY HOSPITAL IN THE REGION TO HAVE MADE A COMMITMENT TO ACCREDIATED CARE IN STROKE AND CHEST PAIN FOLLOWING THE RELOCATION OF THE OTHER HOSPITAL IN THE CITY TO A NEW SUBURBAN CAMPUS, TRHMC IS FULFILLING ITS COMMITTMENT TO SERVE THE UNDERSERVED POPULATION OF THE CITY

**4c** (Code ) (Expenses $ 26,448,356 including grants of $ ) (Revenue $ 101,906,611 )

PHARMACY - 9,338,337 UNITS OF SERVICE TRHMC PROVIDES ACESS TO NEEDED PRESCRIPTIONS FOR THOSE PATIENTS WHO CANNOT AFFORD THEIR MEDICATION EACH MONTH TRHMC ABSORBS THE COST OF PRESCRIPTION MEDICATION FOR PATIENTS OF TRHMC WITH NO PRESCRIPTION COVERAGE TRHMC RECOGNIZES THE IMPORTANT ROLE OF PATIENT COMPLIANCE WITH THEIR TREATMENT, INCLUDING TAKING MEDICATION AS PRESCRIBED, AND RECOGNIZES THAT PATIENTS WITHOUT THE ABILITY TO PAY FOR THOSE MEDICATIONS WILL SIMPLY NOT COMPLY TO ENSURE OPTIMAL PATIENT HEALTH AND THE BEST PATIENT OUTCOMES, TRHMC ABSORBS THE COSTS OF THESE MEDICATIONS AS PART OF OUR EXEMPT PURPOSE IN OUR COMMUNITY

**4d** Other program services (Describe in Schedule O ) **See also Additional Data for Description**

(Expenses $ 470,151,179 including grants of $ 415,250 ) (Revenue $ 361,993,773 )

**4e** **Total program service expenses** ▶ $ 562,365,696

## Part IV Checklist of Required Schedules

| | | | Yes | No |
|---|---|---|---|---|
| 1 | Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A* | 1 | Yes | |
| 2 | Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)? | 2 | Yes | |
| 3 | Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I* | 3 | | No |
| 4 | **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II* | 4 | Yes | |
| 5 | Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III* | 5 | | No |
| 6 | Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I* | 6 | | No |
| 7 | Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II* | 7 | | No |
| 8 | Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III* | 8 | | No |
| 9 | Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV* | 9 | | No |
| 10 | Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V* | 10 | Yes | |
| 11 | If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable | | | |
| a | Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.* | 11a | Yes | |
| b | Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.* | 11b | | No |
| c | Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.* | 11c | | No |
| d | Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.* | 11d | Yes | |
| e | Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.* | 11e | Yes | |
| f | Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.* | 11f | | No |
| 12a | Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII* | 12a | Yes | |
| b | Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional* | 12b | Yes | |
| 13 | Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E* | 13 | | No |
| 14a | Did the organization maintain an office, employees, or agents outside of the United States? | 14a | | No |
| b | Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Parts I and IV* | 14b | | No |
| 15 | Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Parts II and IV* | 15 | | No |
| 16 | Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Parts III and IV* | 16 | | No |
| 17 | Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)* | 17 | | No |
| 18 | Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II* | 18 | | No |
| 19 | Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III* | 19 | | No |
| 20a | Did the organization operate one or more hospitals? *If "Yes," complete Schedule H* | 20a | Yes | |
| b | If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions) | 20b | Yes | |

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

| | | | | |
|---|---|---|---|---|
| **21** | Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II* | **21** | | No |
| **22** | Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III* | **22** | Yes | |
| **23** | Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J* | **23** | Yes | |
| **24a** | Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25* | **24a** | | No |
| **b** | Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? | **24b** | | |
| **c** | Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? | **24c** | | |
| **d** | Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? | **24d** | | |
| **25a** | **Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I* | **25a** | | No |
| **b** | Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I* | **25b** | | No |
| **26** | Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II* | **26** | | No |
| **27** | Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III* | **27** | | No |
| **28** | Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions) | | | |
| **a** | A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV* | **28a** | Yes | |
| **b** | A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV* | **28b** | Yes | |
| **c** | An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV* | **28c** | Yes | |
| **29** | Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M* | **29** | | No |
| **30** | Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M* | **30** | | No |
| **31** | Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I* | **31** | | No |
| **32** | Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II* | **32** | | No |
| **33** | Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I* | **33** | | No |
| **34** | Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1* | **34** | Yes | |
| **35** | Is any related organization a controlled entity within the meaning of section 512(b)(13)? | **35** | Yes | |
| **a** | Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* ☑ **Yes** ☐ **No** | | | |
| **36** | **Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2* | **36** | | No |
| **37** | Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI* | **37** | | No |
| **38** | Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O | **38** | Yes | |

## Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V . . . . . ☐

| | | | | Yes | No |
|---|---|---|---|---|---|
| 1a | Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . . | 1a | 477 | | |
| b | Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable | 1b | 0 | | |
| c | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . . | | | 1c Yes | |
| 2a | Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return . . . . . | 2a | 6,369 | | |
| b | If at least one is reported on line 2a, did the organization file all required federal employment tax returns? | | | 2b Yes | |
| | **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions) | | | | |
| 3a | Did the organization have unrelated business gross income of $1,000 or more during the year? . . . . . | | | 3a Yes | |
| b | If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O* . . . . . | | | 3b Yes | |
| 4a | At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? . . . . | | | 4a | No |
| b | If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts | | | | |
| 5a | Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . | | | 5a | No |
| b | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? | | | 5b | No |
| c | If "Yes" to line 5a or 5b, did the organization file Form 8886-T? . . . . . | | | 5c | |
| 6a | Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible? . . . . . | | | 6a | No |
| b | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . . | | | 6b | |
| 7 | **Organizations that may receive deductible contributions under section 170(c).** | | | | |
| a | Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor? . . . . . | | | 7a | No |
| b | If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . . | | | 7b | |
| c | Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . . | | | 7c | No |
| d | If "Yes," indicate the number of Forms 8282 filed during the year . . . . | 7d | | | |
| e | Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . . | | | 7e | No |
| f | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . | | | 7f | No |
| g | If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? . . . . . | | | 7g | |
| h | If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? . . . . . | | | 7h | |
| 8 | **Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? . . . . . | | | 8 | |
| 9 | **Sponsoring organizations maintaining donor advised funds.** | | | | |
| a | Did the organization make any taxable distributions under section 4966? . . . . . | | | 9a | |
| b | Did the organization make a distribution to a donor, donor advisor, or related person? . . . . . | | | 9b | |
| 10 | **Section 501(c)(7) organizations.** Enter | | | | |
| a | Initiation fees and capital contributions included on Part VIII, line 12 . . . | 10a | | | |
| b | Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities | 10b | | | |
| 11 | **Section 501(c)(12) organizations.** Enter | | | | |
| a | Gross income from members or shareholders . . . . . | 11a | | | |
| b | Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them ) . . . . . | 11b | | | |
| 12a | **Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041? | | | 12a | |
| b | If "Yes," enter the amount of tax-exempt interest received or accrued during the year | 12b | | | |
| 13 | **Section 501(c)(29) qualified nonprofit health insurance issuers.** | | | | |
| a | Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O | | | 13a | |
| b | Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans | 13b | | | |
| c | Enter the amount of reserves on hand | 13c | | | |
| 14a | Did the organization receive any payments for indoor tanning services during the tax year? . . . . . | | | 14a | No |
| b | If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . . | | | 14b | |

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

Check if Schedule O contains a response to any question in this Part VI . . . . . ☑

## Section A. Governing Body and Management

| | | | | Yes | No |
|---|---|---|---|---|---|
| 1a | Enter the number of voting members of the governing body at the end of the tax year . . . . . | 1a | 27 | | |
| b | Enter the number of voting members included in line 1a, above, who are independent . . . . . | 1b | 24 | | |
| 2 | Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . . | | 2 | Yes | |
| 3 | Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . | | 3 | Yes | |
| 4 | Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? | | 4 | | No |
| 5 | Did the organization become aware during the year of a significant diversion of the organization's assets? . | | 5 | | No |
| 6 | Does the organization have members or stockholders? . . . . . | | 6 | | No |
| 7a | Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? . . . . . | | 7a | Yes | |
| b | Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . . | | 7b | Yes | |
| 8 | Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following | | | | |
| a | The governing body? . . . . . | | 8a | Yes | |
| b | Each committee with authority to act on behalf of the governing body? . . . . . | | 8b | Yes | |
| 9 | Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O . . . . . | | 9 | | No |

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

| | | | Yes | No |
|---|---|---|---|---|
| 10a | Does the organization have local chapters, branches, or affiliates? . . . . . | 10a | | No |
| b | If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization? . . . . | 10b | | |
| 11a | Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form? | 11a | Yes | |
| b | Describe in Schedule O the process, if any, used by the organization to review this Form 990 . . . . . | | | |
| 12a | Does the organization have a written conflict of interest policy? *If "No," go to line 13* . . . . . | 12a | Yes | |
| b | Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . . | 12b | Yes | |
| c | Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done . . . . . | 12c | Yes | |
| 13 | Does the organization have a written whistleblower policy? . . . . . | 13 | Yes | |
| 14 | Does the organization have a written document retention and destruction policy? . . . . . | 14 | Yes | |
| 15 | Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? | | | |
| a | The organization's CEO, Executive Director, or top management official . . . . . | 15a | Yes | |
| b | Other officers or key employees of the organization . . . . . | 15b | Yes | |
| | If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions ) | | | |
| 16a | Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . . | 16a | Yes | |
| b | If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements? . . . . . | 16b | Yes | |

## Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶

RICHARD W JONES CFO
SIXTH AVE SPRUCE STS
WEST READING, PA 19611
(610) 988-8114

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

Check if Schedule O contains a response to any question 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, and **current** key employees 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 (describe hours for related organizations in Schedule O) | (C) Position (check all that apply) | | | | | | (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 | | | |
| See Additional Data Table | | | | | | | | | | |
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**Part VII** **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** (continued)

| (A) Name and Title | (B) Average hours per week (describe hours for related organizations in Schedule O) | (C) Position (check all that apply) | | | | | | (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 | | | |
| See Additional Data Table | | | | | | | | | | |
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| | | | | | | | | | | |
| **1b** **Sub-Total** . . . . . ▶ | | | | | | | | | | |
| **c** **Total from continuation sheets to Part VII, Section A** . . . . ▶ | | | | | | | | | | |
| **d** **Total (add lines 1b and 1c)** . . . . . ▶ | | | | | | | | 13,139,190 | | 572,521 |

**2** Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 255

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

## 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

| (A) Name and business address | (B) Description of services | (C) Compensation |
|---|---|---|
| HURON CONSULTING SERVICES LLC<br>3005 MOMENTUM PLACE<br>CHICAGO, IL 606895330 | CONSULTING | 7,464,000 |
| FTI CONSULTING<br>PO BOX 418005<br>BOSTON, MA 022418005 | CONSULTING | 7,057,685 |
| CARDIOLOGY ASSOICATES OF WEST READIN<br>301 S 7TH AVE<br>WEST READING, PA 19611 | CONSULTING | 2,912,338 |
| GE MEDICAL SYSTEMS<br>PO BOX 640944<br>PITTSBURGH, PA 152640944 | MAINTENANCE | 2,877,210 |
| SIEMENS MEDICAL SOLUTIONS<br>PO BOX 7777 W3580<br>PHILADELPHIA, PA 19175 | MAINTENANCE | 2,656,205 |

**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 ▶ 90

**Part VIII Statement of Revenue**

| | | | (A) Total revenue | (B) Related or exempt function revenue | (C) Unrelated business revenue | (D) Revenue excluded from tax under sections 512, 513, or 514 |
|---|---|---|---|---|---|---|
| Contributions, gifts, grants and other similar amounts | 1a Federated campaigns . . | 1a | | | | |
| | b Membership dues . . . . | 1b | | | | |
| | c Fundraising events . . . . | 1c | | | | |
| | d Related organizations . . . | 1d | 497,228 | | | |
| | e Government grants (contributions) | 1e | 1,205,065 | | | |
| | f All other contributions, gifts, grants, and similar amounts not included above | 1f | 1,421,380 | | | |
| | g Noncash contributions included in lines 1a-1f $ | | | | | |
| | h **Total.** Add lines 1a-1f . . . . . ▶ | | 3,123,673 | | | |
| Program Service Revenue | | Business Code | | | | |
| | 2a PATIENT SERVICE REVENUE | | 746,785,001 | 746,785,001 | | |
| | b | | | | | |
| | c | | | | | |
| | d | | | | | |
| | e | | | | | |
| | f All other program service revenue | | | | | |
| | g **Total.** Add lines 2a–2f . . . . . ▶ | | 746,785,001 | | | |
| | 3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶ | | 802,683 | | | 802,683 |
| | 4 Income from investment of tax-exempt bond proceeds . . ▶ | | | | | |
| | 5 Royalties . . . . . ▶ | | | | | |
| | | (i) Real | (ii) Personal | | | |
| | 6a Gross Rents | | | | | |
| | b Less rental expenses | | | | | |
| | c Rental income or (loss) | | | | | |
| | d Net rental income or (loss) . . . . . ▶ | | | | | |
| | | (i) Securities | (ii) Other | | | |
| | 7a Gross amount from sales of assets other than inventory | 120,017 | | | | |
| | b Less cost or other basis and sales expenses | 186,250 | | | | |
| | c Gain or (loss) | -66,233 | | | | |
| | d Net gain or (loss) . . . . . ▶ | | -66,233 | | | -66,233 |
| Other Revenue | 8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . . a | | | | | |
| | b Less direct expenses . . . b | | | | | |
| | c Net income or (loss) from fundraising events . . ▶ | | | | | |
| | 9a Gross income from gaming activities See Part IV, line 19 . a | | | | | |
| | b Less direct expenses . . . . . b | | | | | |
| | c Net income or (loss) from gaming activities . . . ▶ | | | | | |
| | 10a Gross sales of inventory, less returns and allowances . a | | | | | |
| | b Less cost of goods sold . . b | | | | | |
| | c Net income or (loss) from sales of inventory . . ▶ | | | | | |
| | Miscellaneous Revenue | Business Code | | | | |
| | 11a RENT INCOME | | 10,054,879 | | | 10,054,879 |
| | b MEALS/ROOM RENTAL | | 4,702,483 | | | 4,702,483 |
| | c TUITION - NURSING TECH SCHOOL | | 4,134,787 | 4,134,787 | | |
| | d All other revenue . . . . | | 6,851,343 | | 1,102,035 | 5,749,308 |
| | e **Total.** Add lines 11a–11d . . . . . ▶ | | 25,743,492 | | | |
| | 12 **Total revenue.** See Instructions . . . ▶ | | 776,388,616 | 750,919,788 | 1,102,035 | 21,243,120 |

## 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) but are not required to complete columns (B), (C), and (D).**

| Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII. | (A) Total expenses | (B) Program service expenses | (C) Management and general expenses | (D) Fundraising expenses |
|---|---|---|---|---|
| 1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21 | | | | |
| 2 Grants and other assistance to individuals in the U S See Part IV, line 22 | 415,250 | 415,250 | | |
| 3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16 | | | | |
| 4 Benefits paid to or for members | | | | |
| 5 Compensation of current officers, directors, trustees, and key employees | 9,989,331 | | 9,989,331 | |
| 6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) | | | | |
| 7 Other salaries and wages | 261,993,988 | 237,941,644 | 24,052,344 | |
| 8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions) | 21,380,549 | 18,601,078 | 2,779,471 | |
| 9 Other employee benefits | 49,799,781 | 42,474,122 | 7,325,659 | |
| 10 Payroll taxes | 20,076,837 | 17,466,915 | 2,609,922 | |
| a Fees for services (non-employees) Management | | | | |
| b Legal | 1,738,351 | | 1,738,351 | |
| c Accounting | 554,835 | 42,000 | 512,835 | |
| d Lobbying | | | | |
| e Professional fundraising services *See Part IV, line 17* | | | | |
| f Investment management fees | | | | |
| g Other | | | | |
| 12 Advertising and promotion | | | | |
| 13 Office expenses | | | | |
| 14 Information technology | | | | |
| 15 Royalties | | | | |
| 16 Occupancy | 3,685,447 | 2,527,103 | 1,158,344 | |
| 17 Travel | 463,160 | 385,206 | 77,954 | |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials | | | | |
| 19 Conferences, conventions, and meetings | 644,303 | 510,837 | 133,466 | |
| 20 Interest | 19,488,827 | 17,539,944 | 1,948,883 | |
| 21 Payments to affiliates | | | | |
| 22 Depreciation, depletion, and amortization | 59,372,784 | 29,055,326 | 30,317,458 | |
| 23 Insurance | | | | |
| 24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O ) | | | | |
| a SUPPLIES | 92,633,597 | 96,687,910 | -4,054,313 | |
| b BAD DEBTS | 39,575,862 | 39,575,862 | | |
| c REPAIRS/MAINTENANCE | 19,071,268 | 8,803,539 | 10,267,729 | |
| d FEES - PHYSICIAN | 15,971,303 | 15,729,701 | 241,602 | |
| e FEES - OTHER | 12,927,652 | 9,667,613 | 3,260,039 | |
| f All other expenses | 64,613,188 | 24,941,646 | 39,671,542 | |
| 25 **Total functional expenses.** Add lines 1 through 24f | 694,396,313 | 562,365,696 | 132,030,617 | 0 |
| 26 **Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation | | | | |

## Part X Balance Sheet

| | | | | (A) Beginning of year | | (B) End of year |
|---|---|---|---|---|---|---|
| Assets | 1 | Cash—non-interest-bearing | | 2,585,407 | 1 | 1,593,986 |
| | 2 | Savings and temporary cash investments | | 100,561,231 | 2 | 151,395,623 |
| | 3 | Pledges and grants receivable, net | | | 3 | |
| | 4 | Accounts receivable, net | | 107,012,812 | 4 | 101,270,554 |
| | 5 | Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L | | | 5 | |
| | 6 | 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) Schedule L | | | 6 | |
| | 7 | Notes and loans receivable, net | | | 7 | |
| | 8 | Inventories for sale or use | | 5,154,429 | 8 | 12,626,870 |
| | 9 | Prepaid expenses and deferred charges | | 2,054,904 | 9 | 7,455,718 |
| | 10a | Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D* | 10a 1,000,423,744 | | | |
| | b | Less accumulated depreciation | 10b 485,203,489 | 544,336,077 | 10c | 515,220,255 |
| | 11 | Investments—publicly traded securities | | 17,432,469 | 11 | 20,713,042 |
| | 12 | Investments—other securities See Part IV, line 11 | | | 12 | |
| | 13 | Investments—program-related See Part IV, line 11 | | | 13 | |
| | 14 | Intangible assets | | | 14 | |
| | 15 | Other assets See Part IV, line 11 | | 40,673,501 | 15 | 45,180,910 |
| | 16 | **Total assets.** Add lines 1 through 15 (must equal line 34) | | 819,810,830 | 16 | 855,456,958 |
| Liabilities | 17 | Accounts payable and accrued expenses | | 116,981,645 | 17 | 115,296,222 |
| | 18 | Grants payable | | | 18 | |
| | 19 | Deferred revenue | | | 19 | |
| | 20 | Tax-exempt bond liabilities | | 68,028,825 | 20 | 43,063,060 |
| | 21 | Escrow or custodial account liability *Complete Part IV of Schedule D* | | | 21 | |
| | 22 | Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L* | | | 22 | |
| | 23 | Secured mortgages and notes payable to unrelated third parties | | 2,703,770 | 23 | 2,499,924 |
| | 24 | Unsecured notes and loans payable to unrelated third parties | | | 24 | |
| | 25 | Other liabilities Complete Part X of Schedule D | | 640,247,287 | 25 | 632,977,495 |
| | 26 | **Total liabilities.** Add lines 17 through 25 | | 827,961,527 | 26 | 793,836,701 |
| Net Assets or Fund Balances | | **Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.** | | | | |
| | 27 | Unrestricted net assets | | -23,720,284 | 27 | 43,665,851 |
| | 28 | Temporarily restricted net assets | | 540,817 | 28 | 646,812 |
| | 29 | Permanently restricted net assets | | 15,028,770 | 29 | 17,307,594 |
| | | **Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.** | | | | |
| | 30 | Capital stock or trust principal, or current funds | | | 30 | |
| | 31 | Paid-in or capital surplus, or land, building or equipment fund | | | 31 | |
| | 32 | Retained earnings, endowment, accumulated income, or other funds | | | 32 | |
| | 33 | Total net assets or fund balances | | -8,150,697 | 33 | 61,620,257 |
| | 34 | Total liabilities and net assets/fund balances | | 819,810,830 | 34 | 855,456,958 |

## Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI . . . . . ☑

| | | | |
|---|---|---|---|
| 1 | Total revenue (must equal Part VIII, column (A), line 12) . . . | 1 | 776,388,616 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) . . . . . | 2 | 694,396,313 |
| 3 | Revenue less expenses Subtract line 2 from line 1 . . . . | 3 | 81,992,303 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . | 4 | -8,150,697 |
| 5 | Other changes in net assets or fund balances (explain in Schedule O) . . . . | 5 | -12,221,349 |
| 6 | Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B)) . . . . . | 6 | 61,620,257 |

## Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII . . . . . ☐

| | | | Yes | No |
|---|---|---|---|---|
| 1 | Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O | | | |
| 2a | Were the organization's financial statements compiled or reviewed by an independent accountant? . . | 2a | Yes | |
| b | Were the organization's financial statements audited by an independent accountant? . . . . . | 2b | Yes | |
| c | If "Yes," to 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 . . . . . | 2c | Yes | |
| d | If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☑ Both consolidated and separated basis | | | |
| 3a | As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? . . . . . | 3a | Yes | |
| b | If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . . | 3b | Yes | |

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493129007022

# SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

## Public Charity Status and Public Support

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

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

**2010**

**Open to Public Inspection**

Name of the organization
THE READING HOSPITAL & MEDICAL CENTER

**Employer identification number**
23-1352204

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

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

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E )

3 ☑ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state

_____

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II )

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II )

8 ☐ A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II )

9 ☐ An organization that normally receives (1) more than 331/3% 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 331/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III )

10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

**a** ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Other

**e** ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

**f** If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box ☐

**g** Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

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

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

| (i) Name of supported organization | (ii) EIN | (iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions)) | (iv) Is the organization in col (i) listed in your governing document? Yes | (iv) No | (v) Did you notify the organization in col (i) of your support? Yes | (v) No | (vi) Is the organization in col (i) organized in the U S ? Yes | (vi) No | (vii) Amount of support |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| **Total** | | | | | | | | | |

**Part II** **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

## Section A. Public Support

| Calendar year (or fiscal year beginning in) ▶ | (a) 2006 | (b) 2007 | (c) 2008 | (d) 2009 | (e) 2010 | (f) Total |
|---|---|---|---|---|---|---|
| 1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ") | | | | | | |
| 2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf | | | | | | |
| 3 The value of services or facilities furnished by a governmental unit to the organization without charge | | | | | | |
| 4 **Total.** Add lines 1 through 3 | | | | | | |
| 5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) | | | | | | |
| 6 **Public Support.** Subtract line 5 from line 4 | | | | | | |

## Section B. Total Support

| Calendar year (or fiscal year beginning in) ▶ | (a) 2006 | (b) 2007 | (c) 2008 | (d) 2009 | (e) 2010 | (f) Total |
|---|---|---|---|---|---|---|
| 7 Amounts from line 4 | | | | | | |
| 8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources | | | | | | |
| 9 Net income from unrelated business activities, whether or not the business is regularly carried on | | | | | | |
| 10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV ) | | | | | | |
| 11 **Total support** (Add lines 7 through 10) | | | | | | |

12 Gross receipts from related activities, etc (See instructions ) **12**

13 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

## Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2009 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2010.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2009.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2009.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private Foundation** If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions ▶☐

**Part III** **Support Schedule for Organizations Described in Section 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

## Section A. Public Support

| Calendar year (or fiscal year beginning in) ▶ | (a) 2006 | (b) 2007 | (c) 2008 | (d) 2009 | (e) 2010 | (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) 2006 | (b) 2007 | (c) 2008 | (d) 2009 | (e) 2010 | (f) Total |
|---|---|---|---|---|---|---|
| 9 Amounts from line 6 | | | | | | |
| 10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources | | | | | | |
| b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 | | | | | | |
| c Add lines 10a and 10b | | | | | | |
| 11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on | | | | | | |
| 12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV ) | | | | | | |
| 13 **Total support** (Add lines 9, 10c, 11 and 12 ) | | | | | | |

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section501(c)(3) organization, check this box and **stop here** ▶☐

## Section C. Computation of Public Support Percentage

| | | |
|---|---|---|
| 15 | Public Support Percentage for 2010 (line 8 column (f) divided by line 13 column (f)) | 15 |
| 16 | Public support percentage from 2009 Schedule A, Part III, line 15 | 16 |

## Section D. Computation of Investment Income Percentage

| | | |
|---|---|---|
| 17 | Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f)) | 17 |
| 18 | Investment income percentage from **2009** Schedule A, Part III, line 17 | 18 |

19a **33 1/3% support tests—2010.** 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—2009.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions ▶☐

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

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

## Additional Data

**Software ID:**
**Software Version:**
**EIN:** 23-1352204
**Name:** THE READING HOSPITAL & MEDICAL CENTER

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

| (A) Name and Title | (B) Average hours per week | (C) Position (check all that apply) | | | | | | (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 | | | |
| GERALD P MALICK MEDICAL DIRE | 32 00 | X | | X | | | | 358,484 | 0 | 25,862 |
| KAREN RITEMYRE BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| BARBARA ARNER BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| THEODORE AUMAN BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| MARY ELLEN BATMAN BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| BRUCE BENGSTON BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| ROBERT J GIBBLE BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| VICTOR HAMMEL BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| JULIA KLEIN BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| CHRIST G KRARAS BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| EDWARD T LENTZ BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| TERRENCE MCGLINN BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| MARGARET S MCSHANE BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| RICHARD M PALMER JR BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| JOHN ROLAND ESQ BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| ELIZABETH ROTHERMEL BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| JAY S SIDHU BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| C THOMAS WORK ESQ CHAIRMAN | 1 00 | X | | X | | | | 0 | 0 | 0 |
| MICHAEL AVEDISSIAN MD BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| BRENT WAGNER MD BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| P MICHAEL EHLERMAN VICE CHAIRMA | 1 00 | X | | X | | | | 0 | 0 | 0 |
| ELIZABETH EHRLICH BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| SAMUEL A MCCULLOUGH BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| MARLIN MILLER JR BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| DAVID L THUN BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |

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

| (A) Name and Title | (B) Average hours per week | (C) Position (check all that apply) | | | | | | (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 | | | |
| BEN ZINTAK<br>BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| THOMAS FLYNN<br>BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| STEVEN I FINKEL<br>SENIOR VP / | 60 00 | | | X | | | | 5,747,069 | 0 | 55,963 |
| JAYASHREE V RAMAN<br>CHIEF INFORM | 50 00 | | | X | | | | 290,897 | 0 | 9,118 |
| RICHARD J MABLE<br>SENIOR VP PL | 50 00 | | | X | | | | 279,272 | 0 | 17,342 |
| PAUL J TOBUREN<br>VICE PRESIDE | 50 00 | | | X | | | | 237,318 | 0 | 43,076 |
| CARL J SEIDL<br>VICE PRESIDE | 60 00 | | | X | | | | 232,759 | 0 | 41,318 |
| DONNA F WEBER<br>VP NURSING | 50 00 | | | X | | | | 231,720 | 0 | 41,671 |
| MARGARET M BLIGH<br>VICE PRESIDE | 50 00 | | | X | | | | 227,140 | 0 | 42,896 |
| CLINT MATTHEWS<br>PRESIDENT & | 60 00 | | | X | | | | 0 | 0 | 0 |
| THERESE SUCHER<br>COO | 50 00 | | | X | | | | 0 | 0 | 0 |
| RICHARD W JONES<br>CFO | 50 00 | | | X | | | | 0 | 0 | 0 |
| ROBERT A BRIGHAM<br>DIR OF SURG | 40 00 | | | | | X | | 719,410 | 0 | 40,132 |
| CHARLES J LUSCH<br>PHYSICIAN | 40 00 | | | | | X | | 547,639 | 0 | 20,235 |
| MARGARET L FREEMAN<br>PHYSICIAN | 40 00 | | | | | X | | 382,113 | 0 | 48,616 |
| WILLIAM K NATALE<br>PHYSICIAN | 40 00 | | | | | X | | 381,080 | 0 | 44,387 |
| CHARLES F BARBERA<br>PHYSICIAN | 40 00 | | | | | X | | 362,558 | 0 | 52,266 |
| SCOTT R WOLFE<br>FORMER PRESI | 1 00 | | | | | | X | 2,308,403 | 0 | 20,652 |
| PATRICK J GAVIN<br>CHIEF OPERAT | 1 00 | | | | | | X | 313,586 | 0 | 21,340 |
| DANIEL COCHRAN<br>VP FINANCE | 1 00 | | | | | | X | 244,765 | 0 | 33,406 |
| JAMES DEMETRIADES<br>VICE PRESIDE | 50 00 | | | | | | X | 171,847 | 0 | 14,241 |
| CHARLES B SULLIVAN<br>RETIRED PRES | 1 00 | | | | | | X | 103,130 | 0 | 0 |

## Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

**4d. Other program services**

(Code ) (Expenses $ 470,151,179 including grants of $ 415,250 ) (Revenue $ 361,993,773 )

DESCRIPTION UNITS OF SERVICE PROG EXPENSE OTHER DEPARTMENTS 7,148,336 214,439,119 INDIRECT ALLOCATED EXPENSES EMPLOYEE BENEFITS 42,388,474 PENSION 18,601,078 PAYROLL TAXES 17,466,400 INTEREST 17,539,944 DEPRECIATION 29,055,326 UTILITIES (1,922,450) PROVISION FOR BAD DEBTS 39,575,862

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# SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

## Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

**2010**

**Open to Public Inspection**

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

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

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

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

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

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

| Name of the organization | Employer identification number |
|---|---|
| THE READING HOSPITAL & MEDICAL CENTER | 23-1352204 |

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☑ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

A Check ☐ if the filing organization belongs to an affiliated group

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 | | |
| 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- | | |

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

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

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

### Lobbying Expenditures During 4-Year Averaging Period

| Calendar year (or fiscal year beginning in) | (a) 2007 | (b) 2008 | (c) 2009 | (d) 2010 | (e) Total |
|---|---|---|---|---|---|
| 2a Lobbying non-taxable amount | | | | | |
| b Lobbying ceiling amount (150% of line 2a, column(e)) | | | | | |
| c Total lobbying expenditures | | | | | |
| d Grassroots non-taxable 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)).

| | | (a) Yes | (a) No | (b) Amount |
|---|---|---|---|---|
| 1 | During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of | | | |
| a | Volunteers? | | No | |
| b | Paid staff or management (include compensation in expenses reported on lines 1c through 1i)? | | No | |
| c | Media advertisements? | | No | |
| d | Mailings to members, legislators, or the public? | | No | |
| e | Publications, or published or broadcast statements? | | No | |
| f | Grants to other organizations for lobbying purposes? | | No | |
| g | Direct contact with legislators, their staffs, government officials, or a legislative body? | Yes | | 96,000 |
| h | Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means? | | No | |
| i | Other activities? If "Yes," describe in Part IV | | No | |
| j | Total lines 1c through 1i | | | 96,000 |
| 2a | Did the activities in line 1 cause the organization to be not described in section 501(c)(3)? | | No | |
| 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? | | No | |

## 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 | | No |
| 2 | Did the organization make only in-house lobbying expenditures of $2,000 or less? | 2 | | No |
| 3 | Did the organization agree to carryover lobbying and political expenditures from the prior year? | 3 | | No |

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

| | | | |
|---|---|---|---|
| 1 | Dues, assessments and similar amounts from members | 1 | |
| 2 | Section 162(e) non-deductible 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

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i
Also, complete this part for any additional information

| Identifier | Return Reference | Explanation |
|---|---|---|
| | SCHEDULE C, PART II-B, LINE 1I | PART II-B, LINE 1G A RETAINER FEE WAS PAID TO THE LAW FIRM OF STEVENS AND LEE TO DO DIRECT CONTACT WITH LEGISLATORS THE PURPOSE OF THEIR CONTACT WAS TO PROMOTE THE GENERAL INTERESTS AND WELFARE OF THE READING HOSPITAL AND MEDICAL CENTER DURING THESE DIFFICULT ECONOMIC TIMES IN THE HEALTH CARE FIELD |

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**SCHEDULE D** (Form 990)

Department of the Treasury
Internal Revenue Service

# Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

**2010**

**Open to Public Inspection**

**Name of the organization**
THE READING HOSPITAL & MEDICAL CENTER

**Employer identification number**
23-1352204

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

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

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

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit ☐ Yes ☑ No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or pleasure)
☐ Preservation of an historically importantly land area
☐ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ Preservation of open space

2 Complete lines 2a–2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

| | | Held at the End of the Year |
|---|---|---|
| a | Total number of conservation easements | 2a |
| b | Total acreage restricted by conservation easements | 2b |
| c | Number of conservation easements on a certified historic structure included in (a) | 2c |
| d | Number of conservation easements included in (c) acquired after 8/17/06 | 2d |

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

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

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

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

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

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

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

## Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, 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 XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

(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 relating to these items

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

## Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets *(continued)*

3 Using the organization's 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 XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☑ No

## Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☑ No

b If "Yes," explain the arrangement in Part XIV and complete the following table

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

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

b If "Yes," explain the arrangement in Part XIV

## Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

| | (a) Current Year | (b) Prior Year | (c) Two Years Back | (d) Three Years Back | (e) Four Years Back |
|---|---|---|---|---|---|
| 1a Beginning of year balance | 4,011,593 | 3,521,023 | 3,965,874 | | |
| b Contributions | | 120,701 | | | |
| c Investment earnings or losses | 850,421 | 397,389 | -222,526 | | |
| d Grants or scholarships | | | | | |
| e Other expenditures for facilities and programs | | | | | |
| f Administrative expenses | 42,352 | 27,518 | | | |
| g End of year balance | 4,819,664 | 4,011,593 | 3,521,022 | | |

2 Provide the estimated percentage of the year end balance held as

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 100 000 %
- c Term endowment ▶

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

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

4 Describe in Part XIV the intended uses of the organization's endowment funds

## Part VI Investments—Land, Buildings, and Equipment. See Form 990, Part X, line 10.

| Description of investment | (a) Cost or other basis (investment) | (b) Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|---|---|---|---|---|
| 1a Land | | 21,009,888 | | 21,009,888 |
| b Buildings | | 449,579,275 | 41,158,973 | 408,420,302 |
| c Leasehold improvements | | | | |
| d Equipment | | 515,757,142 | 444,044,516 | 71,712,626 |
| e Other | | 14,077,439 | | 14,077,439 |
| **Total.** Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶ | | | | 515,220,255 |

**Part VII Investments—Other Securities.** See Form 990, Part X, line 12.

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

**Part VIII Investments—Program Related.** See Form 990, Part X, line 13.

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

**Part IX Other Assets.** See Form 990, Part X, line 15.

| (a) Description | (b) Book value |
|---|---|
| (1) NON CURRENT TRUST FUNDS | 18,714,026 |
| (2) LT DEFERRED &REVENUE BOND DEBENTURES | 15,677,501 |
| (3) MEDICAL MALPRACTICE TRUST FUND | 5,332,300 |
| (4) VEBA TRUST | 2,854,737 |
| (5) WORKERS COMP TRUST FUND | 2,450,000 |
| (6) LONG TERM DEFERRED FINANCE EXPENSE | 152,346 |
| (7) DUE FROM AFFILIATES | |
| | |
| | |
| **Total.** *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶ | 45,180,910 |

**Part X Other Liabilities.** See Form 990, Part X, line 25.

| 1 (a) Description of Liability | (b) Amount |
|---|---|
| Federal Income Taxes | |
| LT LOAN - AFFILIATE PAYABLE | 493,006,317 |
| PENSION PAYABLE | 102,976,414 |
| ESTIMATED SELF INSURANCE COSTS | 29,389,700 |
| DUE TO AFFILIATES | 6,944,623 |
| NMG SWAP | 660,441 |
| | |
| | |
| | |
| | |
| **Total.** *(Column (b) should equal Form 990, Part X, col (B) line 25 )* ▶ | 632,977,495 |

**2.** Fin 48 (ASC 740) Footnote In Part XIV, 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 (ASC740)

## Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements

| | | | |
|---|---|---|---|
| 1 | Total revenue (Form 990, Part VIII, column (A), line 12) | 1 | 776,388,616 |
| 2 | Total expenses (Form 990, Part IX, column (A), line 25) | 2 | 694,396,313 |
| 3 | Excess or (deficit) for the year Subtract line 2 from line 1 | 3 | 81,992,303 |
| 4 | Net unrealized gains (losses) on investments | 4 | 2,877,608 |
| 5 | Donated services and use of facilities | 5 | |
| 6 | Investment expenses | 6 | |
| 7 | Prior period adjustments | 7 | |
| 8 | Other (Describe in Part XIV) | 8 | -15,098,957 |
| 9 | Total adjustments (net) Add lines 4 - 8 | 9 | -12,221,349 |
| 10 | Excess or (deficit) for the year per financial statements Combine lines 3 and 9 | 10 | 69,770,954 |

## Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

| | | | | | |
|---|---|---|---|---|---|
| 1 | Total revenue, gains, and other support per audited financial statements | | | 1 | 779,266,224 |
| 2 | Amounts included on line 1 but not on Form 990, Part VIII, line 12 | | | | |
| a | Net unrealized gains on investments | 2a | 2,877,608 | | |
| b | Donated services and use of facilities | 2b | | | |
| c | Recoveries of prior year grants | 2c | | | |
| d | Other (Describe in Part XIV) | 2d | | | |
| e | Add lines **2a** through **2d** | | | 2e | 2,877,608 |
| 3 | Subtract line **2e** from line **1** | | | 3 | 776,388,616 |
| 4 | Amounts included on Form 990, Part VIII, line 12, but not on line **1** | | | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | | | |
| b | Other (Describe in Part XIV) | 4b | | | |
| c | Add lines **4a** and **4b** | | | 4c | |
| 5 | Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12 ) | | | 5 | 776,388,616 |

## Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

| | | | | | |
|---|---|---|---|---|---|
| 1 | Total expenses and losses per audited financial statements | | | 1 | 709,495,270 |
| 2 | Amounts included on line 1 but not on Form 990, Part IX, line 25 | | | | |
| a | Donated services and use of facilities | 2a | | | |
| b | Prior year adjustments | 2b | | | |
| c | Other losses | 2c | | | |
| d | Other (Describe in Part XIV) | 2d | 15,098,957 | | |
| e | Add lines **2a** through **2d** | | | 2e | 15,098,957 |
| 3 | Subtract line **2e** from line **1** | | | 3 | 694,396,313 |
| 4 | Amounts included on Form 990, Part IX, line 25, but not on line **1:** | | | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | | | |
| b | Other (Describe in Part XIV) | 4b | | | |
| c | Add lines **4a** and **4b** | | | 4c | |
| 5 | Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18 ) | | | 5 | 694,396,313 |

## Part XIV Supplemental Information

Complete this part to 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, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

| Identifier | Return Reference | Explanation |
|---|---|---|
| RECONCILIATION OF CHANGES - OTHER | SCHEDULE D, PAGE 4, PART XI, LINE 8 | CHANGE IN PENSION LIABILITY 24,434,865 TRANSFER TO PARENT -41,600,992 CHANGE IN PERMANENTLY RESTRICTED NET ASSETS 2,278,824 CHANGE IN TEMPORARILY RESTRICTED NET ASSETS 105,995 CHANGE IN DEFERRED COMPENSATION -370,088 OTHER CHANGES 52,887 ROUNDING -448 |
| EXPENSE AMOUNTS INCLUDED IN FINANCIALS - OTHER | SCHEDULE D, PAGE 4, PART XIII, LINE 2D | CHANGE IN PENSION LIABILITY -24,434,865 TRANSFER TO PARENT 41,600,992 CHANGE IN PERMANENTLY RESTRICTED NET ASSETS -2,278,824 CHANGE IN TEMPORARILY RESTRICTED NET ASSETS -105,995 CHANGE IN DEFERRED COMPENSATION 370,088 OTHER CHANGES -52,887 ROUNDING 448 |

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

# Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

**Name of the organization**
THE READING HOSPITAL & MEDICAL CENTER

**Employer identification number**
23-1352204

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

| | | | Yes | No |
|---|---|---|---|---|
| 1a | Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a | 1a | Yes | |
| b | If "Yes," is it a written policy? | 1b | Yes | |
| 2 | If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year | | | |
| | ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals | | | |
| 3 | Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year | | | |
| a | Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care | 3a | Yes | |
| | ☐ 100% ☐ 150% ☑ 200% ☐ Other ____ % | | | |
| b | Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care | 3b | Yes | |
| | ☐ 200% ☐ 250% ☑ 300% ☐ 350% ☐ 400% ☐ Other ____ % | | | |
| c | If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care | | | |
| 4 | Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? | 4 | | No |
| 5a | Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? | 5a | Yes | |
| b | If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? | 5b | Yes | |
| c | If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care? | 5c | | No |
| 6a | Does the organization prepare a community benefit report during the tax year? | 6a | | No |
| 6b | If "Yes," did the organization make it available to the public? | 6b | | |
| | Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H | | | |

7 Financial Assistance and Certain Other Community Benefits at Cost

| Financial Assistance and Means-Tested Government Programs | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community benefit expense | (d) Direct offsetting revenue | (e) Net community benefit expense | (f) Percent of total expense |
|---|---|---|---|---|---|---|
| a Financial Assistance at cost (from Worksheets 1 and 2) | | | 6,810,030 | 662,465 | 6,147,565 | 0 890 % |
| b Unreimbursed Medicaid (from Worksheet 3, column a) | | | 120,909,375 | 56,783,896 | 64,125,479 | 9 230 % |
| c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b) | | | | | | |
| d **Total** Financial Assistance and Means-Tested Government Programs | | | 127,719,405 | 57,446,361 | 70,273,044 | 10 120 % |
| **Other Benefits** | | | | | | |
| e Community health improvement services and community benefit operations (from (Worksheet 4) | | | 4,084,748 | 11,604 | 4,073,144 | 0 590 % |
| f Health professions education (from Worksheet 5) | | | 11,223,561 | 3,204,221 | 8,019,340 | 1 150 % |
| g Subsidized health services (from Worksheet 6) | | | | | | |
| h Research (from Worksheet 7) | | | 1,469,189 | | 1,469,189 | 0 210 % |
| i Cash and in-kind contributions to community groups (from Worksheet 8) | | | 222,989 | | 222,989 | 0 030 % |
| j **Total** Other Benefits | | | 17,000,487 | 3,215,825 | 13,784,662 | 1 990 % |
| k **Total.** Add lines 7d and 7j | | | 144,719,892 | 60,662,186 | 84,057,706 | 12 110 % |

