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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
ROBERT PACKER HOSPITAL

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
ONE GUTHRIE SQUARE

City or town, state or country, and ZIP + 4
SAYRE, PA 18840

D Employer identification number
24-0795463

E Telephone number
(570) 887-4625

G Gross receipts $ 531,720,610

F Name and address of principal officer
MARIE DROEGE
GUTHRIE SQUARE
SAYRE, PA 18840

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 GUTHRIE ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1885 | **M** State of legal domicile PA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
ROBERT PACKER HOSPITAL PROVIDES HEALTHCARE SERVICES TO RESIDENTS OF THE SURROUNDING COMMUNITY ON AN IN-PATIENT AND OUT-PATIENT BASIS APPROXIMATELY 14,628 PATIENTS WERE ADMITTED TO RPH IN FYE 6/30/11

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	14
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	10
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	1,735
6	Total number of volunteers (estimate if necessary)	**6**	194
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	1,824,613	2,040,853
9	Program service revenue (Part VIII, line 2g)	240,099,269	263,735,137
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	15,375,473	9,769,400
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-2,477,988	4,751,467
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	254,821,367	280,296,857
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	15,925	15,600
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	74,736,374	81,752,577
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	133,967,056	148,963,309
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	208,719,355	230,731,486
19	Revenue less expenses Subtract line 18 from line 12	46,102,012	49,565,371
Net Assets or Fund Balances		**Beginning of Current Year**	**End of Year**
20	Total assets (Part X, line 16)	290,767,514	345,324,611
21	Total liabilities (Part X, line 26)	176,817,165	159,605,290
22	Net assets or fund balances Subtract line 21 from line 20	113,950,349	185,719,321

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: 2012-05-08

MARIE DROEGE PRESIDENT & COO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed ▶☐	PTIN
Firm's name ▶ PricewaterhouseCoopers LLP				Firm's EIN ▶
Firm's address ▶ 2001 MARKET ST SUITE 1700 PHILADELPHIA, PA 19103				Phone no ▶ (267) 330-3000

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

ROBERT PACKER HOSPITAL IS AN AFFILIATE OF GUTHRIE HEALTH GUTHRIE HEALTH IS A NONPROFIT HEALTH CARE ORGANIZATION THAT SERVES TO COORDINATE THE ACTIVITY OF GUTHRIE CLINIC (CLINIC) AND THE AFFILIATES WITHIN GUTHRIE HEALTHCARE SYSTEM (GHS, SEE FORM 990, SCHEDULE R, FOR A LISTING OF AFFILIATES OF GHS, INCLUDING ROBERT PACKER HOSPITAL (RPH)) THROUGH THE ACTIVITIES OF THE CLINIC, GHS, RPH, AND ITS OTHER AFFILIATES (COLLECTIVELY REFERRED TO AS "GUTHRIE"), GUTHRIE HEALTH PROVIDES CHARITABLE COMMUNITY-BASED HEALTH CARE SERVICES AND PROGRAMS TO IMPROVE THE HEALTH AND WELL-BEING OF THE PEOPLE AND COMMUNITIES SERVED BY ITS FACILITIES AND PROVIDERS THESE CHARITABLE ACTIVITIES INCLUDE PROVIDING PRIMARY CARE AND SPECIALTY PHYSICIAN SERVICES, AS WELL AS OPERATING A TERTIARY CARE TEACHING HOSPITAL, COMMUNITY HOSPITALS, A RESEARCH INSTITUTE, HOME CARE, HOSPICE CARE AND A LONG-TERM CARE FACILITY THE GUTHRIE RESEARCH INSTITUTE AND GUTHRIE CLINICAL RESEARCH FUNCTIONS OF THE GUTHRIE FOUNDATION FOR MEDICA

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 $ 161,433,178 including grants of $ 0) (Revenue $ 263,452,599)

ROBERT PACKER HOSPITAL PROVIDES HEALTHCARE SERVICES TO RESIDENTS OF THE SURROUNDING COMMUNITY ON AN IN-PATIENT AND OUT-PATIENT BASIS APPROXIMATELY 14,628 PATIENTS WERE ADMITTED TO THE HOSPITAL IN FYE 6/30/2011 PATIENT DAYS TOTALED 64,721

4b (Code) (Expenses $ 9,603,835 including grants of $ 15,600) (Revenue $ 282,538)

ROBERT PACKER HOSPITAL PROVIDES EDUCATION SERVICES TO ITS EMPLOYEES AND MEMBERS OF THE COMMUNITY THE FOLLOWING EDUCATIONAL SERVICES ARE PROVIDED 1) X-RAY TECHNOLOGY, 2) RESPIRATORY THERAPY, 3) MEDICAL RESIDENTS & STUDENTS, 4) LABORATORY TECHNOLOGY, AND 5) ROBERT PACKER SCHOOL OF NURSING (AN AFFILIATE)

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

4d Other program services (Describe in Schedule O)
(Expenses $ 0 including grants of $ 0) (Revenue $ 0)

4e **Total program service expenses** ▶ $ 171,037,013

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		
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		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, 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		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
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		No
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**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
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**	Yes	
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**	Yes	
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	0		
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	1,735		
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		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*		3b		
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		No
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h		No
8	**Sponsoring organizations maintaining donor advised funds 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	14		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	10		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		5		No
6	Does the organization have members or stockholders?		6	Yes	
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		No
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		