## Part II Community Building Activities during the tax year, and describe in Part VI how its 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 | | | | | | |
| 9 Other | | | | | | |
| 10 **Total** | | | | | | |

## 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? | | 1 | Yes | |
| 2 | Enter the amount of the organization's bad debt expense (at cost) | 2 | 16,051,260 | | |
| 3 | Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy | 3 | 9,391,137 | | |
| 4 | Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit | | | | |

### Section B. Medicare

| | | | | | |
|---|---|---|---|---|---|
| 5 | Enter total revenue received from Medicare (including DSH and IME) | 5 | 206,395,868 | | |
| 6 | Enter Medicare allowable costs of care relating to payments on line 5 | 6 | 288,349,986 | | |
| 7 | Subtract line 6 from line 5 This is the surplus or (shortfall) | 7 | -81,954,118 | | |
| 8 | Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used | | | | |

☑ Cost accounting system ☐ Cost to charge ratio ☐ Other

### Section C. Collection Practices

| | | | | | |
|---|---|---|---|---|---|
| 9a | Does the organization have a written debt collection policy? | | 9a | Yes | |
| b | If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI | | 9b | | No |

## Part IV Management Companies and Joint Ventures

| | (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 | TRH SURGICENTER LLC | OUTPATIENT SURGERY | 50 000 % | | 50 000 % |
| 2 | READING BERKS PT LLC | PHYSICAL THERAPY | 40 000 % | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |
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| 8 | | | | | |
| 9 | | | | | |
| 10 | | | | | |
| 11 | | | | | |
| 12 | | | | | |
| 13 | | | | | |

## Part V Facility Information

### Section A. Hospital Facilities

(list in order of size, measured by total revenue per facility, from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 1

| | Name and address | Licensed hospital | General medical & surgical | Children's hospital | Teaching hospital | Critical access hospital | Research facility | ER-24 hours | ER-other | Other (Describe) |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | THE READING HOSPITAL & MEDICAL CENT<br>SIXTH AVE SPRUCE ST<br>WEST READING, PA 19611 | X | X | | X | | | X | | |
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**Part V** **Facility Information** *(continued)*

**Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**
(list in order of size, measured by total revenue per facility, from largest to smallest)

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

| | Name and address | Type of Facility (Describe) |
|---|---|---|
| 1 | | |
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |
| 5 | | |
| 6 | | |
| 7 | | |
| 8 | | |
| 9 | | |
| 10 | | |

## Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments 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

| Identifier | ReturnReference | Explanation |
|---|---|---|
| SUBSIDIZED HEALTH SERVICES EXPLANATION | PART I LINE 7G | TRHMC UTILIZES THE IRS GUIDELINES IN DETERMINING THE RATIO OF PATIENT COST TO CHARGES TO ESTIMATE THE COST OF EACH SUBSIDIZED HEALTH SERVICE THIS CALCULATION DOES NOT REFLECT TRHMCS OPERATIONAL LOSS CURRENTLY THE HOSPITAL PROVIDES BEHAVIORAL HEALTH AND OUTPATIENT SERVICES TO THE COMMUNITY ON A SUBSIDIZED BASIS AS THESE SERVICES REFLECT AN OPERATIONAL LOSS THE READING HOSPITAL AND MEDICAL CENTER IS A NOTFORPROFIT HEALTHCARE CENTER PROVIDING COMPREHENSIVE ACUTE CARE POSTACUTE CARE REHABILITATION BEHAVIORAL AND OCCUPATIONAL HEALTH SERVICES TO THE PEOPLE OF BERKS AND ADJOINING COUNTIES TRHMC LIES ON THE OUTSKIRTS OF THE CITY OF READING WHICH HAS A POPULATION OF 88082 AND CONTAINS 12 MEDICALLY UNDERSERVED CENSUS TRACTS 41 OF THE RESIDENTS OF THE CITY LIVE BELOW FEDERAL POVERTY LEVELS THE HEALTH CARE NEEDS TRACK CLOSELY TO THE HIGH POVERTY RATE IN THE CITY THE ADULT PREVALENCE OF DIABETES THE PROPORTION OF ADULTS WITH DIAGNOSED HIGH BLOOD PRESSURE THE PERCENT OF WOMEN WHO RECEIVE NO PRENATAL CARE IN THE FIRST TRIMESTER THE PEDIATRIC AND ADULT ASTHMA HOSPITAL ADMISSION RATES AND THE THREEYEAR AVERAGE PNEUMONIA DEATH RATE ALL EXCEED THE NATIONAL BENCHMARKS FOR THESE INDICATORS THE MISSION OF TRHMC IS TO PROVIDE COMPASSIONATE ACCESSIBLE HIGH QUALITY COST EFFECTIVE HEALTH CARE TO THE COMMUNITY TO PROMOTE HEALTH TO EDUCATE HEALTHCARE PROFESSIONALS AND TO PARTICIPATE IN APPROPRIATE CLINICAL RESEARCH TRHMC IS COMMITTED TO SERVING THE NEEDS OF THE COMMUNITY EVEN WHEN THE NEEDED SERVICES CAUSE A DRAIN ON CAPITAL RESOURCES TRHMC IS A REGIONAL REFERRAL CENTER FOR BEHAVIORAL HEALTH SERVICES TRHMC PROVIDES NEARLY ONEHALF OF ALL INPATIENT MENTAL HEALTH SERVICES USED BY RESIDENTS OF BERKS COUNTY AND OVER 70 AMONG PATIENTS AGE 60 AS THERE ARE NO OTHER PROVIDERS IN THE IMMEDIATE AREA PATIENTS WOULD NEED TO TRAVEL OUT OF THE COUNTY TO OBTAIN THESE SERVICES IF THEY WERE NOT OFFERED AT THE READING HOSPITAL AND MEDICAL CENTER TRHMC TREATS 40 OF BERKS COUNTY PATIENTS REQUIRING INPATIENT SERVICES FOR SUBSTANCE ABUSE THE OTHER NONPROFIT HOSPITAL IN THE AREA SERVES ONLY 7 OF THESE PATIENTS TRHMC HAS RECENTLY EXPANDED AND RELOCATED ITS INPATIENT DETOXIFICATION CENTER TO MEET THE GROWING NEED FOR THESE SERVICES IF TRHMC CEASED TO PROVIDE SUBSTANCE ABUSE SERVICES PATIENTS WOULD HAVE TO TRAVEL OUT OF THE AREA FOR TREATMENT BECAUSE LOCAL PROVIDERS WOULD NOT HAVE THE ABILITY TO MEET THE NEED TRHMC PERENNIALLY RANKS AMONG THE TOP FOUR PENNSYLVANIA HOSPITALS IN OUTPATIENT SERVICES BECAUSE OF THE HIGH POVERTY RATE AND THE HIGH NUMBER OF UNINSURED AND MEDICAIDCHIP RESIDENTS OUTPATIENT SERVICES ARE OFTEN PROVIDED WITHOUT ADEQUATE COMPENSATION TRHMC CONTINUES TO PROVIDE VITAL OUTPATIENT MEDICAL SERVICES TO THE COMMUNITY WITH AN OPERATIONAL LOSS |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| COSTING METHODOLOGY EXPLANATION | PART I LINE 7 | IN THE CHARITY CARE AND MEANSTESTED GOVERNMENT PROGRAMS SECTION OF LINE 7 A COST TO CHARGE RATIO DEVELOPED FROM OUR MEDICARE COST REPORT IS UTILIZED IN THE OTHER BENEFITS SECTION THE PERCENTAGE CALCULATION FROM WORKSHEET 2 IS USED |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE | PART VI | INFORMATION REGARDING ELIGIBILITY FOR ASSISTANCE IS PROVIDED ON THE HOSPITALS BILLING STATEMENTS AND IN THE PATIENT FINANCIAL BROCHURE THAT IS AVAILABLE TO ALL PATIENTS OPTIONS ARE ALSO REVIEWED WITH PATIENTS WHEN THEY CONTACT THE HOSPITALS CALL CENTER THE HOSPITAL CLINICS PERSONNEL ARE WELL VERSED IN CHARITY CARE POLICY AND THEY WILL DISCUSS THE OPTIONS WITH THE PATIENTS PATIENTS ARE DIRECTED TO THE COUNTY ASSISTANCE OFFICE OR IN THE CASE OF INPATIENTS AND OUTPATIENTS ASSIST THEM WITH FILLING OUT THE APPLICATION WITH ONE OF THE HOSPITALS FINANCIAL COUNSELORS FOR MEDICAL ASSISTANCE OPTIONS ARE ALSO REVIEWED WITH PATIENTS WHO COME INTO THE CASHIERS OFFICE NEAR THE MAIN LOBBY |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| COMMUNITY INFORMATION | PART VI | THE READING HOSPITAL AND MEDICAL CENTER SERVES BERKS COUNTY ALONG WITH PARTS OF MONTGOMERY CHESTER LEBANON LANCASTER AND SCHUYLKILL COUNTIES THE POPULATION OF THE TOTAL SERVICE AREA IS ABOUT 806000 BERKS COUNTY PROFILE BERKS COUNTY POPULATION IS 411850 THERE IS A LARGE POPULATION ORIGINATED BY BIRTH IN THE COUNTY 74 OF RESIDENTS WERE BORN IN PENNSYLVANIA 15 WERE BORN ELSEWHERE IN THE UNITED STATES 4 WERE BORN IN PUERTO RICO US ISLANDS OR ABROAD TO AMERICAN PARENTS AND 7 WERE FOREIGN BORN THE RACIAL MIX INCLUDES 83 WHITE 5 BLACK 1 ASIAN 9 SOME OTHER RACE AND 2 OF MIXED RACE THERE IS A LARGE HISPANIC POPULATION IN BERKS COUNTY ABOUT 15 OF RESIDENTS CLASSIFY THEMSELVES AS HISPANIC AND 13 OF ALL RESIDENTS SPEAK SPANISH AT HOME FIFTEEN PERCENT OF BERKS COUNTY RESIDENTS AGE 25 HAVE LESS THAN A HIGH SCHOOL EDUCATION WHEREAS 23 HOLD A COLLEGE BACHELORS DEGREE OR HIGHER THE MEDIAN HOUSEHOLD INCOME IN BERKS COUNTY IS 51759 FOURTEEN PERCENT OF BERKS COUNTY RESIDENTS LIVE IN POVERTY THIS FIGURE INCLUDES 23 OF ALL CHILDREN UNDER AGE 18 AND 6 OF ALL SENIORS AGE 65 CITY OF READING PROFILE BERKS COUNTY INCLUDES THE CITY OF READING WHICH HAS A MORE DIVERSE POPULATION THAN THE REST OF THE COUNTY 51 OF THE RESIDENTS WERE BORN IN PENNSYLVANIA 17 WERE BORN ELSEWHERE IN THE UNITED STATES 13 WERE BORN IN PUERTO RICO US ISLANDS OR ABROAD TO AMERICAN PARENTS AND 19 WERE FOREIGN BORN THE RACIAL MIX INCLUDES 48 WHITE 13 BLACK 1 ASIAN 32 SOME OTHER RACE AND 6 OF MIXED RACE THE MAJORITY OF THE POPULATION OF THE CITY OF READING IS HISPANIC ABOUT 58 OF THE RESIDENTS CLASSIFY THEMSELVES AS HISPANIC AND 46 SPEAK SPANISH IN THEIR HOMES THIRTYSEVEN PERCENT OF READING RESIDENTS AGE 25 HAVE NOT GRADUATED FROM HIGH SCHOOL AND ONLY 8 HAVE ATTAINED A BACHELORS DEGREE OR HIGHER MANY READING RESIDENTS ARE POOR AND THE MEDIAN INCOME IN THE CITY IS ONLY 25045 OVER ONETHIRD OF THE RESIDENTS 41 LIVE BELOW THE FEDERAL POVERTY LIMIT FPL THIS FIGURE INCLUDES OVER HALF 57 OF ALL CHILDREN UNDER AGE 18 AND 20 OF ALL SENIORS AGE 65 |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| HEALTH OF COMMUNITY IN RELATION TO EXEMPT PURPOSE | PART VI | DESCRIPTION OF ACHIEVEMENTS IN FISCAL 2011 RELATING TO EXEMPT PURPOSE 1PROVIDING HEALTH CARE INPATIENT SERVICES 30253 BIRTHS 3161 EMERGENCY SERVICES 119329 OUTPATIENT SERVICES 892894 AMOUNT OF CHARITY CARE PROVIDED 2 PROMOTING HEALTH HEALTH OUTREACH FOR CHILDREN NEWBORNS THROUGH TEENS INITIATED ST CHRIS CARE AN AMBULATORY PEDIATRIC SPECIALTY PRACTICE PRIMARILY FOR THE MEDICALLY UNDERSERVED OPERATE CHILDRENS HEALTH CENTER PROVIDE AMBULATORY CARE TO PEDIATRIC PATIENTS WHO ARE MEDICALLY UNDERSERVED 20682 VISITS PROVIDES EACH CHILD WITH A FREE BOOK THROUGH IT REACH OUT AND READ PROGRAM TO IMPROVE LITERACY AND DEVELOP A CHILDS LIFELONG PASSION FOR READING HEALTH OUTREACH FOR ADULTS OPERATE WOMENS HEALTH CENTER OFFERING MEDICALLY UNDERSERVED WOMEN BOTH OBSTETRICAL AND GYNECOLOGICAL CARE 18814 OPERATE CENTER FOR PUBLIC HEALTH OFFERS CARE TO INDIVIDUALS DIAGNOSED WITH AIDS OR WHO ARE HIV POSITIVE 1675 PATIENT REGISTRATIONS OPERATE OUTPATIENT SERVICES ADULT CLINICS PROVIDES PRIMARY AND SUBSPECIALTY CARE TO MEDICALLY UNDERSERVED ADULTS 9494 VISITS HEALTH OUTREACH IMPACTING ALL AGES OPERATE AN ACCREDITED TRAUMA CENTER THAT PROVIDED THIS LIFESAVING LEVEL OF CARE TO 1834 INDIVIDUALS LAST YEAR PROVIDE TRAUMA PREVENTION EDUCATION TO THE GENERAL COMMUNITY AND PROFESSIONAL EDUCATION TO EMS AND HOSPITAL PROVIDERS OPERATE A 247 EMERGENCY DEPARTMENT OPERATE THE READING HEALTH DISPENSARY AND ITS SECOND STREET SATELLITE PROVIDE PRIMARY CARE TO FAMILIES AND ADULTS MEDICALLY UNDERSERVED NEW OFFERING MIDWIFERY CARE TO PREGNANT WOMEN 17910 VISITS OPERATE A SCHOOL OF HEALTH SCIENCES TO PROVIDE COLLEGELEVEL TRAINING IN FIVE HEALTHCARE CAREERS NURSING RADIOLOGIC TECHNOLOGY CLINICAL PASTORAL CARE SURGICAL TECHNOLOGY PARAMEDIC MEDICINE OPERATE A SCHOOL OF CLINICAL LABORATORY SCIENCE TO PROVIDE THE FOURTH YEAR OF COLLEGE WORK TO STUDENTS INTERESTED IN CAREERS IN LABORATORY MEDICINE OPERATE TWO URGENT CARE CENTERS TO PROVIDED HEALTHCARE ACCESS ON WEEKEND AND WEEKDAY EVENINGS WHEN MOST PRIVATE PRACTICES ARE CLOSED 15360 OPERATE A 247 DRUG AND ALCOHOL CENTER WITH INPATIENT DETOXIFICATION DROPIN SERVICE AND SUPPORT GROUPS MAINTAIN 247 INTERPRETING SERVICES 21 ONSITE SPANISHENGLISH INTERPRETERS AND 1 TRANSLATOR FOR WRITTEN COMMUNICATIONS NETWORK OF 247 VIDEOREMOTE INTERPRETING STATIONS AND TELEPHONES FOR ANY LANGUAGE MAINTAIN 247 SIGN LANGUAGE SERVICES PARTNERSHIP WITH BERKS DEAF AND HARD OF HEARING TO PROVIDE CERTIFIED SIGN LANGUAGE INTERPRETER AS NEEDED ESTABLISHED 247 VIDEOREMOTE SIGN LANGUAGE INTERPRETING SERVICE PROVIDES 247 CHAPLAINCY SERVICES PROGRAM TO PROVIDE PATIENTS AND STAFF WITH SUPPORT FOR SPIRITUAL CONCERNS DEVELOPED PALLIATIVE CARE SERVICES TO SUPPORT SERIOUSLY ILL PATIENTS AND FAMILIES IN UNDERSTANDING HEALTH PROBLEM AND OPTIONS PROVIDE INPATIENT HOSPICE SERVICES WITH APPROPRIATE NETWORKING FOR OUTPATIENT HOSPICE CARE HIRED A SOCIAL WORKER TO MANAGE PATIENTS WHO HAVE FREQUENTED THE ED WITH MINOR COMPLAINTS VISITS PATIENTS IN THEIR HOME TO CONNECT THEM WITH COMMUNITY RESOURCES AND ACCESS TO OUTPATIENT CARE OFFER RAGGEDY ANN THERAPY PROGRAM AS A NONTHREATENING METHOD OF ESTABLISHING COMMUNICATION WITH ANXIOUS OR DEPRESSED PATIENTS OFFER PAWS FOR WELLNESS AND OTHER PET THERAPY PROGRAMS AT NO CHARGE TO PATIENTS OFFERS NO ONE DIES ALONE PROGRAM THROUGH SPECIALLY TRAINED VOLUNTEERS PROVIDE FREE VALET PARKING TO PATIENTS AND THEIR VISITORS OFFER WHEELCHAIRS AND ESCORTS TO SUPPORT MEDICALLY FRAGILE PATIENTS SUPPORT ORGAN DONATION COMMUNICATION AND PROCESS EARNED RECOGNITION FROM THE US DEPARTMENT OF HEALTH AND HUMAN SERVICES FOR LEVEL OF SUCCESS MAINTAIN HELPLINE CALL CENTER FOR FREE INFORMATION ON HOSPITAL SERVICES PHYSICIANS HEALTH TOPICS AND OR LOCAL SUPPORT GROUPS EDUCATING HEALTHCARE PROFESSIONALSCONDUCTING APPROPRIATE RESEARCH PREPARING STUDENTS FOR CAREERS IN HEALTH CARE HOSPITAL SCHOOLS ENROLLED GRADUATED CLINICAL PASTORAL EDUCATION 8 5 NURSING 393 137 PARAMEDIC INSTITUTE 29 14 RADIOLOGICAL TECH 35 15 SURGICAL TECH 6 2 PHYSICIANS IN RESIDENCIES 67 21 MEDICAL STUDENTS IN CLERKSHIPS 400 NA ONGOING EDUCATIONRESEARCH OPPORTUNITIES FOR CURRENT HEALTHCARE PROFESSIONALS OFFICE OF RESEARCH CONTINUES TO STIMULATE LOCAL RESEARCH THAT WILL BRING LEADINGEDGE TREATMENT OPTIONS TO BERKS COUNTY WORKS IN CONJUNCTION WITH HOSPITALS INSTITUTIONAL REVIEW BOARD THAT MONITORS ALL CLINICAL RESEARCH PROJECTS CONDUCTED AT TRHMC ACCREDITED BY THE PENNSYLVANIA MEDICAL SOCIETY TO SPONSOR CONTINUING MEDICAL EDUCATION FOR PHYSICIANS CME DEPARTMENT WITHIN ACADEMIC AFFAIRS DIVISION OVERSEES DEPARTMENTBASED PROGRAMS FOR CME CATEGORY1 AND CATEGORY 2 CREDITS PROVIDES ONGOING EDUCATION FOR STAFF IN ALL CLINICAL DEPARTMENTS PROVIDES ONGOING EDUCATION FOR STAFF IN ALL DEPARTMENTS ON SAFETY COMPLIANCE AND RELATED REGULATORY AND PROFESSIONAL ISSUES INVESTED IN THE FUTURE HEALTH AND WELLBEING OF THE COMMUNITY THROUGH EDUCATION AND RESEARCH ACTIVITIES |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| AFFILIATED HEALTH CARE INFORMATION | PART VI | THE READING HOSPITAL MEDICAL GROUP AND READING PROFESSIONAL SERVICES ARE TWO GROUPS IN THE HOSPITALS AFFILIATED HEALTH CARE SYSTEM THAT PROVIDE GENERAL AND SPECIALIZED PRACTICE ASSISTANCE TO TRHMC WHICH IS AN ACUTE CARE HOSPITAL PHYSICIANS IN THESE ENTITIES CAN REFER PATIENTS TO THE ACUTE CARE HOSPITAL FOR FURTHER TREATMENT |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| ADDITIONAL INFORMATION | PART VI | PART 7 LINE K IF BAD DEBT IS REMOVED FROM THE DENOMINATOR THE PERCENT OF TOTAL EXPENSE IN PART 7 LINE K COLUMN F IS 1284 |