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 ▶

MICHELE Y SISTO
ONE GUTHRIE SQUARE
SAYRE, PA 18840
(570) 887-4625

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			
(1) MARIE DROEGE PRESIDENT & COO	40 0	X		X				352,282	0	16,268
(2) DAVID LR GIBBS CHAIRMAN BOD	1 0	X						0	0	0
(3) JOSEPH R JOYCE SECRETARY/TREASURER BOD	1 0	X						0	0	0
(4) DANIEL J BROWN MD MEMBER BOD	1 0	X						0	452,152	43,752
(5) MARK A DIXON MEMBER BOD	1 0	X						0	0	0
(6) MARVIN L FISHER II MEMBER BOD	1 0	X						0	0	0
(7) KATHRYN B HASSEE SECRETARY/TREASURER BOD	1 0	X						0	0	0
(8) DEAN HOSTERMAN MEMBER BOD	1 0	X						0	0	0
(9) RHONDA G MOSS-TATICH MEMBER BOD	1 0	X						0	0	0
(10) SURYA NARAYANAN MD MEMBER BOD	1 0	X						0	319,268	39,612
(11) SEAN NICHOLSON MEMBER BOD	1 0	X						0	0	0
(12) BURDETT R PORTER MD MEMBER BOD	1 0	X						0	358,590	43,752
(13) DOUGLAS G RICH MEMBER BOD	1 0	X						0	0	0
(14) DANIEL SPORN MD MEMBER BOD	1 0	X						0	562,670	43,752
(15) GAIL ORCHARD MEMBER BOD	1 0	X						0	0	0
(16) MINH DANG CFO	39 0			X				0	219,209	31,090

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			
(17) BONNIE ONOFRE CHIEF NURSING OFFICER	34 0				X			197,605	0	14,750
(18) GEORGE ELLIS MD EMERGENCY MEDICINE CHAIRMAN	40 0				X			312,161	0	40,939
(19) ANTHONY OLIVA DO CMO CHIEF MEDICAL OFFICER	32 0				X			415,814	0	20,301
(20) BARBARA PENNYPACKER VP SURGICAL SERVICES	27 0				X			147,329	0	20,870
(21) DAVID CHANNIN MD CHAIR MEDICAL IMAGING	40 0				X			0	174,829	21,243
(22) JOSEPH SAWYER VP IMAGING & ANCILLARY TESTING	26 0				X			136,909	0	19,236
(23) NATHAN SHINAGAWA ADMINISTRATIVE DIRECTOR	40 0				X			69,881	0	320
(24) CHARLES MCGURK MD PHYSICIAN	40 0					X		316,182	0	12,901
(25) JAY SHAH MD PHYSICIAN	40 0					X		278,563	0	24,751
(26) RUSSETT BURKETT MD PHYSICIAN	40 0					X		262,300	0	24,751
(27) MARC HARRIS MD PHYSICIAN	40 0					X		271,429	0	16,268
(28) JAMES RAFTIS MD PHYSICIAN	40 0					X		264,900	0	24,751
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								3,025,355	2,086,718	459,307

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 ▶ 35

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization

(A) Name and business address	(B) Description of services	(C) Compensation
WELLIVER MCGUIRE INC 250 NORTH GENESEE ST MONTOUR FALLS, NY 14865	CONTRACTOR SERVICES	2,263,950
GR NOTO ELECTRIC CONSTRUCTION PO BOX 247 CLARKS SUMMIT, PA 18411	CONTRACTOR SERVICES	2,233,066
EXECUTIVE HEALTH RESOURCES PO BOX 822688 PHILADELPHIA, PA 19182	HEALTH PROF SERVICES	833,329
NURSEFINDERS PO BOX 910738 DALLAS, TX 75391	HEALTHCARE SERVICES	719,773
DIVERSIFIED CLINICAL SERVICES PO BOX 636981 CINCINNATI, OH 37483	HEALTHCARE SERVICES	627,953

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 ▶ 14

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	0				
	b Membership dues 1b	0				
	c Fundraising events 1c	0				
	d Related organizations . . . 1d	18,500				
	e Government grants (contributions) 1e	464,104				
	f All other contributions, gifts, grants, and similar amounts not included above 1f	1,558,249				
	g Noncash contributions included in lines 1a-1f $	3,456				
	h **Total.** Add lines 1a-1f . . . . . ▶		2,040,853			
Program Service Revenue		Business Code				
	2a NET PATIENT SERVICE REVENUE	621990	140,228,189	140,228,189		
	b EDUCATIONAL SERVICES	611600	282,538	282,538		
	c MEDICARE AND MEDICAID PAYMENTS	621990	123,224,410	123,224,410		
	d					
	e					
	f All other program service revenue					
	g **Total.** Add lines 2a–2f . . . . . ▶		263,735,137			
	3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶		5,597,620			5,597,620
	4 Income from investment of tax-exempt bond proceeds . . ▶		0			
	5 Royalties . . . . . ▶		0			
		(i) Real	(ii) Personal			
	6a Gross Rents					
	b Less rental expenses					
	c Rental income or (loss)	0	0			
	d Net rental income or (loss) . . . . . ▶		0			
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory	255,539,892	55,641			
	b Less cost or other basis and sales expenses	251,011,266	412,487			
	c Gain or (loss)	4,528,626	-356,846			
	d Net gain or (loss) . . . . . ▶		4,171,780			4,171,780
Other Revenue	8a Gross income from fundraising events (not including $ 0 of contributions reported on line 1c) See Part IV, line 18 . . . a	0				
	b Less direct expenses . . . b	0				
	c Net income or (loss) from fundraising events . . ▶		0			
	9a Gross income from gaming activities See Part IV, line 19 . a	0				
	b Less direct expenses . . . . . b	0				
	c Net income or (loss) from gaming activities . . ▶		0			
	10a Gross sales of inventory, less returns and allowances . a	0				
	b Less cost of goods sold . . b	0				
	c Net income or (loss) from sales of inventory . . ▶		0			
	Miscellaneous Revenue	Business Code				
	11a CHANGE IN DERIVATIVE INSTRUMENT	900099	-4,212,083			-4,212,083
	b GAIN ON RETIREMENT OF DEBT	900099	1,172,854			1,172,854
	c ALL OTHER REVENUE		7,790,696			7,790,696
	d All other revenue					
	e **Total.** Add lines 11a–11d . . . . . ▶		4,751,467			
	12 **Total revenue.** See Instructions . . . ▶		280,296,857	263,735,137	0	14,520,867

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	0			
2	Grants and other assistance to individuals in the U S See Part IV, line 22	15,600	15,600		
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	1,764,667	521,300	1,243,367	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	62,070,358	52,129,415	9,940,943	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	4,067,296	3,357,720	709,576	
9	Other employee benefits	9,128,687	7,128,129	2,000,558	
10	Payroll taxes	4,721,569	3,897,841	823,728	
a	Fees for services (non-employees) Management	7,301,517	239,952	7,061,565	
b	Legal	528,893	33,683	495,210	
c	Accounting	2,053,325		2,053,325	
d	Lobbying	20,189		20,189	
e	Professional fundraising services *See Part IV, line 17*	0			
f	Investment management fees	0			
g	Other	30,585,879	25,616,647	4,969,232	
12	Advertising and promotion	69,531	67,682	1,849	
13	Office expenses	61,951,809	56,894,834	5,056,975	
14	Information technology	5,676,289	928,216	4,748,073	
15	Royalties	0			
16	Occupancy	4,463,525	474,775	3,988,750	
17	Travel	360,958	328,772	32,186	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	208,275	190,150	18,125	
20	Interest	2,613,757		2,613,757	
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	11,629,036	43,962	11,585,074	0
23	Insurance	2,129,450	797,146	1,332,304	
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	BAD DEBT	17,758,326	17,758,326		
b	CAFETERIA/CATERING	363,819	262,848	100,971	
c	ACCRETION EXPENSES	177,913		177,913	
d	ALL OTHER EXPENSES	1,070,818	350,015	720,803	
e					
f	All other expenses				
25	**Total functional expenses.** Add lines 1 through 24f	230,731,486	171,037,013	59,694,473	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			1	
	2	Savings and temporary cash investments		2,578,326	2	6,890,030
	3	Pledges and grants receivable, net		781	3	522
	4	Accounts receivable, net		27,816,844	4	29,914,564
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		90,000	5	0
	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		0	7	0
	8	Inventories for sale or use		5,411,981	8	5,711,862
	9	Prepaid expenses and deferred charges		3,498,390	9	4,045,545
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 227,836,783			
	b	Less accumulated depreciation	10b 149,166,719	73,370,017	10c	78,670,064
	11	Investments—publicly traded securities		174,570,063	11	217,413,633
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		3,431,112	15	2,678,391
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		290,767,514	16	345,324,611
Liabilities	17	Accounts payable and accrued expenses		32,284,215	17	33,806,818
	18	Grants payable			18	
	19	Deferred revenue		1,683,754	19	603,027
	20	Tax-exempt bond liabilities		0	20	0
	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		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities Complete Part X of Schedule D		142,849,196	25	125,195,445
	26	**Total liabilities.** Add lines 17 through 25		176,817,165	26	159,605,290
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		110,089,583	27	182,038,126
	28	Temporarily restricted net assets		3,812,814	28	3,631,291
	29	Permanently restricted net assets		47,952	29	49,904
		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		113,950,349	33	185,719,321
	34	Total liabilities and net assets/fund balances		290,767,514	34	345,324,611

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	280,296,857
2	Total expenses (must equal Part IX, column (A), line 25)	2	230,731,486
3	Revenue less expenses Subtract line 2 from line 1	3	49,565,371
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	113,950,349
5	Other changes in net assets or fund balances (explain in Schedule O)	5	22,203,601
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	185,719,321

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		No
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		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

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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
ROBERT PACKER HOSPITAL

Employer identification number
24-0795463

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

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

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

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

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

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

_____

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

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

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

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

9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

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

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

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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
ROBERT PACKER HOSPITAL	24-0795463

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?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		20,189
j	Total lines 1c through 1i			20,189
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?			

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

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

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) 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 1J	OTHER LOBBYING ACTIVITIES	MEMBERSHIPS IN AMERICAN HOSPITAL (AHA) AND THE HOSPITAL & HEALTHSYSTEM ASSOCIATION OF PENNSYLVANIA (HAP)

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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
ROBERT PACKER HOSPITAL

Employer identification number
24-0795463

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					
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶
- 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)		
(ii) related organizations	3a(ii)		
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

4 Describe in Part 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		877,575		877,575
b Buildings		126,379,544	78,871,291	47,508,253
c Leasehold improvements		4,269,109	1,960,800	2,308,309
d Equipment		91,811,075	65,812,146	25,998,929
e Other		4,499,480	2,522,482	1,976,998
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				78,670,064

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

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
ESTIMATED THIRD PARTY PAYABLE	8,052,588
RPH AUXILARY INVESTMENTS	63,810
ASSET RETIREMENT OBLIGATION	3,727,472
SWAP CONTRACT PAYABLE 2007	356,850
SWAP CONTRACT PAY FMV 2007	14,658,022
DUE TO AFFILIATES	4,718,757
LOAN PAY-GH TAX EXEMPT BONDS	93,617,946
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	125,195,445

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	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	

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	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a			
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	
3	Subtract line **2e** from line **1**			3	
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	

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

1	Total expenses and losses per audited financial statements			1	
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			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
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	

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
SCHEDULE D PART X LINE 2		THE CORPORATION HAS ANALYZED THE TAX POSITIONS TAKEN BY THE ORGANIZATION AND HAS CONCLUDED THAT AS OF JUNE 30, 2011, THERE ARE NO UNCERTAIN TAX POSITIONS TAKEN OR EXPECTED TO BE TAKEN THAT WOULD REQUIRE RECOGNITION OF A LIABILITY (OR ASSET) OR DISCLOSURE IN THE FINANCIAL STATEMENTS