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**Schedule I (Form 990)**

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990**

OMB No 1545-0047

**2010**

**Open to Public Inspection**

Name of the organization
THE READING HOSPITAL & MEDICAL CENTER

**Employer identification number**
23-1352204

## Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient 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 Code section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|---|---|---|---|---|---|---|---|
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| | | | | | | | |

2 Enter total number of section 501(c)(3) and government organizations . . . ▶

3 Enter total number of other organizations . . . ▶

**Part III** **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) 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) FUTURE OF CARING | 11 | | 74,009 | FMV | CREDIT |
| (2) LPN SCHOLARSHIP | 33 | | 255,325 | FMV | CREDIT |
| (3) RT IMAGING SCHOLARSHIP | 12 | | 85,916 | FMV | CREDIT |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

**Part IV** **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

| Identifier | Return Reference | Explanation |
|---|---|---|
| PROCEDURES FOR MONITORING THE USE OF GRANT FUNDS INSIDE THE UNITED STATES | SCHEDULE I, PAGE 1, PART I, LINE 2 | ALL SCHOOL OF HEALTH SCIENCES SCHOLARSHIPS ARE AWARDED TO STUDENTS WITH THE HIGHEST "UN-MET NEED" CALCULATION UN-MET NEED IS CALCULATED AS FOLLOWS STUDENT COST OF EDUCATION MINUS EXPECTED FAMILY CONTRIBUTION FROM THE DEPARTMENT OF EDUCATION MINUS ALL OTHER GIFT AID (SCHOLARSHIPS, GRANTS) |

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**Schedule J** (Form 990)

Department of the Treasury
Internal Revenue Service

# Compensation Information

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

**▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.**

**▶ Attach to Form 990. ▶ See separate instructions.**

OMB No 1545-0047

**2010**

**Open to Public Inspection**

**Name of the organization**
THE READING HOSPITAL & MEDICAL CENTER

**Employer identification number**
23-1352204

## Part I Questions Regarding Compensation

| | | | Yes | No |
|---|---|---|---|---|
| **1a** | Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items<br>☐ First-class or charter travel ☐ Housing allowance or residence for personal use<br>☐ Travel for companions ☐ Payments for business use of personal residence<br>☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees<br>☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef) | | | |
| **b** | If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain | **1b** | | |
| **2** | Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a? | **2** | | |
| **3** | Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply<br>☑ Compensation committee ☑ Written employment contract<br>☑ Independent compensation consultant ☑ Compensation survey or study<br>☑ Form 990 of other organizations ☑ Approval by the board or compensation committee | | | |
| **4** | During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization | | | |
| **a** | Receive a severance payment or change-of-control payment from the organization or a related organization? | **4a** | Yes | |
| **b** | Participate in, or receive payment from, a supplemental nonqualified retirement plan? | **4b** | Yes | |
| **c** | Participate in, or receive payment from, an equity-based compensation arrangement? | **4c** | | No |
| | If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III | | | |
| | **Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.** | | | |
| **5** | For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of | | | |
| **a** | The organization? | **5a** | | No |
| **b** | Any related organization? | **5b** | | No |
| | If "Yes," to line 5a or 5b, describe in Part III | | | |
| **6** | For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of | | | |
| **a** | The organization? | **6a** | | No |
| **b** | Any related organization? | **6b** | | No |
| | If "Yes," to line 6a or 6b, describe in Part III | | | |
| **7** | For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III | **7** | | No |
| **8** | Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III | **8** | | No |
| **9** | If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)? | **9** | | |

**Part II** **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions on row (ii) Do not list any individuals that are not listed on Form 990, Part VII

**Note.** The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

| **(A)** Name | **(B)** Breakdown of W-2 and/or 1099-MISC compensation | | | **(C)** Retirement and other deferred compensation | **(D)** Nontaxable benefits | **(E)** Total of columns (B)(i)-(D) | **(F)** Compensation reported in prior Form 990 or Form 990-EZ |
|---|---|---|---|---|---|---|---|
| | **(i)** Base compensation | **(ii)** Bonus & incentive compensation | **(iii)** Other reportable compensation | | | | |
| See Additional Data Table | | | | | | | |
| (2) | | | | | | | |
| (3) | | | | | | | |
| (4) | | | | | | | |
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| (12) | | | | | | | |
| (13) | | | | | | | |
| (14) | | | | | | | |
| (15) | | | | | | | |
| (16) | | | | | | | |

## Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8 Also complete this part for any additional information

| Identifier | Return Reference | Explanation |
|---|---|---|
| SEVERANCE, NONQUALIFIED, AND EQUITY-BASED PAYMENTS | SCHEDULE J, PAGE 1, PART I, LINE 4 | STEVEN I FINKEL 0 5,204,110 0 SCOTT R WOLFE 343,242 1,400,000 0 |
| OTHER ADDITIONAL INFORMATION | SCHEDULE J, PART III | THE PERSONNEL SERVING IN THE CAPACITY OF PRESIDENT & CEO, COO AND CFO WERE EMPLOYED BY FTI CONSULTING OF BOSTON DURING FISCAL 2011 INDIVIDUAL COMPENSATION WAS NOT AVAILABLE FROM FTI FTI WAS PAID 7,057,685 FOR THESE AND OTHER FTI CONSULTANTS IN FISCAL 2011 |

**Additional Data**

Return to Form

**Software ID:**
**Software Version:**
**EIN:** 23-1352204
**Name:** THE READING HOSPITAL & MEDICAL CENTER

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

| (A) Name | | (B) Breakdown of W-2 and/or 1099-MISC compensation | | | (C) Deferred compensation | (D) Nontaxable benefits | (E) Total of columns (B)(i)-(D) | (F) Compensation reported in prior Form 990 or Form 990-EZ |
|---|---|---|---|---|---|---|---|---|
| | | (i) Base Compensation | (ii) Bonus & incentive compensation | (iii) Other compensation | | | | |
| GERALD P MALICK | (I)<br>(II) | 294,324 | 60,000 | 4,160 | | 25,862 | 384,346 | |
| STEVEN I FINKEL | (I)<br>(II) | 350,877 | 131,050 | 5,265,142 | | 55,963 | 5,803,032 | |
| JAYASHREE V RAMAN | (I)<br>(II) | 254,452 | 35,000 | 1,445 | | 9,118 | 300,015 | |
| RICHARD J MABLE | (I)<br>(II) | 206,517 | 62,475 | 10,280 | | 17,342 | 296,614 | |
| PAUL J TOBUREN | (I)<br>(II) | 181,680 | 43,359 | 12,279 | | 43,076 | 280,394 | |
| CARL J SEIDL | (I)<br>(II) | 191,781 | 39,200 | 1,778 | | 41,318 | 274,077 | |
| DONNA F WEBER | (I)<br>(II) | 183,429 | 45,947 | 2,344 | | 41,671 | 273,391 | |
| MARGARET M BLIGH | (I)<br>(II) | 187,316 | 37,700 | 2,124 | | 42,896 | 270,036 | |
| CLINT MATTHEWS | (I)<br>(II) | | | | | | | |
| THERESE SUCHER | (I)<br>(II) | | | | | | | |
| RICHARD W JONES | (I)<br>(II) | | | | | | | |
| ROBERT A BRIGHAM | (I)<br>(II) | 610,006 | 107,500 | 1,904 | | 40,132 | 759,542 | |
| CHARLES J LUSCH | (I)<br>(II) | 443,001 | 100,000 | 4,638 | | 20,235 | 567,874 | |
| MARGARET L FREEMAN | (I)<br>(II) | 292,328 | 78,033 | 11,752 | | 48,616 | 430,729 | |
| WILLIAM K NATALE | (I)<br>(II) | 326,588 | 52,512 | 1,980 | | 44,387 | 425,467 | |
| CHARLES F BARBERA | (I)<br>(II) | 307,785 | 43,400 | 11,373 | | 52,266 | 414,824 | |
| SCOTT R WOLFE | (I)<br>(II) | 290,073 | 172,500 | 1,845,830 | | 20,652 | 2,329,055 | |
| PATRICK J GAVIN | (I)<br>(II) | 204,481 | 105,099 | 4,006 | | 21,340 | 334,926 | |
| DANIEL COCHRAN | (I)<br>(II) | 208,017 | 35,438 | 1,310 | | 33,406 | 278,171 | |
| JAMES DEMETRIADES | (I)<br>(II) | 170,883 | | 964 | | 14,241 | 186,088 | |
| CHARLES B SULLIVAN | (I)<br>(II) | | | 103,130 | | | 103,130 | |

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

Department of the Treasury
Internal Revenue Service

# Transactions with Interested Persons

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38a or 40b.**

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

**2010**

**Open to Public Inspection**

**Name of the organization**
THE READING HOSPITAL & MEDICAL CENTER

**Employer identification number**
23-1352204

## Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) 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) Description of transaction | (c) Corrected? Yes | (c) Corrected? No |
|---|---|---|---|---|
| | | | | |
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2 Enter the amount of tax imposed on 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, Part IV, line 26, or Form 990-EZ, Part V, line 38a

| (a) Name of interested person and purpose | (b) Loan to or from the organization? To | (b) Loan to or from the organization? From | (c) Original principal amount | (d) Balance due | (e) In default? Yes | (e) In default? No | (f) Approved by board or committee? Yes | (f) Approved by board or committee? No | (g) Written agreement? Yes | (g) Written agreement? No |
|---|---|---|---|---|---|---|---|---|---|---|
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| | | | | | | | | | | |
| Total . . . . . ▶ $ | | | | | | | | | | |

## Part III Grants or Assistance Benefitting Interested Persons.

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

| (a) Name of interested person | (b) Relationship between interested person and the organization | (c) Amount of grant or type of assistance |
|---|---|---|
| | | |
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| | | |
| | | |

**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) ROLAND STOCK LLC (JOHN ROLAND) | PARTNER | 880,124 | LEGAL SERVICES | | No |
| (2) STEVENS & LEE (C THOMAS WORK) | PARTNER | 530,122 | LEGAL SERVICES | | No |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

**Part V** **Supplemental Information**

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

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

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

Department of the Treasury
Internal Revenue Service

# Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

**2010**

**Open to Public Inspection**

**Name of the organization**
THE READING HOSPITAL & MEDICAL CENTER

**Employer identification number**
23-1352204

| Identifier | Return Reference | Explanation |
|---|---|---|
| ORGANIZATION'S MISSION | FORM 990 - ORGANIZATION'S MISSION | PRIMARY EXEMPT PURPOSE 1)PROVIDING HEALTH CARE INPATIENT SERVICES 30,253 BIRTHS 3,161 EMERGENCY SERVICES 119,329 OUTPATIENT SERVICES 892,894 AMOUNT OF CHARITY CARE PROVIDED 2) PROMOTING HEALTH HEALTH OUTREACH FOR CHILDREN (NEWBORNS THROUGH TEENS) INITIATED ST CHRIS CARE, AN AMBULATORY PEDIATRIC SPECIALTY PRACTICE PRIMARILY FOR THE MEDICALLY UNDERSERVED OPERATE CHILDREN'S HEALTH CENTER PROVIDE AMBULATORY CARE TO PEDIATRIC PATIENTS WHO ARE MEDICALLY UNDERSERVED, 20,682 VISITS, PROVIDES EACH CHILD WITH A FREE BOOK THROUGH IT REACH OUT AND READ PROGRAM TO IMPROVE LITERACY AND DEVELOP A CHILD'S LIFELONG PASSION FOR READING HEALTH OUTREACH FOR ADULTS OPERATE WOMEN'S HEALTH CENTER OFFERING MEDICALLY UNDERSERVED WOMEN BOTH OBSTETRICAL AND GYNECOLOGICAL CARE, 18,814 OPERATE CENTER FOR PUBLIC HEALTH OFFERS CARE TO INDIVIDUALS DIAGNOSED WITH AIDS OR WHO ARE HIV POSITIVE, 1,675 PATIENT REGISTRATIONS OPERATE OUTPATIENT SERVICES ADULT CLINICS PROVIDES PRIMARY AND SUBSPECIALTY CARE TO MEDICALLY UNDERSERVED ADULTS, 9,494 VISITS HEALTH OUTREACH IMPACTING ALL AGES OPERATE AN ACCREDITED TRAUMA CENTER THAT PROVIDED THIS LIFE-SAVING LEVEL OF CARE TO 1,834 INDIVIDUALS LAST YEAR, PROVIDE TRAUMA PREVENTION EDUCATION TO THE GENERAL COMMUNITY, AND PROFESSIONAL EDUCATION TO EMS AND HOSPITAL PROVIDERS OPERATE A 24/7 EMERGENCY DEPARTMENT OPERATE THE READING HEALTH DISPENSARY AND ITS SECOND STREET SATELLITE, PROVIDE PRIMARY CARE TO FAMILIES AND ADULTS MEDICALLY UNDERSERVED, NEW OFFERING MIDWIFERY CARE TO PREGNANT WOMEN, 17,910 VISITS OPERATE A SCHOOL OF HEALTH SCIENCES TO PROVIDE COLLEGE-LEVEL TRAINING IN FIVE HEALTHCARE CAREERS (NURSING, RADIOLOGIC TECHNOLOGY, CLINICAL PASTORAL CARE, SURGICAL TECHNOLOGY, PARAMEDIC MEDICINE) OPERATE A SCHOOL OF CLINICAL LABORATORY SCIENCE TO PROVIDE THE FOURTH YEAR OF COLLEGE WORK TO STUDENTS INTERESTED IN CAREERS IN LABORATORY MEDICINE OPERATE TWO URGENT CARE CENTERS TO PROVIDED HEALTHCARE ACCESS ON WEEKEND AND WEEKDAY EVENINGS WHEN MOST PRIVATE PRACTICES ARE CLOSED, 15,360 OPERATE A 24/7 DRUG AND ALCOHOL CENTER WITH INPATIENT DETOXIFICATION, DROP-IN SERVICE, AND SUPPORT GROUPS MAINTAIN 24/7 INTERPRETING SERVICES 21 ON-SITE SPANISH-ENGLISH INTERPRETERS, AND 1 TRANSLATOR FOR WRITTEN COMMUNICATIONS, NETWORK OF 24/7 VIDEO-REMOTE INTERPRETING STATIONS AND TELEPHONES FOR ANY LANGUAGE MAINTAIN 24/7 SIGN LANGUAGE SERVICES PARTNERSHIP WITH BERKS DEAF AND HARD OF HEARING TO PROVIDE CERTIFIED SIGN LANGUAGE INTERPRETER AS NEEDED, ESTABLISHED 24/7 VIDEO-REMOTE SIGN LANGUAGE INTERPRETING SERVICE PROVIDES 24/7 CHAPLAINCY SERVICES PROGRAM TO PROVIDE PATIENTS AND STAFF WITH SUPPORT FOR SPIRITUAL CONCERNS DEVELOPED PALLIATIVE CARE SERVICES TO SUPPORT SERIOUSLY ILL PATIENTS AND FAMILIES IN UNDERSTANDING HEALTH PROBLEM AND OPTIONS PROVIDE INPATIENT HOSPICE SERVICES, WITH APPROPRIATE NETWORKING FOR OUTPATIENT HOSPICE CARE HIRED A SOCIAL WORKER TO MANAGE PATIENTS WHO HAVE FREQUENTED THE ED WITH MINOR COMPLAINTS VISITS PATIENTS IN THEIR HOME TO CONNECT THEM WITH COMMUNITY RESOURCES AND ACCESS TO OUTPATIENT CARE OFFER RAGGEDY ANN THERAPY PROGRAM AS A NON-THREATENING METHOD OF ESTABLISHING COMMUNICATION WITH ANXIOUS OR DEPRESSED PATIENTS OFFER PAWS FOR WELLNESS AND OTHER PET THERAPY PROGRAMS AT NO CHARGE TO PATIENTS OFFERS NO ONE DIES ALONE PROGRAM THROUGH SPECIALLY TRAINED VOLUNTEERS PROVIDE FREE VALET PARKING TO PATIENTS AND THEIR VISITORS, OFFER WHEELCHAIRS AND ESCORTS TO SUPPORT MEDICALLY FRAGILE PATIENTS SUPPORT ORGAN DONATION COMMUNICATION AND PROCESS, EARNED RECOGNITION FROM THE US DEPARTMENT OF HEALTH AND HUMAN SERVICES FOR LEVEL OF SUCCESS MAINTAIN HELPLINE (CALL CENTER) FOR FREE INFORMATION ON HOSPITAL SERVICES, PHYSICIANS, HEALTH TOPICS, AND /OR LOCAL SUPPORT GROUPS EDUCATING HEALTHCARE PROFESSIONALS/CONDUCTING APPROPRIATE RESEARCH PREPARING STUDENTS FOR CAREERS IN HEALTH CARE HOSPITAL SCHOOLS ENROLLED GRADUATED CLINICAL PASTORAL EDUCATION 8 5 NURSING 393 137 PARAMEDIC INSTITUTE 29 14 RADIOLOGICAL TECH 35 15 SURGICAL TECH 6 2 PHYSICIANS IN RESIDENCIES 67 21 MEDICAL STUDENTS IN CLERKSHIPS 400 NA ONGOING EDUCATION/RESEARCH OPPORTUNITIES FOR CURRENT HEALTHCARE PROFESSIONALS OFFICE OF RESEARCH CONTINUES TO STIMULATE LOCAL RESEARCH THAT WILL BRING LEADING-EDGE TREATMENT OPTIONS TO BERKS COUNTY WORKS IN CONJUNCTION WITH HOSPITAL'S INSTITUTIONAL REVIEW BOARD THAT MONITORS ALL CLINICAL RESEARCH PROJECTS CONDUCTED AT TRHMC ACCREDITED BY THE PENNSYLVANIA MEDICAL SOCIETY TO SPONSOR CONTINUING MEDICAL EDUCATION FOR PHYSICIANS CME DEPARTMENT WITHIN ACADEMIC AFFAIRS DIVISION OVERSEES DEPARTMENT-BASED PROGRAMS FOR CME CATEGORY 1 AND CATEGORY 2 CREDITS PROVIDES ONGOING EDUCATION FOR STAFF IN ALL CLINICAL DEPARTMENTS PROVIDES ONGOING EDUCATION FOR STAFF IN ALL DEPARTMENTS ON SAFETY, COMPLIANCE, AND RELATED REGULATORY AND PROFESSIONAL ISSUES INVESTED IN THE FUTURE HEALTH AND WELL-BEING OF THE COMMUNITY THROUGH EDUCATION AND RESEARCH ACTIVITIES |

| Identifier | Return Reference | Explanation |
|---|---|---|
| ADDITIONAL INFORMATION | FORM 990 | CLINT MATTHEWS WAS IN THE CAPACITY OF CEO DURING FISCAL 2011 WHILE EMPLOYED BY FTI CONSULTING OF BOSTON, MA INDIVIDUAL COMPENSATION IS NOT AVAILABLE FROM FTI FTI WAS PAID 7,057,685 THERESE SUCHER WAS IN THE CAPACITY OF COO DURING FISCAL 2011 WHILE EMPLOYED BY FTI CONSULTING OF BOSTON, MA INDIVIDUAL COMPENSATION WAS NOT AVAILABLE FROM FTI FTI CONSULTING WAS PAID 7,057,685 RICHARD JONES WAS IN THE CAPACITY OF CFO DURING FISCAL 2011 WHILE EMPLOYED BY FTI CONSULTING OF BOSTON, MA INDIVIDUAL COMPENSATION WAS NOT AVAILABLE FROM FTI FTI CONSULTING WAS PAID 7,057,685 INTEREST IN PART IX, LINE 20 IS FOR PRE 2003 BONDS ON THE MEDICAL CENTER AND INTEREST PAID ON THE BONDS HELD AT THE PARENT LEVEL PART IX - FUND RAISING DONE BY TRH AUXILIARY, A SEPARATE ENTITY |

| Identifier | Return Reference | Explanation |
|---|---|---|
| EXPLANATION ON VOLUNTEERS AND TYPES OF SERVICES OR BENEFITS | FORM 990, PAGE 1, PART I, LINE 6 | 240 ACTIVE ADULT INSERVICE VOLUNTEERS GAVE 27,878 HOURS OF SERVICE TO TRHMC 122 TEEN INSERVICE VOLUNTEERS GAVE 4,889 HOURS OF SERVICE TO TRHMC APPROXIMATELY 55 VOLUNTEERS IN THE NODA PROGRAM, THE PAWS FOR WELLNESS PROGRAM, AND THE RAGGEDY THERAPY PROGRAM GAVE TRHMC A TOTAL OF 1,313 HOURS OF SERVICE APPROXIMATELY 74 MEMBERS OF THE FRIENDS OF TRHMC BOARD OF DIRECTORS GAVE 5,969 HOURS OF SERVICE TO RAISE DOLLARS FOR TRHMC APPROXIMATELY 500 MEMBERS OF LOCAL FRIENDS GROUPS GAVE TRHMC 40,551 HOURS OF SERVICE DURING FY 2011 VOLUNTEERS GAVE 81,930 HOURS OF SERVICE |