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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
ROBERT PACKER HOSPITAL

Employer identification number
24-0795463

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 ☑ 100% ☐ 150% ☐ 200% ☐ Other _____ %	3a	Yes	
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 ☑ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b	Yes	
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	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	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)			1,536,799	243,417	1,293,382	0 560 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			22,766,185	18,801,412	3,964,773	1 720 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			0	0	0	
d **Total** Financial Assistance and Means-Tested Government Programs			24,302,984	19,044,829	5,258,155	2 280 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			733,627	347,001	386,626	0 170 %
f Health professions education (from Worksheet 5)			8,476,753	3,103,138	5,373,615	2 330 %
g Subsidized health services (from Worksheet 6)			7,359,125	5,504,951	1,854,174	0 800 %
h Research (from Worksheet 7)			0	0	0	
i Cash and in-kind contributions to community groups (from Worksheet 8)			0	0	0	
j **Total** Other Benefits			16,569,505	8,955,090	7,614,415	3 300 %
k **Total.** Add lines 7d and 7j			40,872,489	27,999,919	12,872,570	5 580 %

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	5,403,859		
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			
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	85,169,968
6	Enter Medicare allowable costs of care relating to payments on line 5	6	72,347,335
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	12,822,633
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	Yes	

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					
2					
3					
4					
5					
6					
7					
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	ROBERT PACKER HOSPITAL ONE GUTHRIE SQUARE SAYRE,PA 18840	X	X		X			X		

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
SUPPLEMENTAL INFORMATION		PART I, LINE 7A - COST TO CHARGE RATIO WAS DERIVED FROM WORKSHEET #2 PART I, LINE 7B - COST TO CHARGE RATIO WAS DERIVED FROM WORKSHEET #2 PART I, LINE 7E - THE COST METHODOLOGY USED WAS ACTUAL EXPENDITURES PART I, LINE 7F- THE COST WAS TAKEN FROM THE MEDICARE COST REPORT PART I, LINE 7G - A COST ACCOUNTING SYSTEM WAS USED WITHIN THE COST ACCOUNTING SYSTEM, SOME PATIENT SEGMENTS WERE BASED ON A RATIO OF COST TO CHARGE - TOTAL DEPARTMENTAL EXPENSE PLUS ALLOCATED OVERHEAD SPREAD BASED ON CHARGES PART III, LINE 4 - COST TO CHARGE WAS DERIVED FROM WORKSHEET #2 THIS WAS APPLIED TO GROSS BAD DEBT EXPENSE FROM THE FINANCIAL STATEMENTS PART III, LINE 8 - MEDICARE PART III, LINE 9B - ONCE A PATIENT IS APPROVED FOR CHARITY CARE OR AN INSTALLMENT PLAN, THEIR ACCOUNT IS TRANSFERRED TO EITHER THE BUDGET OR CHARITY CARE FINANCIAL CLASS ACCOUNTS IN THESE FINANCIAL CLASSES ARE NOT PLACED WITH COLLECTION PART VI, LINE 2 - THE ORGANIZATION HAS NOT DONE A HEALTH ASSESSMENT OF THE COMMUNITIES IT SERVES THERE ARE PLANS TO COMPLETE AN ASSESSMENT DURING THE ORGANIZATION'S 2012 FISCAL YEAR PART VI, LINE 3 - CHARITY CARE AVAILABILITY AND CONTACT INFORMATION ARE POSTED IN ALL REGISTRATION AREAS AND IN THE HOSPITAL'S BUSINESS OFFICE THE CHARITY CARE POLICY, APPLICATION, AND CONTACT INFORMATION ARE POSTED ON THE HOSPITAL'S WEBSITE SELF PAY PATIENTS ARE REFERRED TO THE HOSPITAL'S FINANCIAL COUNSELOR FROM PHYSICIAN OFFICES, SOCIAL WORKERS, OR SELF REFERRED PART VI, LINE 3 - THE FINANCIAL COUNSELOR AS WELL AS THE BUSINESS OFFICE STAFF FOLLOW UP WITH SELF PAY PATIENTS TO ASSESS THEIR NEED AND ASSIST IN DETERMINING THEIR ELIGIBILITY FOR SECURING A PAYMENT SOURCE (I E COBRA COVERAGE, SPECIAL NEEDS PROGRAM, MEDICAID, OTHER FEDERAL/STATE PROGRAMS, OR CHARITY CARE) STAFF ALSO ASSIST WITH THE APPLICATION PROCESS AS REQUESTED BY SELF PAY PATIENTS PART VI, LINE 3 - THE HOSPITAL'S BILLING STATEMENTS ALSO HAVE INFORMATION REGARDING WHOM TO CONTACT IN CASE A PATIENT NEEDS ASSISTANCE MEETING ITS FINANCIAL OBLIGATIONS PART VI, LINE 4 - ROBERT PACKER HOSPITAL IS A 238-BED TERTIARY CARE TEACHING HOSPITAL LOCATED IN SAYRE, PA THE HOSPITAL OFFERS A FULL COMPLEMENT OF MEDICAL AND SURGICAL SERVICES AS WELL AS SPECIALIZED PROGRAMS THE HOSPITAL'S PRIMARY SERVICE LIES IN BRADFORD COUNTY IN PA AND STEUBEN AND TIOGA COUNTIES IN NEW YORK THE SECONDARY SERVICE AREA INCLUDES CONTIGUOUS COUNTIES IN BOTH PA AND NY PART VI, LINE 4 - THE POPULATION FOR THE TOTAL SERVICE AREA IS APPROXIMATELY 630,000 WITH 50% OF THE HOUSEHOLD INCOMES GENERALLY FALLING IN TWO CATEGORIES $25,000 - $50,000 AND $50,000 - $75,000 PART VI, LINE 6 - SEE THE ATTACHED STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS ATTACHED TO THE FORM 990 AS TO HOW THE HOSPITAL FURTHERS ITS EXEMPT PURPOSE BY PROMOTING THE HEALTH OF THE COMMUMNITY PART VI, LINE 7 - SEE THE ATTACHED STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS ATTACHED TO THE FORM 990

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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
ROBERT PACKER HOSPITAL

Employer identification number
24-0795463

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

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) Educational Aid - Undergraduate Students	48	15,600			

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
SCHEDULE I, PART I LINE 2 AND PART III	GRANTS TO INDIVIDUALS IN THE UNITED STATES	Health Profession Scholarships - Seniors must plan to enter an accredited college, university, hospital based nursing, or allied health program with careers in health professions, including hospital administration or a planned career in medical research Guthrie Employee Scholarships - These scholarships are offered to children of full-time employees of Guthrie Seniors must plan to enter an accredited college or university Any career interest is allowed

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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
ROBERT PACKER HOSPITAL

Employer identification number
24-0795463

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☑ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☑ Tax idemnification and gross-up payments	☐ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
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			
	☑ Compensation committee	☑ Written employment contract		
	☐ Independent compensation consultant	☑ Compensation survey or study		
	☐ Form 990 of other organizations	☑ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment from the organization or a related organization?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) 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)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(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
PART I, LINE 1A	QUESTIONS REGARDING COMPENSATION	GROSS-UP PAYMENTS ARE PERIODICALLY PROVIDED TO EMPLOYEES ALL PAYMENTS ARE MADE PURSUANT TO WRITTEN ORGANIZATIONAL POLICIES
PART I, LINE 3	QUESTIONS REGARDING COMPENSATION	EXECUTIVE COMPENSATION IS GENERALLY ESTABLISHED WITHIN A WRITTEN EMPLOYMENT AGREEMENT COMPENSATION IS DETERMINED BASED ON MARKET STUDIES, PRESENTED TO THE EXECUTIVE COMPENSATION COMMITTEE, and subsequently approved by the board of directors

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 24-0795463
Name: ROBERT PACKER HOSPITAL

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				
MARIE DROEGE	(I)	299,678	52,604	0	0	16,268	368,550	0
	(II)	0	0	0	0	0	0	0
DANIEL J BROWN MD	(I)	0	0	0	0	0	0	0
	(II)	438,857	13,295	0	0	43,752	495,904	0
SURYA NARAYANAN MD	(I)	0	0	0	0	0	0	0
	(II)	319,268	0	0	0	39,612	358,880	0
BURDETT R PORTER MD	(I)	0	0	0	0	0	0	0
	(II)	358,590	0	0	0	43,752	402,342	0
DANIEL SPORN MD	(I)	0	0	0	0	0	0	0
	(II)	562,670	0	0	0	43,752	606,422	0
MINH DANG	(I)	0	0	0	0	0	0	0
	(II)	184,993	34,216	0	0	31,090	250,299	0
BONNIE ONOFRE	(I)	171,810	25,795	0	0	14,750	212,355	0
	(II)	0	0	0	0	0	0	0
GEORGE ELLIS MD	(I)	302,428	9,733	0	0	40,939	353,100	0
	(II)	0	0	0	0	0	0	0
ANTHONY OLIVA DO CMO	(I)	321,312	55,952	38,550	0	20,301	436,115	0
	(II)	0	0	0	0	0	0	0
BARBARA PENNYPACKER	(I)	142,000	5,329	0	0	20,870	168,199	0
	(II)	0	0	0	0	0	0	0
CHARLES MCGURK MD	(I)	308,529	7,653	0	0	12,901	329,083	0
	(II)	0	0	0	0	0	0	0
JAY SHAH MD	(I)	268,563	10,000	0	0	24,751	303,314	0
	(II)	0	0	0	0	0	0	0
RUSSETT BURKETT MD	(I)	262,300	0	0	0	24,751	287,051	0
	(II)	0	0	0	0	0	0	0
MARC HARRIS MD	(I)	250,429	21,000	0	0	16,268	287,697	0
	(II)	0	0	0	0	0	0	0
JAMES RAFTIS MD	(I)	246,900	18,000	0	0	24,751	289,651	0
	(II)	0	0	0	0	0	0	0
DAVID CHANNIN MD	(I)	0	0	0	0	0	0	0
	(II)	149,829	25,000	0	0	21,243	196,072	0
JOSEPH SAWYER	(I)	131,010	4,970	929	0	19,236	156,145	0
	(II)	0	0	0	0	0	0	0

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SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

NonCash Contributions

▶Complete if the organization answered "Yes" on Form 990, Part IV, lines 29 or 30.
▶ Attach to Form 990.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
ROBERT PACKER HOSPITAL

Employer identification number
24-0795463

Part I Types of Property

	(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining oncash contribution amounts
1 Art—Works of art	X	1	3,456	COST
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ▶ (_____)				
26 Other ▶ (_____)				
27 Other ▶ (_____)				
28 Other ▶ (_____)				