| Identifier | Return Reference | Explanation |
|---|---|---|
| FIRST ACHIEVEMENT DESCRIPTION | FORM 990, PAGE 2, PART III, LINE 4A | SUPPORTS ITS SURGEONS IN THEIR FELLOWSHIP TRAINING AND RECRUITS AND RETAINS SURGEONS IN AREAS LIKE PLASTIC SURGERY - AVAILABLE ONLY DURING LIMITED HOURS OR NOT AT ALL, IN OTHER HOSPITALS IN ITS MARKET |

| Identifier | Return Reference | Explanation |
|---|---|---|
| SECOND ACHIEVEMENT DESCRIPTION | FORM 990, PAGE 2, PART III, LINE 4B | HAVE MADE A COMMITMENT TO ACCREDIATED CARE IN STROKE AND CHEST PAIN FOLLOWING THE RELOCATION OF THE OTHER HOSPITAL IN THE CITY TO A NEW SUBURBAN CAMPUS, TRHMC IS FULFILLING ITS COMMITTMENT TO SERVE THE UNDERSERVED POPULATION OF THE CITY |

| Identifier | Return Reference | Explanation |
| --- | --- | --- |
| THIRD ACHIEVEMENT DESCRIPTION | FORM 990, PAGE 2, PART III, LINE 4C | MEDICATIONS AS PART OF OUR EXEMPT PURPOSE IN OUR COMMUNITY |

| Identifier | Return Reference | Explanation |
|---|---|---|
| ALL OTHER ACHIEVEMENTS DESCRIPTION | FORM 990, PAGE 2, PART III, LINE 4D | DESCRIPTION UNITS OF SERVICE PROG EXPENSE OTHER DEPARTMENTS 7,148,336 214,439,119 INDIRECT ALLOCATED EXPENSES EMPLOYEE BENEFITS 42,388,474 PENSION 18,601,078 PAYROLL TAXES 17,466,400 INTEREST 17,539,944 DEPRECIATION 29,055,326 UTILITIES (1,922,450) PROVISION FOR BAD DEBTS 39,575,862 |

| Identifier | Return Reference | Explanation |
| --- | --- | --- |
| RELATED PARTY INFORMATION AMONG OFFICERS | FORM 990, PAGE 6, PART VI, LINE 2 | ROLAND STOCK (JOHN ROLAND) ROLAND STOCK(DAVID ROLAND) BOARD MEMBER LIFE MEMBER UNCLE |

| Identifier | Return Reference | Explanation |
| --- | --- | --- |
| MANAGEMENT DELEGATED | FORM 990, PAGE 6, PART VI, LINE 3 | THE CEO, COO AND CFO LISTED ON PART VII, LINE 1A ARE ALL EMPLOYED BY FTI CONSULTING OF BOSTON THEY RECEIVE OR ACCRUE COMPENSATION FROM AN UNRELATED ORGANIZATION FOR SERVICES RENDERED TO TRHMC |

| Identifier | Return Reference | Explanation |
| --- | --- | --- |
| ELECTION OF MEMBERS AND THEIR RIGHTS | FORM 990, PAGE 6, PART VI, LINE 7A | THE MANAGEMENT OF THE CORPORATION SHALL BE VESTED IN THE BOARD OF DIRECTORS ELECTED BY THE MEMBER WHO IS THE READING HOSPITAL |

| Identifier | Return Reference | Explanation |
| --- | --- | --- |
| DECISIONS SUBJECT TO APPROVAL OF MEMBERS | FORM 990, PAGE 6, PART VI, LINE 7B | ALL DECISIONS ARE SUBJECT TO APPROVAL BY THE BOARD OF DIRECTORS AS MANAGEMENT OF THE CORPORATION ELECTED BY THE MEMBER |

| Identifier | Return Reference | Explanation |
|---|---|---|
| ORGANIZATION'S PROCESS USED TO REVIEW FORM 990 | FORM 990, PAGE 6, PART VI, LINE 11B | THE FORM 990 IS POSTED ON A WEBSITE FOR BOARD MEMBERS MEMBERS ARE ALERTED TO INFORMATION AND NOTICES A COPY OF THE 990 IS MAILED TO ANY BOARD MEMBER UNABLE TO VIEW THIS SITE |

| Identifier | Return Reference | Explanation |
|---|---|---|
| ENFORCEMENT OF CONFLICTS POLICY | FORM 990, PAGE 6, PART VI, LINE 12C | IT SHALL BE THE POLICY OF THE HOSPITAL TO REQUIRE EACH BOARD MEMBER TO SUBMIT IN WRITING TO THE CHIEF EXECUTIVE OFFICER A LIST OF BUSINESS OR OTHER ORGANIZATIONS OF WHICH THE MEMBER OR MEMBER'S SPOUSE IS AN OFFICER, DIRECTOR, MEMBER EMPLOYEE OR OWNER (10% OR GREATER SHARE) WITH WHICH THE COMPANY MIGHT REASONABLY ENTER INTO A RELATIONSHIP OR A TRANSACTION IN WHICH THE BOARD MEMBER WOULD HAVE CONFLICTING INTERESTS EACH YEAR A COPY OF THE WRITTEN STATEMENT WILL BE SENT TO THE BOARD MEMBER FOR UPDATING AND RESUBMISSION AND BY WHICH THE BOARD MEMBER SHALL CONFIRM HIS AWARENESS OF THIS POLICY |

| Identifier | Return Reference | Explanation |
|---|---|---|
| COMPENSATION PROCESS FOR TOP OFFICIAL | FORM 990, PAGE 6, PART VI, LINE 15A | THE READING HOSPITAL'S BOARD OF DIRECTORS HAS DULY APPOINTED AN EXECUTIVE COMPENSATION COMMITTEE (THE "COMMITTEE"), WHICH IS RESPONSIBLE FOR THE REVIEW AND APPROVAL OF ALL COMPENSATION AND BENEFITS PROVIDED TO THE HOSPITAL'S EXECUTIVE MANAGEMENT THE COMMITTEE HAS ADOPTED A WRITTEN EXECUTIVE COMPENSATION PHILOSOPHY STATEMENT AND AN EXECUTIVE COMPENSATION COMMITTEE CHARTER GOVERNING THE WORK AND REVIEW PROCESS OF THE COMMITTEE THE COMMITTEE FOLLOWS THE PROCEDURES DESCRIBED IN THE PHILOSOPHY STATEMENT AND THE CHARTER WHEN IT REVIEWS AND APPROVES THE COMPENSATION AND EMPLOYEE BENEFITS PROVIDED TO THE HOSPITAL'S SENIOR MANAGEMENT, INCLUDING THE CHIEF EXECUTIVE OFFICER AND THE CHIEF FINANCIAL OFFICER THE COMMITTEE'S REVIEW ANALYZES EVERY ELEMENT OF COMPENSATION, INCLUDING CURRENT AND DEFERRED COMPENSATION, AND BENEFITS, INCLUDING QUALIFIED AND NON-QUALIFIED BENEFITS THE COMMITTEE CONDUCTS ITS REVIEW AND APPROVAL PROCESS AT LEAST ANNUALLY, AND APPROVES COMPENSATION AND BENEFITS ONLY TO THE EXTENT THAT THE COMMITTEE HAS CONCLUDED THAT THE COMPENSATION AND BENEFITS CONSTITUTE NO MORE THAN REASONABLE COMPENSATION FOR EACH EXECUTIVE THE COMMITTEE CONSISTS ENTIRELY OF DISINTERESTED MEMBERS OF THE BOARD, AND THE COMMITTEE WORKS WITH AN INDEPENDENT COMPENSATION CONSULTANT TO PREPARE AND REVIEW IN ADVANCE COMPREHENSIVE DATA SHOWING THE COMPENSATION PROVIDED BY SIMILARLY SITUATED ORGANIZATIONS FOR FUNCTIONALLY SIMILAR POSITIONS THE COMMITTEE ALSO PREPARES A TIMELY AND THOROUGH WRITTEN RECORD OF ITS DELIBERATIONS AND CONCLUSIONS AS A RESULT, THE COMMITTEE'S REVIEW PROCESS IS DESIGNED TO SATISFY THE PROCEDURAL CRITERIA NECESSARY TO QUALIFY FOR THE REBUTTABLE PRESUMPTION OF REASONABLENESS UNDER THE FEDERAL INCOME TAX LAW INTERMEDIATE SANCTIONS RULES |

| Identifier | Return Reference | Explanation |
| --- | --- | --- |
| COMPENSATION PROCESS FOR OFFICERS | FORM 990, PAGE 6, PART VI, LINE 15B | SAME RESPONSE AS LINE 15A WHICH INCLUDES KEY EMPLOYEES |

| Identifier | Return Reference | Explanation |
|---|---|---|
| GOVERNING DOCUMENTS DISCLOSURE EXPLANATION | FORM 990, PAGE 6, PART VI, LINE 19 | THE ORGANIZATION DOES NOT MAKE ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC |

| Identifier | Return Reference | Explanation |
|---|---|---|
| OTHER CHANGES IN NET ASSETS EXPLANATION | FORM 990, PART XI, LINE 5 | CHANGES INCLUDE 2,384,819 INCREASE IN TEMPORARILY & PERMANENTLY RESTRICTED NET ASSETS 24,434,865 INCREASE PENSION LIABILITY 41,600,992 TRANSFER TO THE PARENT 370,088 DECREASE IN DEFERRED COMPENSATION 52,887 INCREASE IN OTHER ASSETS 448 ROUNDING ERROR |

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# SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

## Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

**2010**

**Open to Public Inspection**

**Name of the organization**
THE READING HOSPITAL & MEDICAL CENTER

**Employer identification number**
23-1352204

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

| (a) Name, address, and EIN 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 |
|---|---|---|---|---|---|
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**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 organization | |
|---|---|---|---|---|---|---|---|
| | | | | | | Yes | No |
| **(1)** THE READING HOSPITAL<br>SIXTH AVE SPRUCE ST<br>WEST READING, PA 19611<br>23-2201344 | SUPPORTING | PA | 501C3 | 11C | NA | | No |
| **(2)** THE FRIENDS OF THE READING HOSPITAL<br>SIXTH AVE SPRUCE ST<br>WEST READING, PA 19611<br>23-6026108 | SUPPORTING | PA | 501C3 | 11B | TRH | Yes | |
| **(3)** THE RDG HOSPITAL & MED CENTER SELF-<br>SIXTH AVE SPRUCE ST<br>WEST READING, PA 19611<br>23-2087514 | TRUST FUND | PA | 501C3 | 11B | TRH | Yes | |
| **(4)** THE RDG HOSPITAL & MED CENTER WORKE<br>SIXTH AVE SPRUCE ST<br>WEST READING, PA 19611<br>22-3054717 | TRUST FUND | PA | 501C3 | 11B | TRH | Yes | |
| **(5)** READING PROFESSIONAL SERVICES<br>SIXTH AVE SPRUCE ST<br>WEST READING, PA 19611<br>23-2266054 | HEALTHCARE | PA | 501C3 | 3 | MG | Yes | |
| **(6)** THE RDG HOSPITAL MEDICAL GROUP<br>SIXTH AVE SPRUCE ST<br>WEST READING, PA 19611<br>20-5095905 | HEALTHCARE | PA | 501C3 | 3 | TRH | Yes | |
| **(7)** THE HIGHLANDS AT WYOMISSING<br>2000 CAMBRIDGE AVE<br>WYOMISSING, PA 19610<br>22-2790840 | RETIREMENT | PA | 501C3 | 9 | TRH | Yes | |

**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? Yes | (h) No | (i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? Yes | (j) No | (k) Percentage ownership |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **(1)** THE READING HOSPITAL SURGICENTER AT SPRING RIDGE LLC 2603 KEISER BLVD WYOMISSING, PA19610 58-2682467 | SURGERY | PA | THE RDG HO | EXCLUDED | 3,593,458 | 2,317,540 | | No | | Yes | | 50 000 % |
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**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 |
|---|---|---|---|---|---|---|---|
| **(1)** MC REALTY CORP 627 NORTH FOURTH STREET READING, PA19601 23-2607292 | REALESTATE | PA | N/A | | | | |
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## Part V Transactions With Related Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)

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

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

**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 other organization | (b) Transaction type(a-r) | (c) Amount involved | (d) Method of determining amount involved |
|---|---|---|---|
| **(1)** See Additional Data Table | | | |
| **(2)** | | | |
| **(3)** | | | |
| **(4)** | | | |
| **(5)** | | | |
| **(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) Are all partners section 501(c)(3) organizations? | | (e) Share of end-of-year assets | (f) Disproprtionate allocations? | | (g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065) | (h) General or managing partner? | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Yes | No | | Yes | No | | Yes | No |
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| | | | | | | | | | | |

## Part VII Supplemental Information

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

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

**Additional Data**

Return to Form

**Software ID:**
**Software Version:**
**EIN:** 23-1352204
**Name:** THE READING HOSPITAL & MEDICAL CENTER

**Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations**

| (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 organization | |
|---|---|---|---|---|---|---|---|
| | | | | | | Yes | No |
| THE READING HOSPITAL<br><br>SIXTH AVE SPRUCE ST<br>WEST READING, PA19611<br>23-2201344 | SUPPORTING | PA | 501C3 | 11C | NA | | No |
| THE FRIENDS OF THE READING HOSPITAL<br><br>SIXTH AVE SPRUCE ST<br>WEST READING, PA19611<br>23-6026108 | SUPPORTING | PA | 501C3 | 11B | TRH | Yes | |
| THE RDG HOSPITAL & MED CENTER SELF-<br><br>SIXTH AVE SPRUCE ST<br>WEST READING, PA19611<br>23-2087514 | TRUST FUND | PA | 501C3 | 11B | TRH | Yes | |
| THE RDG HOSPITAL & MED CENTER WORKE<br><br>SIXTH AVE SPRUCE ST<br>WEST READING, PA19611<br>22-3054717 | TRUST FUND | PA | 501C3 | 11B | TRH | Yes | |
| READING PROFESSIONAL SERVICES<br><br>SIXTH AVE SPRUCE ST<br>WEST READING, PA19611<br>23-2266054 | HEALTHCARE | PA | 501C3 | 3 | MG | Yes | |
| THE RDG HOSPITAL MEDICAL GROUP<br><br>SIXTH AVE SPRUCE ST<br>WEST READING, PA19611<br>20-5095905 | HEALTHCARE | PA | 501C3 | 3 | TRH | Yes | |
| THE HIGHLANDS AT WYOMISSING<br><br>2000 CAMBRIDGE AVE<br>WYOMISSING, PA19610<br>22-2790840 | RETIREMENT | PA | 501C3 | 9 | TRH | Yes | |

**Form 990, Schedule R, Part V - Transactions With Related Organizations**

| | (a) Name of other organization | (b) Transaction type(a-r) | (c) Amount Involved ($) | (d) Method of determining amount involved |
|---|---|---|---|---|
| (1) | THE READING HOSPITAL MEDICAL GROUP | N | 268,525 | GL TRANSACTION |
| (2) | THE READING HOSPITAL MEDICAL GROUP | I | 741,561 | GL TRANSACTION |
| (3) | THE READING HOSPITAL MEDICAL GROUP | I | 181,500 | GL TRANSACTION |
| (4) | READING PROFESSIONAL SERVICES | I | 1,112,981 | GL TRANSACTION |
| (5) | READING PROFESSIONAL SERVICES | P | 363,865 | GL TRANSACTION |
| (6) | READING PROFESSIONAL SERVICES | N | 5,411,193 | GL TRANSACTION |
| (7) | THE HIGHLANDS AT WYOMISSING | P | 9,170,323 | GL TRANSACTION |
| (8) | THE HIGHLANDS AT WYOMISSING | A | 40,619 | GL TRANSACTIONB |
| (9) | THE READING HOSPITAL MEDICAL GROUP | N | 268,525 | GL TRANSACTION |
| (10) | THE READING HOSPITAL MEDICAL GROUP | I | 741,561 | GL TRANSACTION |
| (11) | THE READING HOSPITAL MEDICAL GROUP | I | 181,500 | GL TRANSACTION |
| (12) | READING PROFESSIONAL SERVICES | I | 1,112,981 | GL TRANSACTION |
| (13) | READING PROFESSIONAL SERVICES | P | 363,865 | GL TRANSACTION |
| (14) | READING PROFESSIONAL SERVICES | N | 5,411,193 | GL TRANSACTION |
| (15) | THE HIGHLANDS AT WYOMISSING | P | 9,170,323 | GL TRANSACTION |
| (16) | THE HIGHLANDS AT WYOMISSING | A | 40,619 | GL TRANSACTIONB |

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Form **4562**

Department of the Treasury
Internal Revenue Service (99)

# Depreciation and Amortization
## (Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No 1545-0172

**2010**

Attachment Sequence No **67**

| Name(s) shown on return | Business or activity to which this form relates | **Identifying number** |
|---|---|---|
| THE READING HOSPITAL & MEDICAL CENTER | LABORATORY & LAUNDRY SERVICES | 23-1352204 |

**Part I** **Election To Expense Certain Property Under Section 179**

***Note:*** *If you have any listed property, complete Part V before you complete Part I.*

| | | |
|---|---|---|
| **1** Maximum amount See the instructions for a higher limit for certain businesses | **1** | 500,000 |
| **2** Total cost of section 179 property placed in service (see instructions) | **2** | |
| **3** Threshold cost of section 179 property before reduction in limitation (see instructions) | **3** | 2,000,000 |
| **4** Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0- | **4** | |
| **5** Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions | **5** | |

| **6** | **(a)** Description of property | **(b)** Cost (business use only) | **(c)** Elected cost |
|---|---|---|---|
| | | | |
| | | | |

| | | | |
|---|---|---|---|
| **7** Listed property Enter the amount from line 29 | **7** | | |
| **8** Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7 | **8** | | |
| **9** Tentative deduction Enter the **smaller** of line 5 or line 8 | **9** | | |
| **10** Carryover of disallowed deduction from line 13 of your 2009 Form 4562 | **10** | | |
| **11** Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions) | **11** | | |
| **12** Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11 | **12** | | |
| **13** Carryover of disallowed deduction to 2011 Add lines 9 and 10, less line 12 ▶ | **13** | | |

**Note:** *Do not use Part II or Part III below for listed property. Instead, use Part V.*

**Part II** **Special Depreciation Allowance and Other Depreciation (Do not** include listed property **)** (See instructions )

| | | |
|---|---|---|
| **14** Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions) | **14** | |
| **15** Property subject to section 168(f)(1) election | **15** | |
| **16** Other depreciation (including ACRS) | **16** | 9,689 |

**Part III** **MACRS Depreciation (Do not** include listed property.**)** (See instructions.)

**Section A**

| | | |
|---|---|---|
| **17** MACRS deductions for assets placed in service in tax years beginning before 2010 | **17** | |
| **18** If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐ | | |

**Section B—Assets Placed in Service During 2010 Tax Year Using the General Depreciation System**

| **(a)** Classification of property | **(b)** Month and year placed in service | **(c)** Basis for depreciation (business/investment use only—see instructions) | **(d)** Recovery period | **(e)** Convention | **(f)** Method | **(g)** Depreciation deduction |
|---|---|---|---|---|---|---|
| **19a** 3-year property | | | | | | |
| **b** 5-year property | | | | | | |
| **c** 7-year property | | | | | | |
| **d** 10-year property | | | | | | |
| **e** 15-year property | | | | | | |
| **f** 20-year property | | | | | | |
| **g** 25-year property | | | 25 yrs | | S/L | |
| **h** Residential rental property | | | 27 5 yrs | MM | S/L | |
| | | | 27 5 yrs | MM | S/L | |
| **i** Nonresidential real property | | | 39 yrs | MM | S/L | |
| | | | | MM | S/L | |

**Section C—Assets Placed in Service During 2010 Tax Year Using the Alternative Depreciation System**

| | | | | | | |
|---|---|---|---|---|---|---|
| **20a** Class life | | | | | S/L | |
| **b** 12-year | | | 12 yrs | | S/L | |
| **c** 40-year | | | 40 yrs | MM | S/L | |

**Part IV** **Summary** (see instructions)

| | | |
|---|---|---|
| **21** Listed property Enter amount from line 28 | **21** | 16,975 |
| **22** **Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions | **22** | 26,664 |
| **23** For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs | **23** | |

**Part V** **Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

***Note:*** *For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete* ***only*** *24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.*

**Section A—Depreciation and Other Information (Caution:** *See the instructions for limits for passenger automobiles.***)**

**24a** Do you have evidence to support the business/investment use claimed? ☑ **Yes** ☐ **No** | **24b** If "Yes," is the evidence written? ☑ **Yes** ☐ **No**

| (a) Type of property (list vehicles first) | (b) Date placed in service | (c) Business/ investment use percentage | (d) Cost or other basis | (e) Basis for depreciation (business/investment use only) | (f) Recovery period | (g) Method/ Convention | (h) Depreciation/ deduction | (i) Elected section 179 cost |
|---|---|---|---|---|---|---|---|---|
| **25** Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) | | | | | **25** | | | |
| **26** Property used more than 50% in a qualified business use | | | | | | | | |
| | | % | | | | | | |
| | | % | | | | | | |
| | | % | | | | | | |
| **27** Property used 50% or less in a qualified business use | | | | | | | | |
| | | % | | | | S/L - | | |
| | | % | | | | S/L - | | |
| | | % | | | | S/L - | | |
| **28** Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1 | | | | | **28** | | 16,975 | |
| **29** Add amounts in column (i), line 26 Enter here and on line 7, page 1 | | | | | | | **29** | |