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

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

Part II

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

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
ROBERT PACKER HOSPITAL

Employer identification number
24-0795463

Identifier	Return Reference	Explanation
FORM 990 SCHEDULE O DISCLOSURES		Form 990 Part IV Line 12 The organization's financial statements were audited on a consolidated basis with Guthrie Health and Affiliates Form 990 Part VI Line 6 Guthrie Healthcare System is the sole member of Robert Packer Hospital Form 990 Part VI Line 7a As the sole member of Robert Packer Hospital, Guthrie Healthcare System appoints the organization's Board of Directors Form 990 Part VI Line 7b As the sole member of Robert Packer Hospital, Guthrie Healthcare System has approval rights of certain board decisions Form 990 Part VI Line 11 The organization's Form 990 is presented to the Board of Directors for review and is also reviewed by the organization's finance personnel and an independent accounting firm prior to filing with the IRS Form 990 Part VI Line 12c The Conflict of Interest Disclosure Policy sets forth that all persons, including employees, agents and Board/Committee members, particularly those involved in decision-making for Guthrie Health (GH), act in an appropriate manner and will not participate in any actions that might create a personal or professional conflict of interest and/or not be in the best interest of GH All members of any GH Board/Committee and GH senior management must make full disclosure of any possible conflict of interest through the use of the Conflict of Interest Disclosure Form and refrain from voting or participating in decision-making involving any possible conflict of interest The form is distributed to all Board/Committee members, and employees (when applicable) annually by the GH Administration office GH Board/Committee members or employees must complete the Conflict of Interest Disclosure Form This form should be completed when there is any situation where a possible conflict of interest exists, and/or on an annual basis and/or at the time of appointment or election of new Board/Committee members If the form is not completed within 13 months of the last signing, the GH Board Chairman will be advised Any individual having a conflict of interest or possible conflict of interest on any manner should excuse themselves from the portion of the meeting or meetings where the matter is discussed and not vote or use his or her personal influence on the matter The minutes of the meeting or meetings should reflect the disclosure, the abstention from voting, and any action taken to determine whether a conflict of interest existed Form 990 Part VI Line 15a Executive compensation is generally established within a written employment agreement Compensation is determined based on market studies, presented to the Executive Compensation Committee, and subsequently approved by the Board of Directors Form 990 Part VI Line 15b Executive compensation is generally established within a written employment agreement Compensation is determined based on market studies, presented to the Executive Compensation Committee, and subsequently approved by the Board of Directors Form 990 Part VI Line 18 The organization's Form 1023, 990, and 990-T are available for public inspection upon request Form 990 Part VII Line 19 The organization does not make its governing documents, conflict of interest policy, and financial statements available to the public Form 990 Part VII Section A Average hours per week devoted to related organizations Daniel J Brown, MD Member BOD 40 hours per week Surya Narayanan, MD Member BOD 40 hours per week Burdett R Porter, MD Member BOD 40 hours per week Daniel Sporn, MD Member BOD 40 hours per week Minh Dang, CFO 1 hour per week Bonnie Onofre, Chief Nursing Officer 6 hours per week Anthony Oliva, DO, Chief Medical Officer 8 hours per week Barbara Pennypacker, VP Surgical Services 14 hours per week Joseph Sawyer, VP Imaging & Ancillary Testing 14 hours per week Form 990 Schedule D, Part X Due To Affiliates Robert Packer Hospital has been allocated certain proceeds of tax-exempt bonds that were issued to Guthrie Health (EIN 23-3055017) As such, all of the tax-exempt bond reporting for Guthrie Health and its affiliates has been made on Guthrie Health's Form 990 Form 990 Part XI Line 5 Other changes in net assets = $22,203,601

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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
ROBERT PACKER HOSPITAL

Employer identification number
24-0795463

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

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
See Additional Data Table							

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? 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

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) TWIN TIER MANAGEMENT CORP INC PO BOX 310 SAYRE, PA18840 23-2209439	MANAGEMENT	PA	NA	C CORP	5,907,461	5,406,163	100 000 %

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	Yes	
c Gift, grant, or capital contribution from other organization(s)	1c	Yes	
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	Yes	
g Purchase of assets from other organization(s)	1g	Yes	
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	Yes	
l Performance of services or membership or fundraising solicitations by other organization(s)	1l	Yes	
m Sharing of facilities, equipment, mailing lists, or other assets	1m	Yes	
n Sharing of paid employees	1n	Yes	
o Reimbursement paid to other organization for expenses	1o	Yes	
p Reimbursement paid by other organization for expenses	1p	Yes	
q Other transfer of cash or property to other organization(s)	1q		No
r Other transfer of cash or property from other organization(s)	1r	Yes	

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

(a) Name of 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

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: 24-0795463
Name: ROBERT PACKER HOSPITAL

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
GUTHRIE HEALTHCARE SYSTEM ONE GUTHRIE SQUARE SAYRE, PA18840 23-2200910	SUPPORTING	PA	501 (C)(3)	11C - III	GH		No
SAYRE HOUSE OF HOPE ONE GUTHRIE SQUARE SAYRE, PA18840 20-3979472	HEALTH CARE	PA	501 (C)(3)	7	GHS	Yes	
DONALD GUTHRIE FOUNDATION 200 SOUTH WILBUR AVENUE SAYRE, PA18840 24-6022957	MED RESEARCH	PA	501 (C)(3)	4	GHS	Yes	
ROBERT PACKER HOSPITAL SCHOOL OF NURSING 200 SOUTH WILBUR AVENUE SAYRE, PA18840 23-6408773	EDUCATION	PA	501 (C)(3)	2	GHS	Yes	
TROY COMMUNITY HOSPITAL INC 101 Elmira Street TROY, PA16947 24-0800337	HEALTH CARE	PA	501 (C)(3)	3	GHS	Yes	
TIOGA HEALTHCARE FACILITY ONE GUTHRIE SQUARE SAYRE, PA18840 15-0532257	HEALTH CARE	PA	501 (C)(3)	3	GHS	Yes	
SAYRE HOUSE INC 1001 NORTH ELMER AVENUE SAYRE, PA18840 23-1643404	NURSING FAC	PA	501 (C)(3)	9	GHS	Yes	
GUTHRIE HOME CARE 421 Tomahawk Road TOWANDA, PA18848 23-2394345	HOME HEALTH	PA	501 (C)(3)	9	GHS	Yes	
GUTHRIE CORNING DEVELOPMENT COMPANY INC 176 DENISON PARKWAY E CORNING, NY14830 16-1594628	SUPPORTING	NY	501 (C)(3)	11B TYPE II	GHS	Yes	
GUTHRIE SAME DAY SURGERY CENTER INC ONE GUTHRIE SQUARE SAYRE, PA18840 02-0551081	AMBULATORY	NY	501 (C)(3)	9	GHS	Yes	
GUTHRIE RISK RETENTION GROUP 151 MEETING STREET CHARLESTON, SC29401 20-1090801	SUPPORTING	SC	501 (C)(3)	11A TYPE 1	GH	Yes	
TIOGA NURSING FACILITY ONE GUTHRIE SQUARE SAYRE, PA18840 22-2979677	NURSING FAC	NY	501 (C)(3)	3	GHS	Yes	