**Section B—Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person
If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

| | (a) Vehicle 1 | | (b) Vehicle 2 | | (c) Vehicle 3 | | (d) Vehicle 4 | | (e) Vehicle 5 | | (f) Vehicle 6 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **30** Total business/investment miles driven during the year (**do not** include commuting miles) | | | | | | | | | | | | |
| **31** Total commuting miles driven during the year | | | | | | | | | | | | |
| **32** Total other personal(noncommuting) miles driven | | | | | | | | | | | | |
| **33** Total miles driven during the year Add lines 30 through 32 | | | | | | | | | | | | |
| | **Yes** | **No** | **Yes** | **No** | **Yes** | **No** | **Yes** | **No** | **Yes** | **No** | **Yes** | **No** |
| **34** Was the vehicle available for personal use during off-duty hours? | | | | | | | | | | | | |
| **35** Was the vehicle used primarily by a more than 5% owner or related person? | | | | | | | | | | | | |
| **36** Is another vehicle available for personal use? | | | | | | | | | | | | |

**Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions)

| | **Yes** | **No** |
|---|---|---|
| **37** Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? | Yes | |
| **38** Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners | Yes | |
| **39** Do you treat all use of vehicles by employees as personal use? | Yes | |
| **40** Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? | Yes | |
| **41** Do you meet the requirements concerning qualified automobile demonstration use? (See instructions ) | Yes | |
| **Note:** If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles | | |

**Part VI** **Amortization**

| (a) Description of costs | (b) Date amortization begins | (c) Amortizable amount | (d) Code section | (e) Amortization period or percentage | (f) Amortization for this year |
|---|---|---|---|---|---|
| **42** Amortization of costs that begins during your 2010 tax year (see instructions) | | | | | |
| | | | | | |
| | | | | | |
| **43** Amortization of costs that began before your 2010 tax year | | | | **43** | |
| **44 Total.** Add amounts in column (f) See the instructions for where to report | | | | **44** | |

# The Reading Hospital and Medical Center

(a controlled entity of The Reading Hospital)

## Financial Statements

## June 30, 2011 and 2010

# The Reading Hospital and Medical Center
**(a controlled entity of The Reading Hospital)**
## Index
## June 30, 2011 and 2010

pwc

**Report of Independent Auditors**

The Board of Directors of
The Reading Hospital and Medical Center

In our opinion, the accompanying balance sheets and the related statements of operations, changes in net assets, and cash flow present fairly, in all material respects, the financial position of The Reading Hospital and Medical Center (the "Hospital") (a controlled entity of The Reading Hospital) at June 30, 2011 and 2010, and the results of its operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America These financial statements are the responsibility of the Hospital's management Our responsibility is to express an opinion on these financial statements based on our audits We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

PricewaterhouseCoopers LLP

November 18, 2011

*PricewaterhouseCoopers LLP, 100 East Pratt Street, Suite 1900, Baltimore, MD 21202-1096*
*T: (410) 783 7600, F: (410) 783 7680, www.pwc.com/us*

# The Reading Hospital and Medical Center
**(a controlled entity of The Reading Hospital)**
## Balance Sheets
## June 30, 2011 and 2010

| | 2011 | 2010 |
|---|---|---|
| **Assets** | | |
| Current | | |
| Cash and cash equivalents | $152,989,606 | $102,605,821 |
| Patient accounts receivable, net of estimated uncollectibles of $36,209,120 and $33,279,103 at June 30, 2011 and 2010, respectively | 91,794,061 | 98,341,447 |
| Other receivables | 9,476,491 | 8,671,365 |
| Inventories | 12,626,868 | 5,154,429 |
| Prepaid expenses and other current assets | 7,455,718 | 2,054,904 |
| Assets whose use is limited - required for current liabilities | | |
| Self-insurance funding arrangements | 10,637,044 | 7,291,000 |
| Revenue bond indentures - debt service requirements | 3,026,508 | 3,014,042 |
| Total current assets | 288,006,296 | 227,133,008 |
| Assets whose use is limited | | |
| Self-insurance funding arrangements | 18,714,026 | 17,943,849 |
| By board | 9,125,460 | - |
| Total assets whose use is limited, net of current portion | 27,839,486 | 17,943,849 |
| Investments | 18,067,783 | 15,001,252 |
| Temporarily restricted funds | 646,812 | 540,817 |
| Property, plant and equipment, net | 515,220,255 | 544,336,077 |
| Deferred financing expense, net | 152,346 | 161,250 |
| Deferred compensation fund | 3,443,533 | 5,095,672 |
| Other assets | 2,080,447 | 9,598,905 |
| Total assets | $855,456,958 | $819,810,830 |

The accompanying notes are an integral part of these financial statements

# The Reading Hospital and Medical Center
**(a controlled entity of The Reading Hospital)**
## Balance Sheets
## June 30, 2011 and 2010

| | 2011 | 2010 |
|---|---|---|
| **Liabilities and Net Assets** | | |
| Current liabilities | | |
| Current installments of long-term debt | $ 25,240,387 | $ 24,955,387 |
| Current installments of long-term affiliated payables | 10,574,000 | 9,699,000 |
| Current portion of accrued pension liabilities | - | 5,512,782 |
| Current portion of estimated self-insurance costs | 8,382,300 | 7,291,000 |
| Due to affiliates | 6,944,622 | 23,235,849 |
| Estimated third-party settlements | 6,565,671 | 5,985,774 |
| Accounts payable | 22,645,357 | 23,506,977 |
| Accrued expenses | 12,276,399 | 10,055,141 |
| Accrued vacation | 14,641,381 | 14,253,237 |
| Accrued interest payable | 1,013,931 | 1,063,564 |
| Advance from third-party payor | 3,832,169 | 3,832,000 |
| Other current liabilities | 10,125,082 | 9,590,934 |
| Total current liabilities | 122,241,299 | 138,981,645 |
| Long-term debt, net of current portion and unamortized discount | 45,562,984 | 48,732,595 |
| Long-term affiliated payables, net of current portion | 493,006,317 | 488,613,085 |
| Accrued pension liabilities, net of current portion | 99,532,427 | 118,454,510 |
| Swap contracts | 660,441 | 775,340 |
| Deferred compensation | 3,443,533 | 4,491,251 |
| Estimated self-insurance costs, net of current portion | 29,389,700 | 27,913,101 |
| Total liabilities | 793,836,701 | 827,961,527 |
| Commitments and contingencies (Note 13) | | |
| **Net assets** | | |
| Unrestricted | 43,665,851 | (23,720,284) |
| Temporarily restricted | 646,812 | 540,817 |
| Permanently restricted | 17,307,594 | 15,028,770 |
| Total net assets | 61,620,257 | (8,150,697) |
| Total liabilities and net assets | $ 855,456,958 | $ 819,810,830 |

The accompanying notes are an integral part of these financial statements

# The Reading Hospital and Medical Center
**(a controlled entity of The Reading Hospital)**
## Statements of Operations
## Years Ended June 30, 2011 and 2010

| | 2011 | 2010 |
|---|---|---|
| **Unrestricted revenues and other support** | | |
| Net patient service revenue | $ 746,785,001 | $ 708,001,072 |
| Other revenue | 26,312,173 | 22,400,732 |
| Total revenues and other support | 773,097,174 | 730,401,804 |
| **Expenses** | | |
| Salaries and benefits | 365,501,555 | 347,213,273 |
| Supplies | 92,633,595 | 94,335,563 |
| Provision for uncollectible accounts | 39,576,258 | 37,989,492 |
| Utilities | 12,851,885 | 11,558,470 |
| Depreciation and amortization | 59,372,784 | 54,290,479 |
| Purchased services | 56,128,599 | 55,823,324 |
| Repairs and maintenance | 16,552,408 | 19,172,683 |
| Other expenses | 32,290,400 | 29,995,825 |
| Total expenses | 694,396,311 | 669,865,167 |
| Income from operations | 78,700,863 | 60,536,637 |
| **Nonoperating gains (losses)** | | |
| Investment income | 802,682 | 345,846 |
| Gifts and bequests | 1,687,514 | 972,929 |
| Other Income (loss) | 888,320 | - |
| Realized and unrealized losses on interest rate swaps | (87,524) | (600,491) |
| Nonoperating gains (losses) | 3,290,992 | 718,284 |
| Excess of revenue, gains and other support over expenses | 81,991,855 | 61,254,921 |
| Net assets released from restrictions | - | (153,934) |
| Change in unrealized gains (losses) on investments | 2,877,608 | 976,824 |
| Change in pension liability | 24,434,865 | (50,065,009) |
| Change in deferred compensation | (370,088) | 106,628 |
| Other | 52,887 | (21,960) |
| Transfer to The Reading Hospital | (41,600,992) | (61,900,000) |
| Increase (decrease) in unrestricted net assets | $ 67,386,135 | $ (49,802,530) |

The accompanying notes are an integral part of these financial statements

# The Reading Hospital and Medical Center
**(a controlled entity of The Reading Hospital)**
## Statements of Changes in Net Assets
## Years Ended June 30, 2011 and 2010

| | 2011 | 2010 |
|---|---|---|
| **Unrestricted net assets** | | |
| Excess of revenues, gains and other support over expenses | $ 81,991,855 | $ 61,254,921 |
| Net assets released from restrictions | - | (153,934) |
| Change in unrealized gains on investments | 2,877,608 | 976,824 |
| Transfer to The Reading Hospital | (41,600,992) | (61,900,000) |
| Change in pension liability | 24,434,865 | (50,065,009) |
| Change in deferred compensation | (370,088) | 106,628 |
| Other | 52,887 | (21,960) |
| Increase (decrease) in unrestricted net assets | 67,386,135 | (49,802,530) |
| **Temporarily restricted net assets** | | |
| Contributions | 105,995 | 89,538 |
| Net assets released from restrictions - for operations | - | (43,465) |
| Increase in temporarily restricted net assets | 105,995 | 46,073 |
| **Permanently restricted net assets** | | |
| Contributions | - | 120,701 |
| Change in funds held in trust for others | 2,278,824 | 959,489 |
| Increase in permanently restricted net assets | 2,278,824 | 1,080,190 |
| Change in net assets | 69,770,954 | (48,676,267) |
| **Net assets** | | |
| Beginning of year | (8,150,697) | 40,525,570 |
| End of year | $ 61,620,257 | $ (8,150,697) |

The accompanying notes are an integral part of these financial statements

# The Reading Hospital and Medical Center
**(a controlled entity of The Reading Hospital)**
## Statements of Cash Flows
## Years Ended June 30, 2011 and 2010

| | 2011 | 2010 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Change in net assets | $ 69,770,954 | $ (48,676,267) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities and gains | | |
| Change in unrealized (gains) losses on investments | (2,877,608) | (772,995) |
| Unrealized gains (losses) on interest rate swaps | (87,524) | 384,702 |
| Change in pension liability | (24,434,865) | 50,065,009 |
| Depreciation and amortization | 59,372,784 | 54,290,479 |
| Provision for uncollectible accounts | 39,576,258 | 35,588,492 |
| (Gain) loss on disposal of fixed assets | 55,096 | (7,521) |
| Realized (gains) losses on investments | (121,157) | 292,853 |
| Transfer to The Reading Hospital | 41,600,992 | 61,900,000 |
| Restricted contributions and investment income received | (105,995) | (309,551) |
| Equity in (income) of affiliates | (106,098) | - |
| Change in cash due to changes in operating assets and liabilities | | |
| Receivable from patients and others | (33,833,998) | (33,704,739) |
| Due to affiliates | (16,291,227) | 45,059,174 |
| Inventories | (7,472,439) | (3,753,969) |
| Prepaid expenses and other assets | (5,400,814) | 7,562,582 |
| Deferred compensation | (1,047,718) | (106,625) |
| Accounts payable and accrued expenses | 5,536,871 | (13,949,229) |
| Net cash provided by operating activities | 124,133,512 | 153,862,395 |
| **Cash flows from investing activities** | | |
| Acquisition of property, plant and equipment | (30,334,298) | (58,456,016) |
| Proceeds from sale of fixed assets | 110,380 | 12,366 |
| Purchases and sales of investments and assets whose use is limited, net | (4,335,196) | (2,580,274) |
| Net cash used in investing activities | (34,559,114) | (61,023,924) |
| **Cash flows from financing activities** | | |
| Restricted contributions and investment income received | 105,995 | 309,551 |
| Payments of long-term debt | (2,955,000) | (2,795,610) |
| Borrowings of long-term affiliated payables, net | 5,259,385 | 30,524,639 |
| Transfer to The Reading Hospital | (41,600,992) | (61,900,000) |
| Net cash used in financing activities | (39,190,612) | (33,861,420) |
| Net increase in cash and cash equivalents | 50,383,785 | 58,977,051 |
| **Cash and cash equivalents** | | |
| Beginning of year | 102,605,821 | 43,628,770 |
| End of year | $152,989,606 | $102,605,821 |
| **Supplemental cash flow information** | | |
| Cash paid during the year for interest | $ 19,538,460 | $ 19,540,036 |
| Fixed asset additions included in accounts payable | $ 2,044,935 | $ 2,615,636 |

The accompanying notes are an integral part of these financial statements

## 1. Organizational Structure and Nature of Operations

The Reading Hospital and Medical Center ("Hospital"), located in West Reading, Pennsylvania, is a tax-exempt not-for-profit acute and post-acute care hospital and is a controlled entity of The Reading Hospital ("Parent") The Hospital provides inpatient, outpatient and emergency care for residents of the greater Berks County area Admitting physicians are primarily practitioners in the local area Other controlled entities and subsidiaries of the Parent include

- Reading Professional Services ("RPS"), a tax-exempt entity established for charitable, educational and scientific purposes RPS recruits physicians, provides physician billing and administrative services for the Hospital, including supervision and instruction for medical students completing their residency training,

- MC Realty, Inc , a wholly owned subsidiary, established to strategically acquire real estate in Berks County and the surrounding areas,

- The Reading Hospital Medical Group ("TRHMG"), a not-for-profit entity, established on January 1, 2007 to assure access to high quality primary care physicians and specialty physicians in sufficient numbers to meet the community need, and

- The Highlands at Wyomissing ("Highlands"), a not-for-profit corporation, became a fully controlled entity of The Reading Hospital in July 2009 Prior to July 2009, the Highlands was jointly controlled by the Hospital and The Lutheran Home at Topton The purpose of the Highlands is to operate a continuing care retirement community including residential, recreational, and health care facilities and services specially designed to meet the physical, social, and psychological needs of elderly persons The Highlands facility is located in Wyomissing, Pennsylvania and its residents are principally from the Wyomissing, and Reading, Pennsylvania area The facility contains 289 residential living units, an 80-bed skilled nursing unit and 70 personal care units

**Other non-controlled related entities of the Parent include:**

- Berkshire Health Partners ("BHP") (and its wholly owned subsidiary, Medicus Resource Management, Inc ) are state tax-exempt corporations established to provide alternative health care services and assist in developing preferred provider relationships Certain members of the Hospital's Board of Directors are also directors of BHP The Parent has a 26 5% ownership interest in BHP accounted for under the equity method of accounting This interest is included in other assets on the Parent's balance sheets,

- Reading Berks Physical Therapy LLC ("RBPT"), a limited liability corporation established to provide physical therapies at eight locations within the greater Berks County area The Hospital maintains a 40% interest in RBPT under the equity method of accounting This interest is included in other assets on the Hospital's balance sheets,

- The Reading Hospital Surgicenter at Springridge, LLC (Springridge LLC"), a limited liability company, established to provide ambulatory surgery services to the surrounding community The Hospital maintains a 50% ownership under the equity method of accounting This interest is included in other assets on the Hospital's balance sheets,

- The Parent, along with several other acute care service hospitals throughout the central Pennsylvania area, contributed capital to form Central Pennsylvania Alliance Laboratories ("CPAL"), a joint venture to combine laboratory operations The Parent maintains a 20% ownership interest in CPAL This interest is recorded under the equity method of accounting and is included in other assets on the Parent's balance sheets,

- The Parent is a 50% owner of Central Pennsylvania Homecare, Inc which is doing business as Visiting Nurses Association ("VNA") VNA provides visiting home nursing services to outpatients of the Hospital and other healthcare providers in the surrounding community This investment is recorded under the equity method of accounting and is included in other assets on the Parent's balance sheets,

- The Parent is a 20% owner, along with Central Pennsylvania Healthcare Alliance ("CPHA") members Ephrata Community Hospital, Lancaster General, Pinnacle Health System, Summit Health Alliance and WellSpan Health, of Quest Behavioral Health, Inc ("Quest") Quest is a not-for-profit corporation providing full service managed behavioral healthcare, with over 1000 network clinicians (behavioral health specialists of psychiatrists, psychologists, clinical social workers, licensed mental health professionals and clinical nurse practitioners) to over 120,000 members in 40 counties in Central Pennsylvania and 7 counties in Northern Maryland and 200 employer groups This investment is recorded under the equity method of accounting and is included in other assets on the Parent's balance sheets, and

- The Parent is a 30% owner in Horizon Healthcare Services, LLP ("HHS"), a for-profit limited liability partnership which provides in-home infusion drug therapy to customers in central Pennsylvania, along with Pinnacle Health Hospitals (10%) and Barge-Ganse Venacare Business Trust (60%) The investment is recorded under the equity method of accounting and is included in other assets on the Parent's balance sheets

## 2. Summary of Significant Accounting Policies

These financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP") The significant accounting policies followed by the Hospital are as follows

### Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period These significant estimates include the accounts receivable allowance for doubtful accounts, contractual allowances, estimated third-party payor settlements, investments, accrued pension liabilities, accrued retirement costs and accrued insurance costs Actual results could differ from those estimates

### Reclassifications

Certain reclassifications to amounts previously reported have been made to conform with the current period presentation

**Cash and Cash Equivalents**
Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less, excluding amounts whose use is limited by board designation, indenture agreements and self-insurance trust agreements

**Net Patient Service Revenue**
The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates Payment arrangements 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 due to future audits, reviews and investigations Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined or as years are no longer subject to such audits, reviews and investigations

**Allowance for Doubtful Accounts**
Patient receivables are recorded at their estimated net realizable value The allowance for doubtful accounts is estimated based upon historical collection rates

**Other Revenue**
Significant components of other revenue include, rental income on leased properties, tuition revenue for The Reading Hospital and Medical Center School of Health Sciences, cafeteria revenues and management fees charged to affiliated entities

**Charity Care**
The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue

**Donor Restricted Gifts**
Unconditional promises to give cash and other assets to the Hospital are reported at estimated fair value at the date the promise is received Conditional promises to give and indications of intentions to give are reported at estimated fair value at the date the gift is received

Gifts are reported as either temporarily or permanently restricted support 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 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 financial statements

**Excess of Revenues, Gains and Other Support Over Expenses**
The statements of operations include the excess of revenues, gains and other support over expenses Changes in unrestricted net assets which are excluded from the excess of revenues, gains and other support over expenses, consistent with industry practice, include changes in unrealized gains and losses on investments other than certain nonreadily marketable investments, adjustments for defined benefit and other post-retirement benefits and contributions of long-lived assets (including assets acquired using contributions which by donor-restriction were to be used for the purposes of acquiring such assets), and permanent transfers of assets to and from affiliates for goods and services

**Assets Whose Use is Limited**
Assets whose use is limited include designated assets set aside by the Board of Directors for future capital improvements over which the Board retains control and may at its discretion subsequently use for other purposes, assets held by trustees under indenture agreements and self-insurance trust arrangements

**Property, Plant and Equipment**
Property, plant and equipment are carried at cost, less accumulated depreciation Depreciation is computed using the straight-line method over the estimated useful life of each class of depreciable asset Gains and losses resulting from the retirement or sale of property, plant and equipment are included in the statements of operations Useful lives range as follows

| | |
|---|---|
| Land improvements | 5-25 years |
| Buildings and Improvements | 10-40 years |
| Fixed equipment | 5-10 years |
| Movable equipment | 3-7 years |

Gifts of long-lived operating assets such as land, buildings, or equipment are reported as unrestricted support, excluded from excess of revenues, gains and other support over expenses, unless explicit donor stipulations specify how the donated asset 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

**Temporarily and Permanently Restricted Net Assets**
Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity

**Inventories**
During Fiscal 2011, the Company began capitalizing inventory items for supplies used in operating rooms which were previously expensed as incurred At June 30, 2011 a physical inventory was taken and supplies totaling approximately $7,600,000 were capitalized which resulted in a reduction in operating expenses in the statement of operations Inventories are stated at lower of cost (first-in, first-out method) or market