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
GUTHRIE CLINIC LTD ONE GUTHRIE SQUARE SAYRE, PA18840 25-0815795	HEALTH CARE	PA	501 (C)(3)	3	GH	Yes	
DARWAY NURSING HOME INC ONE GUTHRIE SQUARE SAYRE, PA18840 23-1733967	NURSING FAC	PA	501 (C)(3)	9	GHS	Yes	
CORNING HOSPITAL 176 DENISON PARKWAY E CORNING, NY14830 16-0393490	HEALTH CARE	NY	501 (C)(3)	3	GHS	Yes	
GUTHRIE HEALTH ONE GUTHRIE SQUARE SAYRE, PA18840 23-3055017	SUPPORTING	PA	501 (C)(3)	11B TYPE II	NA		No

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)	GUTHRIE CLINIC	A	447,722	CONTRACT AGREE
(2)	GUTHRIE CLINIC	I	447,722	CONTRACT AGREE
(3)	GUTHRIE CLINIC	K	1,291,340	CONTRACT AGREE
(4)	GUTHRIE CLINIC	P	916,299	CONTRACT AGREE
(5)	GUTHRIE CLINIC	O	60,012	CONTRACT AGREE
(6)	GUTHRIE CLINIC	L	18,467,185	CONTRACT AGREE
(7)	CORNING HOSPITAL	K	1,060,515	CONTRACT AGREE
(8)	CORNING HOSPITAL	F	91,890	ASSET VALUE
(9)	GUTHRIE HOME CARE	K	142,366	CONTRACT AGREE
(10)	TROY COMMUNITY HOSPITAL	K	679,126	CONTRACT AGREE
(11)	TROY COMMUNITY HOSPITAL	P	316,699	DIRECT COST EXP
(12)	GUTHRIE SAME DAY SURGERY CENTER INC	K	52,904	CONTRACT AGREE
(13)	ROBERT PACKER SCHOOL OF NURSING	P	125,436	DIRECT COST EXP
(14)	ROBERT PACKER SCHOOL OF NURSING	J	100,584	DIRECT COST EXP
(15)	DONALD GUTHRIE FDN FOR EDUCATION & RESEARCH	P	192,120	DIRECT COST EXP
(16)	DONALD GUTHRIE FDN FOR EDUCATION & RESEARCH	B	52,239	DIRECT COST EXP
(17)	SAYRE HOUSE INC	R	195,919	ASSET VALUE

Guthrie Health and Affiliates

Consolidated Financial Statements
June 30, 2011 and 2010

pwc

Report of Independent Auditors

To the Board of Directors of
Guthrie Health and Affiliates

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations and changes in net assets and of cash flows present fairly, in all material respects, the financial position of Guthrie Health and Affiliates (the "Corporation") at June 30, 2011 and 2010, and the results of their operations and changes in net assets 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 Corporation'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

September 16, 2011

PricewaterhouseCoopers LLP, 677 Broadway, Albany, NY 12207
T: (518) 462 2030, F: (518) 427 4499, www.pwc.com/us

Guthrie Health and Affiliates
Consolidated Balance Sheets
June 30, 2011 and 2010

(in thousands of dollars)	2011	2010
Assets		
Current assets		
Cash and cash equivalents	$ 21,669	$ 16,589
Patient accounts receivable, net of estimated uncollectibles of $59,273 and $48,819	62,349	58,438
Inventories	9,132	8,985
Prepaid expenses and other assets	10,810	10,641
Total assets from discontinued operations	1,299	1,661
Total current assets	105,259	96,314
Assets limited as to use		
Trustee held funds under indenture agreement	14,799	15,865
Board-designated funds	95,528	102,310
Other	129,946	108,729
	240,273	226,904
Investments	388,146	333,626
Property and equipment, net	165,090	158,670
Other assets, net	2,328	2,750
Total assets	$ 901,096	$ 818,264
Liabilities and Net Assets		
Current liabilities		
Current maturities of long-term obligations	$ 6,425	$ 6,220
Accounts payable and accrued expenses	33,330	29,366
Accrued payroll, taxes, and vacation	35,575	32,802
Estimated third-party payable, net	19,134	17,516
Other	1,947	2,940
Total liabilities from discontinued operations	15	6
Total current liabilities	96,426	88,850
Long-term obligations, net of current maturities, bond discount and bond premium	126,207	148,428
Accrued pension cost	13,613	26,862
Asset retirement obligation	14,641	14,618
Other	106,314	106,878
Total liabilities	357,201	385,636
Net assets		
Unrestricted	490,301	386,091
Temporarily restricted	50,789	43,734
Permanently restricted	2,805	2,803
Total net assets	543,895	432,628
Total liabilities and net assets	$ 901,096	$ 818,264