**Investments and Investment Income**
The Hospital follows standards issued by the Financial Accounting Standards Board ("FASB") related to fair value accounting The standards define fair value, establish a framework for measuring fair value and expand the disclosures about fair value measurements The standards also provide an option to report selected financial assets and liabilities at fair value and establish presentation and disclosure requirements The fair value option permits the Hospital to elect to measure eligible items at fair value on an instrument-by-instrument basis and then report the unrealized gains and losses for those items in the Hospital's revenues, gains and other support over expenses The Hospital has chosen to record all of its investments under the fair value option permitted under these standards

Under these fair value standards, the Hospital is required to categorize and disclose certain assets and liabilities, including investments, at fair value, according to three levels of inputs that may be used to measure fair value

Level 1 Quoted prices in active markets for identical assets or liabilities
Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date There was no cumulative effect adjustment to net assets as a result of adoption

The following is a description of the Hospital's valuation methodologies for investments carried at fair value These methods may produce a fair value calculation that may not be reflective of future fair values Furthermore, while the Hospital believes that its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of investments could result in a different estimate of fair value at the reporting date

Where quoted prices are available in an active market, investments are classified in Level 1 of the valuation hierarchy Investments in Level 1 are exchange-trade equity securities and debt securities If quoted prices are not available, other accepted valuation methodologies, such as quotes for similar securities are used These valuation services estimate fair values using pricing models and other accepted valuation methodologies, such as quotes for similar securities and observable yield curves and spreads As part of the Hospital's overall valuation process, management evaluates these third-party methodologies to ensure that they are representative of exit prices in the Hospital's principal markets Investments in Level 2 include corporate obligations, other fixed income investments, other domestic equity investments, and foreign equity investments There are no Level 3 investments as of June 30, 2011 See Note 5 for additional details related to the Hospital's investments

The Hospital recognizes other than temporary impairment on investments on an annual basis The impact is recorded in investment income

**Deferred Financing Expense**
Deferred financing expense is amortized over the period the debt is outstanding using the interest method

**Bond Discounts**
Bond discounts are reported as direct reductions of the carrying values of the related debt instruments from which the discounts arose Bond discounts are amortized over the period the debt is outstanding using the straight-line method with current period adjustments included as a component of interest expense

**Estimated Self-Insurance Costs**
The provision for estimated self-insured claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported The Hospital self-insures its medical malpractice, general liability, and workers' compensation risks Reserve estimates are subject to the impact of changes in claim trends as well as prevailing social, economic, and legal conditions The ultimate net cost of settling these liabilities may vary from the estimated amounts Accordingly, reserve estimates are continually reviewed and updated and any resulting adjustments are reflected in the current financial statements

**Derivative Instruments**
The Hospital accounts for derivative financial instruments in accordance with standards issued by FASB The Hospital owns free-standing derivatives that are not designated as part of a qualifying hedge relationship As such, the derivatives are recorded at fair value and are marked-to-market through the excess of revenues over expenses

**Income Taxes**
The Hospital is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code On such basis, the exempt entities do not incur liability for federal income taxes, except in the case of unrelated business income

The Hospital evaluates uncertain tax positions using a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in an unrelated business activity tax return and disclosures regarding uncertainties in tax positions No adjustments to the financial statements were required as a result of this evaluation

**Fair Value of Financial Instruments**
Financial instruments include cash and cash equivalents, accounts receivable, investments, interest rate swap agreements and long-term debt The carrying amount reported in the balance sheets for cash and cash equivalents, accounts receivable, investments, interest rate swap agreements and long-term debt approximates its fair value as of June 30, 2011

**Supplemental Employee Retirement Plans**
Certain of the Hospital's employees are covered under supplemental employee retirement plans The liability for these plans is included in accrued pension costs on the balance sheet

**Deferred Compensation**
The Hospital is a party to deferred compensation plans intended to provide retirement benefits to certain individuals formerly employed by the Hospital Assets are deposited with the respective plan managers pursuant to these agreements such that the value of the assets determined by the market value approximates the related accrued deferred compensation liability The funds are placed into a range of investment strategies from conservative to aggressive

**Accounting for Defined Benefit Plan**
Substantially all employees of the Hospital are covered under a qualified noncontributory defined benefit pension plan Pension costs are funded as accrued except when not permitted by regulations, such as full funding limitations Unfunded prior service costs are amortized over an initial term of thirty years

The Hospital follows FASB standards over employer's accounting for defined benefit pension and other postretirement plans Included in these standards is a requirement for an entity to recognize in its balance sheet, the overfunded or underfunded status of its defined benefit postretirement plans measured as the difference between the fair value of the plan assets and the benefit obligation For a pension plan, this would be the projected benefit obligation, for any other postretirement plan, the benefit obligation would be the accumulated postretirement benefit obligation These standards also require measurement dates for the pension plan obligation to be measured as of the date of the entity's balance sheet

**Recently Issued Accounting Pronouncements**
In July 2011, the FASB issued Accounting Standards Update ("ASU") 2011-07, "Health Care Entities (Topic 954) Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities," which requires health care entities to change the presentation in their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts) For nonpublic entities, the amendments are effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2012, with early adoption permitted While this standard will have no impact on the Hospital's financial position or results of operations, it will require reclassification of the provision for doubtful accounts from operating expenses to a component of net revenues beginning with the first quarter of 2013, with retrospective application required

In August 2010, the FASB issued ASU 2010-24, "Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries," which clarifies that a health care entity should not net insurance recoveries against a related claim liability The guidance provided is effective for the fiscal years, and interim periods within those years, beginning after December 15, 2010

In August 2010, the FASB issued ASU 2010-23, "Health Care Entities (Topic 954) Measuring Charity Care for Disclosure," which prescribes a specific measurement basis of charity care for disclosure The guidance provided in this ASU is effective for fiscal years beginning after December 15, 2010

In January 2010, the FASB issued ASU 2010-06, "Fair Value Measurements and Disclosures about Fair Value Measurements " The new guidance requires that information, such as description of and reasoning for transfers, be disclosed for all transfers to and from Level's 1, 2 and 3 in the fair value hierarchy Another requirement under this guidance is the gross, rather than net, presentation of purchases, sales, issuances and settlements in Level 3 roll-forward tables The new guidance is effective for fiscal years beginning after December 15, 2009 for transfer disclosures and December 15, 2010 for gross presentation and as such, disclosures pertaining to these topics have be made in accordance with this guidance for consolidated financial statements beginning in Fiscal Year 2011 and Fiscal Year 2012, respectively

**3. Charity Care and Community Service**

The Hospital provides services to patients who meet the criteria of its charity service policy without charge or at amounts less than the established rates Criteria for charity care consider the patient's family income, family size, and ability to pay Individuals who qualify for charity care do not have insurance or other coverage

The Hospital maintains records to identify and monitor the level of charity care and community service it provides These records include the amount of charges foregone based on established rates for services and supplies furnished under its charity care and community service policies and the estimated cost of those services

Charges foregone for charity service as determined in accordance with the Hospital's policy approximate $18,552,000 and $13,481,000 in 2011 and 2010, respectively Such amounts have been excluded from revenue The cost to provide these services was approximately $6,810,000 and $5,706,000 for the years ended 2011 and 2010, respectively

Additionally, the Hospital sponsors certain other service programs and charity services which provide substantial benefit to the broader community Such programs include services to needy populations requiring special services and support, including community service programs and charity services as well as health promotion and education

The Hospital's community service includes the Medical Assistance program which makes payment for services provided to families with dependent children, the aged, the blind, and the permanently and totally disabled, whose income and resources are insufficient to meet the costs of necessary medical services Payments from the Medical Assistance program are generally less than the Hospital's charge for providing the service

In addition, community service represents the cost to deliver services to the community, net of any payment received for those services Included in these services are the Hospital's subsidy of outpatient clinics, education of medical professionals who work with various health care providers in the community upon graduation, and community mental health programs The Hospital also sponsors health fairs and other wellness programs throughout the community

## 4. Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates A summary of the payment arrangements with major third-party payors follows

- **Medicare**

  Inpatient acute care and rehabilitation services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors Outpatient services are reimbursed by Medicare under the Ambulatory Payment Classification System The Hospital is reimbursed for certain pass through items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with Medicare The Hospital's Medicare cost reports have been closed and settled by the Medicare fiscal intermediary through June 30, 2007

- **Medicaid**

  Historically, inpatient and outpatient services rendered to Medicaid program beneficiaries were paid at prospectively determined rates with inpatient services being reimbursed on a rate-per-discharge basis and outpatient services on a predetermined fee schedule basis

  On December 29, 2010 The Pennsylvania Department of Public Welfare ("DPW") received approval from the Centers for Medicare & Medicaid Services ("CMS") for the state plan amendments pursuant to Act 49 of 2010, passed by the Pennsylvania General Assembly on July 3, 2010, that established a new inpatient hospital fee for service payment system, new supplemental payments and the waiver to establish the statewide Quality Care Assessment DPW also received approval on final language for the DPW contracts with managed care organizations The estimated net impact on the Hospital for the year ended June 30, 2011 was $8,029,000 (based on total payment adjustments of $18,018,000 and offset by assessments of $9,989,000)

- **Capital Blue Cross**

  Beginning July 1, 2010, inpatient services rendered to Capital Blue Cross subscribers are reimbursed at negotiated case rates and per diem rates Previously, inpatient services had been reimbursed on a negotiated percentage of covered charges The prospectively determined rates are not subject to retroactive adjustment The Hospital continues to be reimbursed for outpatient services at a negotiated percentage of covered charges

- **Workers' Compensation**

  The payment method by which all employers and/or insurers of workers' compensation policies will pay for the services provided by health care providers to employees covered by workers' compensation is a percentage of the Medicare payment for these services

- **Other Contractual Arrangements**

  The Hospital has various payment agreements with preferred provider organizations and health maintenance organizations The basis for payment to the Hospital under these agreements includes discounts from established charges

  Revenue received under agreements with third-party payors is subject to audit and retroactive adjustment Adjustments related to tentative and final settlements with third-party payors are included in the determination of the excess of revenues, gains and other support over expenses in the year in which such adjustments become known Such adjustments relating to prior years reduced net patient service revenues by approximately $964,000 in 2011 and $1,943,000 in 2010

  The health care industry is subject to numerous laws and regulations of federal, state and local governments Compliance with these laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at the time Recently, government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed

## 5. Investments

| | 2011 | 2010 |
|---|---|---|
| **Deferred compensation** | | |
| Cash and cash equivalents | $ 507 | $ 579 |
| Mutual funds | 3,443,026 | 5,095,093 |
| Total deferred compensation | $ 3,443,533 | $ 5,095,672 |

Assets whose use is limited that are required for obligations classified as current liabilities are reported in current assets The composition of assets whose use is limited at June 30, 2011 and 2010, is set forth in the following tables

| | 2011 | 2010 |
|---|---|---|
| **Under self-insurance funding arrangements** | | |
| **Professional liability** | | |
| Cash and cash equivalents | $ 8,329,642 | $ 7,906,104 |
| U S Government securities | 6,991,769 | 5,631,031 |
| Corporate bonds | 4,928,840 | 3,392,041 |
| Mutual funds | 84,586 | 62,646 |
| | 20,334,837 | 16,991,822 |
| **Workers' compensation** | | |
| Cash and cash equivalents | 281,252 | 206,351 |
| U S Government securities | 3,432,321 | 4,337,099 |
| Corporate bonds | 3,476,579 | 2,347,149 |
| Mutual funds | 1,826,081 | 1,352,428 |
| | 9,016,233 | 8,243,027 |
| Total assets whose use is limited under self-insurance funding arrangements | $ 29,351,070 | $ 25,234,849 |

| | 2011 | 2010 |
|---|---|---|
| **Under revenue bond indenture agreements - held by trustee** | | |
| Cash and cash equivalents | $ 299,913 | $ 261,303 |
| U S Government securities | 2,726,595 | 2,752,739 |
| Total assets whose use is limited under under revenue bond indenture agreements | $ 3,026,508 | $ 3,014,042 |
| **By board** | | |
| Cash and cash equivalents | $ 9,125,460 | $ - |
| **Temporarily restricted funds** | | |
| Cash and cash equivalents | $ 646,812 | $ 540,817 |
| **Investments** | | |
| Beneficial interest in trusts | $ 13,248,119 | $ 10,989,659 |
| Cash and equivalents | 124,917 | 78,394 |
| Common, preferred and foreign stock | 2,699,556 | 2,291,307 |
| Mutual Funds | 254,147 | |
| Corporate bonds | 549,998 | 389,927 |
| U S Government securities | 1,191,046 | 1,251,965 |
| Total assets whose use is premanently restricted as to use | $ 18,067,783 | $ 15,001,252 |

A summary of the Hospital's total investment return for the years ended June 30, 2011 and 2010 as reflected in the Statements of Operations and Changes in Net Assets is as follows

| | 2011 | 2010 |
|---|---|---|
| **Nonoperating gains and losses** | | |
| Investment income | $ 802,682 | $ 345,846 |
| Change in unrealized gains (losses) on investments | 2,877,608 | 976,824 |

The Hospital's investments are managed by investment managers and bank trust departments Because the Hospital's investments include a variety of financial instruments, the related values as presented in the financial statements are subject to various market fluctuations which include changes in the equity markets, interest rate environment and general economic conditions

The Hospital performs an impairment analysis annually on its investments Other than temporary impairment charges of $26,000 and $258,000 were recorded at June 30, 2011 and 2010, respectively, and are included in investment income

The following tables represent the fair value measurement levels for all assets and liabilities, which the Hospital has recorded at fair value

| | | Fair Value Measurement Using | | |
|---|---|---|---|---|
| | June 30, 2011 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Other Unobservable Inputs (Level 3) |
| **Assets** | | | | |
| Cash and cash equivalents | $ 18,808,503 | $ 18,808,503 | $ - | $ - |
| Corporate and foreign bonds | 8,955,417 | - | 8,955,417 | - |
| Common, preferred and foreign stock | 2,699,556 | 2,699,556 | - | - |
| U S Government securities | 14,341,731 | - | 14,341,731 | - |
| Mutual funds | 5,607,840 | 5,607,840 | - | - |
| Beneficial interests in trusts | 13,248,119 | - | 13,248,119 | - |
| Total investments | $ 63,661,166 | $ 27,115,899 | $ 36,545,267 | $ - |
| **Liabilities** | | | | |
| Interest rate swap | $ 660,441 | $ - | $ 660,441 | $ - |

The following tables represent the fair value measurement levels for all assets and liabilities, which the Hospital has recorded at fair value

| | | Fair Value Measurement Using | | |
|---|---|---|---|---|
| | June 30, 2010 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Other Unobservable Inputs (Level 3) |
| **Assets** | | | | |
| Cash and cash equivalents | $ 8,993,546 | $ 8,993,546 | $ - | $ - |
| Corporate and foreign bonds | 6,129,118 | - | 6,129,118 | - |
| Common, preferred and foreign stock | 2,291,307 | 2,291,307 | - | - |
| U S Government securities | 13,972,834 | - | 13,972,834 | - |
| Mutual funds | 6,510,168 | 6,510,168 | - | - |
| Beneficial interests in trusts | 10,989,659 | - | 10,989,659 | - |
| Total investments | $ 48,886,632 | $ 17,795,021 | $ 31,091,611 | $ - |
| **Liabilities** | | | | |
| Interest rate swap | $ 775,340 | $ - | $ 775,340 | $ - |

There were no significant transfers in and out of Level 1 and Level 2 measurements

## 6. Property, Plant and Equipment

Property, plant and equipment and related accumulated depreciation at June 30, 2011 and 2010 consist of

| | 2011 | 2010 |
|---|---|---|
| Land and land improvements | $ 21,009,888 | $ 18,615,397 |
| Buildings | 449,579,275 | 444,353,285 |
| Fixed equipment | 258,307,171 | 246,852,895 |
| Movable equipment | 257,449,971 | 270,811,931 |
| Property, plant, equipment before depreciation and CPIP | 986,346,305 | 980,633,508 |
| Less Accumulated depreciation | (485,203,489) | (457,771,494) |
| Property, plant, equipment before CPIP, net of depreciation | 501,142,816 | 522,862,014 |
| Construction and projects in progress ("CPIP") | 14,077,439 | 21,474,063 |
| Net property, plant and equipment | $515,220,255 | $544,336,077 |

Depreciation expense was approximately $59,285,000 and $54,202,000 for the years ended June 30, 2011 and 2010, respectively

## 7. Long-Term Debt

Long-term debt at June 30, 2011 and 2010 consists of

| | 2011 Carrying Value | 2011 Fair Value | 2010 Carrying Value | 2010 Fair Value |
|---|---|---|---|---|
| Berks County Municipal Authority | | | | |
| Hospital Revenue Bond Series of 1998, | | | | |
| net of unamortized discount | $52,783,060 | $ 52,783,060 | $52,703,825 | $ 52,696,244 |
| Dauphin County General Authority | | | | |
| Hospital Revenue Bond Series A of 1994 | 6,285,000 | 6,285,000 | 7,080,000 | 7,080,000 |
| Berks County Municipal Authority | | | | |
| Hospital Revenue Bond Series of 1993 | 9,040,000 | 9,537,200 | 11,005,000 | 11,445,000 |
| Term loans | 2,695,311 | 2,695,311 | 2,899,157 | 2,899,157 |
| Total long-term debt | 70,803,371 | 71,300,571 | 73,687,982 | 74,120,401 |
| Less Amounts due within one year | 25,240,387 | | 24,955,387 | |
| Long term-debt, net of current portion | $45,562,984 | | $48,732,595 | |

Under the terms of the various debt agreements, the Hospital is required to maintain certain deposits with a trustee Such deposits are included with assets whose use is limited in the financial statements The various agreements also place limits on the incurrence of additional borrowings and require that the Hospital satisfy certain measures of financial performance as long as the debt is outstanding The Hospital was in compliance with the covenants at June 30, 2011 and 2010

Scheduled principal repayments on long-term debt are as follows for the years ending June 30

| | |
|---|---|
| 2012 | $ 25,240,387 |
| 2013 | 13,017,977 |
| 2014 | 3,040,896 |
| 2015 | 3,550,358 |
| 2016 | 1,820,635 |
| Thereafter | 25,500,070 |
| Total long-term debt | 72,170,323 |
| Less Unamortized discount | 1,366,952 |
| Long-term debt, net of unamortized discount | $ 70,803,371 |

**Berks County Municipal Authority Hospital Revenue Bond Series of 1998**
On September 10, 1998, The Berks County Municipal Authority ("Authority") issued $55,135,000 of 5 00% Health Care Revenue Bonds, Series 1998 ("1998 Bonds") to make revolving loans to finance (or reimburse prior expenditures for) the cost of buildings, equipment and improvements included in the capital budgets of the Hospital and the Highlands, and to pay certain costs incurred in connection with the issuance of the 1998 Bonds The Hospital's allocable portion of the 1998 Bonds was $54,150,000, while the Highlands' allocable portion was $985,000

Mandatory redemption of the 1998 Bonds is scheduled for March 2, 2028 The 1998 Bonds may be redeemed, at the option of the Authority and the direction of the Hospital, prior to 2028 The Hospital granted to the Authority an interest in certain assets and substantially all revenues as collateral for its obligation under the indenture

The Hospital has the option to recycle the principal component of the outstanding bonds In August 2010, $22,000,000 of principal scheduled for repayment in August 2010 was recycled to be payable in August 2020 In August 2011, $22,000,000 of principal scheduled for payment in August 2011 was recycled to be payable in August 2018

**Dauphin County General Authority Hospital Revenue Bond Series A of 1994**
On May 25, 1994, The Dauphin County General Authority ("General Authority") issued Hospital Variable Rate Demand/Fixed Rate Revenue Bonds, Series A of 1994 ("1994A Bonds") for the primary purpose of providing funds for the advance refunding of the Washington County Authority Municipal Facilities Lease Revenue Bonds

Mandatory annual principal redemptions by the Hospital for the 1994A Bonds range from $795,000 in 2011 to $980,000 in 2018 Interest is established based upon a remarketing process by which a broker dealer of the Hospital (the Remarketing Agent) sells bonds that are periodically tendered to other bond purchasers In the event that bonds are tendered and other bond purchasers cannot be found and the bonds cannot be remarketed, the Hospital is obligated to purchase such bonds The variable rate was 14% and 26% at June 30, 2011 and 2010, respectively The Hospital granted to the General Authority an interest in certain assets and substantially all revenues as collateral for its obligation under the indenture

**Berks County Municipal Authority Hospital Revenue Bond Series of 1993**
On June 1, 1993, the Authority issued Hospital Revenue Bonds, Series of 1993 ("1993 Bonds") for the primary purpose of providing funds for the advance refunding of the Berks County Municipal Authority Hospital Revenue Bond Series of 1986 ("1986 Bonds"), the retirement of certain other indebtedness, and the funding of certain medical and computer equipment to be located on Hospital premises

Mandatory annual principal redemptions by the Hospital for the 1993 Bonds range from $1,965,000 in 2011 to $2,450,000 in 2014 All mandatory redemptions are at par value The Hospital granted to the Authority a security interest in certain assets and substantially all revenues as collateral for its obligation under the indenture

The stated maturity dates and interest rates of the 1993 Bonds at June 30, 2011 are as follows

| Type | Face Amount | Maturity | Interest Rate |
|---|---|---|---|
| Term Bonds | $ 9,040,000 | 2010 - 2014 | 5 70% |

**Term Loans**
Effective retroactive to January 1, 2004, the Hospital replaced NMG Limited Partnership as the borrower on three promissory notes The Hospital was previously the guarantor for the notes The original notes were issued as follows $2,100,000 due March 31, 2020, $2,000,000 due December 31, 2019 and $165,000 due March 2006 In conjunction with the assumption of debt, the Hospital received assets which had been purchased with the proceeds from the debt

Mandatory annual principal redemptions by the Hospital for the notes range from $123,000 to $411,000 in 2019 The interest rate is calculated based upon the London Interbank Offered Rate plus 1 70% and was 1 89% at June 30, 2011

**Lines of Credit**
At June 30, 2011, the Hospital had available a line of credit of $10,000,000 with a commercial bank In the prior year, the Hospital had available two lines of credit with commercial banks totaling $60,000,000 One line of credit of $50,000,000 expired in September 2010 There were no amounts outstanding on the available lines of credit at June 30, 2011 and 2010, respectively

## 8. Interest Rate Swaps

The Hospital has used derivative instruments, such as interest rate swaps, to manage certain interest rate exposures Derivative instruments are viewed as risk management tools by the Hospital and are not used for trading and speculative purposes

When quoted market prices are not available, the valuation of derivative instruments is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each derivative This analysis reflects the contractual terms of the derivatives, including interest rate curves and implied volatilities The estimates of fair value are made by an independent third-party valuation service using a standardized methodology based on observable market inputs As part of the Hospital's overall valuation process, management evaluates this third-party methodology to ensure that it is representative of exit prices in the principal markets These future net cash flows, however, are susceptible to change primarily due to fluctuations in interest rates As a result, the estimated values of these derivatives will change over time as cash is received and paid and also as market conditions change As these changes take place, they may have a positive or negative impact on estimated valuations Based on the nature and limited purposes of the derivatives that the Hospital employs, fluctuations in interest rates have had only a modest effect on its results of operations As such, fluctuations are generally expected to be countered by offsetting changes in income, expense, and/or values of assets and liabilities

The Hospital has classified its interest rate swaps in Level 2 of the fair value hierarchy, as the significant inputs to the overall valuations are based on market-observable data or information derived from or corroborated by market-observable data For over-the-counter derivatives that trade in liquid markets, such as interest rate swaps, model inputs (i e contractual terms, market prices, yield curves, credit curves, and measures of volatility) can generally be verified, and model selection does not involve significant management judgment

In connection with the term loans, the Hospital assumes two interest rate swap agreements with a third party The swaps effectively convert the variable obligations to fixed rates of 9 13% for the $2,100,000 note and 9 06% for the $2,000,000 note The fair value of the interest rate swap agreements is the amount at which they would be settled based on estimates of market rates, which was a liability of $660,000 at June 30, 2011 and $775,000 at June 30, 2010

The change in the value of the interest rate swap agreements and the interest expense associated with these swaps are recorded in other nonoperating gains (losses) on the Statements of Operations

## 9. Pension Plans

The Hospital participates in The Reading Hospital and Medical Center Pension Plan ("Plan"), a noncontributory defined benefit pension plan that covers substantially all employees of the Hospital as well as certain affiliates of the Hospital Employees are eligible to join the Plan upon completion of one year of service provided they have attained age 21 Benefits are based upon years of credited service and the employee's highest average monthly compensation The Hospital also sponsors a defined contribution plan which allows employees to defer income for retirement The Hospital also sponsors a supplemental employee retirement plan ("SERP") for certain members of management The Hospital's funding policy is to contribute annually amounts required by Section 412(b) of the Internal Revenue Code so that no deficiency exists at the end of any Plan year

The following table sets forth the Plan's funded status and amounts recognized in the Hospital's balance sheets at June 30, 2011 and 2010 and the amounts charged to operations during the years ended June 30, 2011 and 2010

**Obligations and Funded Status at June 30 for the Plan and SERP**

| | 2011 | 2010 |
|---|---|---|
| Change in benefit obligation | | |
| Benefit obligation at beginning of year | $372,760,226 | $300,201,868 |
| Service cost | 16,246,275 | 13,717,437 |
| Interest cost | 20,221,240 | 19,513,918 |
| Actuarial gain | (13,018,594) | 48,764,819 |
| Benefits paid | (17,793,898) | (9,437,816) |
| Benefit obligation at end of year | $378,415,249 | $372,760,226 |
| Change in plan assets | | |
| Fair value of plan assets at beginning of year | $248,792,934 | $228,685,318 |
| Actual return on assets | 24,401,092 | 14,397,879 |
| Employer contributions | 23,482,694 | 15,147,553 |
| Benefits paid | (17,793,898) | (9,437,816) |
| Fair value of plan assets at end of year | $278,882,822 | $248,792,934 |

The accrued liability of the plan at June 30, 2011 and 2010 consists of the following components

| | 2011 | | 2010 | |
|---|---|---|---|---|
| | Plan | SERP | Plan | SERP |
| Funded status | $ (99,532,427) | $ - | $ (118,454,510) | $ (5,512,782) |

The accumulated benefit obligations totaled $322,148,000 and $310,132,000 at June 30, 2011 and 2010, respectively, for the Plan and SERP

Amounts recognized in the balance sheet consist of

| | 2011 | | 2010 | |
|---|---|---|---|---|
| | Plan | SERP | Plan | SERP |
| Current portion of accrued pension and postretirement liabilities | $ - | $ - | $ - | $ (5,512,782) |
| Prepaid (accrued) pension and postretirement, net of current portion | (99,532,427) | - | (118,454,510) | - |
| Total prepaid (liability) | $ (99,532,427) | $ - | $ (118,454,510) | $ (5,512,782) |
| Amounts recognized in net assets consist of | | | | |
| Net actuarial loss (gain) | $ 82,913,748 | | $ 107,134,700 | |
| Prior service cost (benefit) | 1,664,829 | | 1,880,792 | |
| Pension cost charged to net assets | $ 84,578,577 | | $ 109,015,492 | |

Net periodic benefit cost components include the following

| | 2011 | | 2010 | |
|---|---|---|---|---|
| | Plan | SERP | Plan | SERP |
| Service cost - benefits earned during the period | $ 16,143,178 | $ 103,097 | $ 12,395,221 | $ 1,322,216 |
| Interest cost on projected benefit obligation | 20,074,172 | 147,068 | 18,955,421 | 558,497 |
| Expected return on Plan assets | (20,499,749) | - | (18,366,365) | - |
| Amortization of prior service cost | 215,963 | - | 215,963 | - |
| Amortization of net gain | 5,181,268 | 424,663 | 2,057,624 | 255,535 |
| Settlement charge | - | 1,695,084 | - | - |
| Effect of curtailment | - | - | - | (1,244,459) |
| Net periodic pension cost charged to operations | $ 21,114,832 | $ 2,369,912 | $ 15,257,864 | $ 891,789 |

The amounts expected to be amortized from unrestricted net assets to net periodic pension costs during fiscal year 2012 are a net loss of $3,467,000 and a prior service cost of $216,000

Weighted-average assumptions used to determine benefit obligations at June 30

| | 2011 Plan | 2011 SERP | 2010 Plan | 2010 SERP |
|---|---|---|---|---|
| Discount rate | 5 78% | * | 5 59% | 1 63% |
| Rate of compensation increase | 3 00% | * | 3 00% | 5 00% |
| Measurement date | 6/30/2011 | 6/30/2011 | 6/30/2010 | 6/30/2010 |

*As of June 30, 2011 all of the participants' benefit obligations have been settled

Weighted-average assumptions used to determine net periodic benefit cost for years ended June 30

| | 2011 Plan | 2011 SERP | 2010 Plan | 2010 SERP |
|---|---|---|---|---|
| Discount rate | 5 59% | 5 59%/1 63% | 6 50% | 7 00% |
| Expected long-term return on plan assets | 8 00% | N/A | 8 00% | N/A |
| Rate of compensation increase | 3 00% | 5 00% | 3 00% | 7 00% |

To develop the expected long-term rate of return on assets assumption, the Hospital considered the historical returns and the future expectations for returns for each asset class, as well as the target asset allocation of the pension portfolio

**Plan Assets**
The Reading Hospital and Medical Center Pension Plan weighted-average asset allocations at June 30, 2011 and 2010, by asset category are as follows

| | Plan Assets at June 30 | |
|---|---|---|
| | 2011 | 2010 |
| **Asset Category** | | |
| Cash and cash equivalents | 1 2 % | 28 8 % |
| Mutual funds | 21 1 | 30 4 |
| Fixed income | 28 3 | 8 2 |
| Equity investments | 3 5 | 15 2 |
| Alternative investments | 45 9 | 17 4 |
| | 100 0 % | 100 0 % |

The overall investment objective of the Plan is to provide a return on investment consistent with the Plan's spending needs and to prevent erosion of purchasing power by inflation Achievement of the return will be sought from an investment strategy that provides an opportunity for superior returns within acceptable levels of risk and volatility of returns

The following table represents the fair value measurement levels for all assets and liabilities, which the Hospital has recorded at fair value

| | | Fair Value Measurement Using | | |
|---|---|---|---|---|
| | June 30, 2011 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Other Unobservable Inputs (Level 3) |
| **Assets** | | | | |
| Cash and cash equivalents | $ 3,300,843 | $ 3,300,843 | $ - | $ - |
| State and local government securities | 9,450,000 | - | - | 9,450,000 |
| Mutual funds | 59,042,410 | 23,330,178 | 35,712,232 | - |
| Equities | 9,626,546 | 9,626,546 | - | - |
| Fixed income funds | 69,391,277 | 69,391,277 | - | - |
| Hedge funds and private equity funds | 128,071,746 | - | - | 128,071,746 |
| Total investments | $278,882,822 | $105,648,844 | $ 35,712,232 | $ 137,521,746 |

| | | Fair Value Measurement Using | | |
|---|---|---|---|---|
| | June 30, 2010 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Other Unobservable Inputs (Level 3) |
| **Assets** | | | | |
| Cash and cash equivalents | $ 71,769,259 | $ - | $ 71,769,259 | $ - |
| Corporate and foreign bonds | 23,377,079 | - | 23,377,079 | - |
| State and local government securities | 9,700,000 | - | - | 9,700,000 |
| U S Government securities | 10,735,265 | - | 10,735,265 | - |
| Mutual funds | 78,194,374 | 14,518,167 | 23,142,351 | 40,533,856 |
| Fixed income funds | 52,379,870 | 41,458,672 | 10,921,198 | - |
| Hedge funds and private equity funds | 2,637,088 | - | - | 2,637,088 |
| Total investments | $248,792,935 | $ 55,976,839 | $139,945,152 | $ 52,870,944 |

The following table represents the nonreadily marketable investments and auction rate securities for which fair value was measured under Level 3

| | 2011 | 2010 |
|---|---|---|
| Beginning balance at July 1 | $ 52,870,944 | $ - |
| Total realized and unrealized gains included in excess of revenue, gains and other support over expenses | (1,409,879) | (666,870) |
| Purchases, issuances, and settlements | 86,060,681 | 53,537,814 |
| Transfers in and/or (out) of Level 3 | - | - |
| Ending balance at June 30 | $137,521,746 | $ 52,870,944 |

**Cash Flows**

*Contributions*

The Reading Hospital and Medical Center expects to contribute the minimum required contribution during the 2012 fiscal year to the Plan, which is estimated to be $15,454,000

*Estimated Future Benefit Payments*

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

| For the years ending June 30 | |
|---|---|
| 2012 | $ 10,193,148 |
| 2013 | 10,980,950 |
| 2014 | 12,059,507 |
| 2015 | 13,224,362 |
| 2016 | 14,995,296 |
| 2017 - 2021 | 99,974,235 |

## 10. Related Party Transactions

During the fiscal years ended June 30, 2000, 2001, 2002, 2005, 2008 and 2009, the Berks County Authority issued Hospital Revenue bonds totaling $45,805,000, $168,745,000, $90,000,000, $195,000,000, $65,000,000 and $280,000,000, respectively, on behalf of the Parent and the Hospital (collectively, the "Obligated Group") During the years ended June 30, 2011 and 2010 the Parent provided the Hospital with $14,967,000 and $35,755,000, respectively, of bond proceeds for debt refunding and acquisition of property, plant and equipment The remaining bond proceeds of approximately $15,188,000 at June 30, 2010 were included in assets whose use is limited under bond indenture on the Parents' balance sheet

Under an agreement with the Parent, the Medical Center has established a repayment schedule that mirrors the principal repayments of the debt Additionally, the Parent allocates to the Medical Center, a portion of the interest expense of those bonds based on the total debt outstanding and funds drawn by the Medical Center At June 30, 2011 and 2010, the Medical Center had total long-term payables to the Parent of $503,850,000 and $498,312,000, respectively, and for the years ended June 30, 2011 and 2010, the Medical Center expensed interest charges from the Parent of approximately $17,470,000 and $16,547,000, respectively, relating to these transactions During 2011 and 2010, the Medical Center made principal payments to the Parent of $9,699,000 and $5,230,000, respectively

At June 30, 2011 and 2010, the total bonds outstanding at the Parent where the Medical Center is part of the Obligated Group arrangement were approximately $556,424,000 and $557,440,000, respectively

Scheduled principal repayments on long-term affiliated payables are as follows for the years ending June 30

| | |
|---|---|
| 2012 | $ 10,574,000 |
| 2013 | 10,532,954 |
| 2014 | 10,289,000 |
| 2015 | 10,574,000 |
| 2016 | 11,764,000 |
| Thereafter | 439,272,363 |
| Total principal repayments due on long-term affiliated payables | $ 493,006,317 |

During the years ended June 30, 2011 and 2010, the Hospital transferred approximately $41,601,000 and $61,900,000, respectively, in cash and investments to its Parent

The Hospital and the Parent are unconditional guarantors on behalf of the Berks County Municipal Authority for the 1998 Bonds issued by The Highlands at Wyomissing ("Highlands") in the amount of $985,000, to fund capital projects The outstanding bonds totaled $985,000 at June 30, 2011 and 2010 The Hospital's guarantee expires upon retirement of the bonds

Other receivables from (payables to) affiliated organizations at June 30, 2011 and 2010 consist of

| | 2011 | 2010 |
|---|---|---|
| The Reading Hospital, net | $ (10,218,875) | $ (26,210,767) |
| Reading Professional Services | 972,750 | 998,932 |
| The Highlands at Wyomissing | 481,072 | 1,837,008 |
| Berkshire Health Partners | 94,623 | 102,818 |
| Springridge, LLC | 1,163,627 | 511,347 |
| The Reading Hospital Medical Group | 562,181 | (475,187) |
| Net due to affiliated organizations | $ (6,944,622) | $ (23,235,849) |

These amounts are all noninterest bearing with no stated repayment terms

Included in other assets are the following investments in affiliates at June 30, 2011 and 2010

| | 2011 | 2010 |
|---|---|---|
| Reading Berks Physical Therapy | $ 378,266 | $ 393,738 |
| Springridge, LLC | 2,133,518 | 2,011,948 |
| Total investments in affiliated organizations | $ 2,511,784 | $ 2,405,686 |

The Hospital purchases various services from other affiliated organizations and also provides certain services to such affiliates A summary of these transactions for the years ended June 30, 2011 and 2010 is as follows

| | 2011 | 2010 |
|---|---|---|
| Revenues | | |
| Management and support | $ 38,400 | $ 38,400 |
| Rent | 1,854,542 | 1,664,446 |
| Total revenues from affiliated organizations | $ 1,892,942 | $ 1,702,846 |

## 11. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2011 and 2010

| | 2011 | 2010 |
|---|---|---|
| Various health care services | $ 646,812 | $ 540,817 |

Permanently restricted net assets at June 30, 2011 and 2010 are restricted to

| | 2011 | 2010 |
|---|---|---|
| Permanent endowment funds, the interest and dividend income from which is expendable to support health care services | $ 4,059,475 | $ 4,039,111 |
| Funds held in trust by others | 13,248,119 | 10,989,659 |
| Total permanently restricted net assets | $ 17,307,594 | $ 15,028,770 |

## 12. Insurance Arrangements

The Hospital participates in the Pennsylvania Medical Care and Reduction of Error Fund or Mcare Fund (formerly the Medical Professional Liability Catastrophe Fund – "CAT Fund") established under the Medical Care Availability and Reduction of Error Act ("Mcare Act") of the Commonwealth of Pennsylvania The Mcare Fund provides coverage excess of the Hospital's primary per occurrence retention, currently $500,000, up to $1 million per occurrence, i e $500,000 of coverage per occurrence with a $1 5 million annual aggregate The Hospital has also retained the layer $25 million excess of Mcare since July 1, 2009, i e $25 million excess of $1 million per occurrence No contributions were required to be made to the plan during the years ended June 30, 2011 and 2010 Funding requirements of the plan are subject to increase depending on the plan's claim experience

Premium payments for the Mcare Fund are based upon each individual licensed healthcare provider's rating with the Joint Underwriters Association and may be subject to future increases to cover any funding deficiencies within the Mcare Fund The Hospital's annual surcharge premiums for participation in the Mcare Fund were $1,510,000 and $1,415,000 for the years ended June 30, 2011 and 2010, respectively The Mcare Fund is scheduled, under current legislation, to be phased out in 2013 The Hospital has not made a provision for future Mcare premium payments in the accompanying June 30, 2011 and 2010 financial statements due to the uncertainty surrounding the Commonwealth's future funding of this liability The Hospital may be liable for future assessments

Additionally, the Hospital self-insures its workers' compensation and minor general liability risks The Hospital's self-insurance plan has been reviewed and approved by the Commissioner of Insurance of Pennsylvania

The Hospital purchases excess workers' compensation insurance with statutory limits over a self-retention of $1,000,000 per occurrence subject to a policy maximum of $1,000,000 for the policy period The Hospital has established a trust fund for the payment of workers' compensation benefits

Reserves for self-insurance claims at June 30, 2011 and 2010 are summarized as follows

| | 2011 | 2010 |
|---|---|---|
| Professional liability claims payable | $ 24,027,000 | $ 22,056,100 |
| Workers' compensation | 13,745,000 | 13,148,000 |
| Total self-insurance claims reserve | 37,772,000 | 35,204,101 |
| Less Current portion | 8,382,300 | 7,291,000 |
| Self-insurance claims reserve, net of current portion | $ 29,389,700 | $ 27,913,101 |

## 13. Commitments and Contingencies

### Operating Leases

The Hospital leases equipment and facilities under operating leases expiring at various dates through December 2016 Total rental expense under all operating leases was $6,204,000 and $5,826,000 for the years ended June 30, 2011 and 2010, respectively

The following table summarizes future minimum rental commitments under non-cancellable operating leases with initial or remaining terms of more than one year

| For the years ending June 30 | |
|---|---|
| 2012 | $2,100,827 |
| 2013 | 1,551,149 |
| 2014 | 889,396 |
| 2015 | 672,750 |
| 2016 and thereafter | 219,842 |

**Litigation**
The Hospital is also involved in certain litigation which involves professional and general liability In the opinion of management and legal counsel, the ultimate liability, if any, will not have a material effect on the financial condition of the Hospital

**Regulatory Compliance**
Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation The Hospital believes that it is in compliance with all applicable laws and regulations through the years ended June 30, 2011 and 2010 Compliance with such laws and regulations can be subject to government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs

## 14. Functional Expenses

The Hospital provides general health care services to residents within its geographic location Expenses related to providing these services are as follows

| | 2011 | 2010 |
|---|---|---|
| Health care services | $547,615,232 | $536,303,298 |
| General and administrative | 146,781,079 | 133,561,869 |
| Total functional expenses | $694,396,311 | $669,865,167 |

## 15. Significant Concentrations of Credit Risk

Financial instruments which subject the Hospital to concentrations of credit risk consist primarily of cash and cash equivalents, short term investments, U S Treasury obligations, and patient accounts receivables

The Hospital typically maintains cash and cash equivalents and short term investments in commercial banks The short-term investments consist primarily of money market funds, U S Government agency notes, U S Treasury bills, commercial paper and corporate bonds with maturities ranging from 90 to 180 days The FDIC insures funds up to $100,000 per depositor

The fair value of the Hospital's investments are subject to various market fluctuations which include changes in the interest rate environment and general economic conditions

The Hospital's operations are located in Reading, Pennsylvania Its primary service area includes Reading, Pennsylvania and the Greater Berks County community The Hospital grants credit to its patients and other third-party payors, primarily Medicare, Medical Assistance, Blue Cross and various commercial insurance companies The Hospital maintains reserves for potential credit losses and such losses have historically been within management's expectations The mix of receivables from patients and third-party payors at June 30, 2011 and 2010, was as follows

| | 2011 | 2010 |
|---|---|---|
| Medicare | 28 % | 35 % |
| Medical Assistance | 18 | 17 |
| Blue Cross | 15 | 14 |
| Commercial insurance | 19 | 17 |
| Self-pay | 18 | 15 |
| Other | 2 | 2 |
| | 100 % | 100 % |

## 16. Subsequent Events

The Hospital has evaluated subsequent events through November 18, 2011 Management reviews for and identifies subsequent events through participation at meetings of the Board of Directors and their subcommittees