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

Guthrie Health and Affiliates
Consolidated Statements of Operations and Changes in Net Assets
Years Ended June 30, 2011 and 2010

(in thousands of dollars)	2011	2010
Unrestricted revenues		
Net patient service revenue	$ 564,563	$ 526,197
Other operating revenue	11,209	12,037
Gain on early retirement of debt (Note 5)	3,271	-
Total revenues	579,043	538,234
Expenses		
Salaries and wages	240,271	225,695
Employee benefits	54,613	53,095
Purchased services	27,946	27,049
Supplies	102,884	96,567
Other expenses	54,561	42,791
Depreciation and amortization	29,680	28,401
Interest	3,372	3,562
Provision for bad debts	31,842	30,774
Total expenses	545,169	507,934
Income from operations	33,874	30,300
Other income, net (Note 9)	55,684	38,984
Excess of revenues over expenses	$ 89,558	$ 69,284

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

Guthrie Health and Affiliates
Consolidated Statements of Operations and Changes in Net Assets - Continued
Years Ended June 30, 2011 and 2010

(in thousands of dollars)	2011	2010
Unrestricted net assets		
Excess of revenues over expenses	$ 89,558	$ 69,284
Change in pension obligation	13,291	(16,737)
Reclassification of net assets (Note 3)	-	(441)
Net assets released from restrictions used for purchase of property and equipment	1,278	2,148
Other	(195)	-
Increase in unrestricted net assets before discontinued operations	103,932	54,254
Gain from operations of discontinued components	277	378
Increase in unrestricted net assets	104,209	54,632
Temporarily restricted net assets		
Contributions and grant income	948	970
Interest and dividends, net of investment fees	(213)	30
Net realized and unrealized gains on investments	8,404	4,084
Reclassification of net assets (Note 3)	-	430
Net assets released from restrictions	(2,085)	(2,899)
Increase in temporarily restricted net assets	7,055	2,615
Permanently restricted net assets		
Contributions	2	28
Reclassification of net assets (Note 3)	-	11
Increase in permanently restricted net assets	2	39
Increase in net assets	111,267	57,286
Net assets		
Beginning of year	432,628	375,342
End of year	$ 543,895	$ 432,628

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

Guthrie Health and Affiliates
Consolidated Statements of Cash Flows
Years Ended June 30, 2011 and 2010

(in thousands of dollars)	2011	2010
Cash flows from operating activities		
Change in net assets	$ 111,267	$ 57,286
Change in net assets due to discontinued operations	(277)	(378)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	29,680	28,401
Net realized and unrealized (gains) on investments	(50,024)	(39,543)
Loss on sale of property and equipment	654	288
Accretion expense	705	680
Provision for bad debts	31,842	30,774
Pension obligation adjustment	(13,291)	16,737
Restricted contributions received	(614)	(630)
Change in fair value of derivative instrument	(4,450)	7,214
Gain on early retirement of debt	(3,271)	-
Changes in operating assets and liabilities		
Patient accounts receivable	(36,985)	(28,237)
Inventories	(147)	(1,221)
Prepaid expenses and other assets	1,058	(566)
Accounts payable and accrued expenses	6,903	1,057
Estimated third-party payables, net	1,618	(1,139)
Other	2,502	(2,290)
Net cash provided by operating activities	77,170	68,434
Net cash provided by discontinued operations	572	651
Total net cash provided by operating activities	77,742	69,085
Cash flows from investing activities		
Cash received from sale of investments	821,958	582,648
Purchase of investments	(839,824)	(618,188)
Purchases of property and equipment	(37,132)	(26,123)
Proceeds from the sale of property and equipment	373	370
Net cash used for investing activies of discontinued operations	(338)	-
Net cash used in investing activities	(54,963)	(61,293)
Cash flows from financing activities		
Payments of long-term obligations	(18,312)	(5,930)
Restricted contributions received	614	630
Net cash used in financing activities	(17,698)	(5,300)
Net increase in cash and cash equivalents	5,081	2,492
Cash and cash equivalents		
Beginning of year	16,589	14,097
End of year	$ 21,669	$ 16,589

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

(in thousands of dollars)

1. Significant Accounting Policies

Organization and Principles of Consolidation

In 2001, Guthrie Clinic Ltd (the "Clinic") and Guthrie Healthcare System (GHS) entered into an alignment agreement that brought the two health care institutions together as sole members of a nonprofit organization called Guthrie Health Guthrie Health has direct oversight of both the Clinic and GHS and is responsible for the overall strategic, financial and operational direction of the organization Guthrie Health and Affiliates are referred to as the Corporation

The Corporation principally serves residents in Northern Central Pennsylvania and Southern Central New York and provides a broad range of the following health care services inpatient, outpatient, emergency care, long-term care, home care services, primary care services and specialty care services The Corporation also conducts medical research and educational programs

GHS is the sole corporate member of Donald Guthrie Foundation for Education and Research, Inc , (GF), Robert Packer School of Nursing, Robert Packer Hospital (RPH), Troy Community Hospital, Inc (TCH), Corning Hospital (CH), Sayre House, Inc , Guthrie Home Care, Guthrie Same Day Surgery Center, Inc , Sayre House of Hope, and Twin Tier Management Corporation, Inc GHS and CH are sole corporate members of Guthrie Corning Development Company (GCDC)

Guthrie Health formed Guthrie Risk Retention Group (GRRG), as a wholly owned subsidiary, to provide primary professional and general liability insurance coverage for certain affiliates of Guthrie Health effective July 1, 2004

All significant intercompany transactions within the Corporation have been eliminated

Guthrie Health has performed an evaluation of subsequent events through September 16, 2011 which is the date the consolidated financial statements were available to be issued

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 Estimates also affect the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates Significant estimates made by the Corporation include, but are not limited to, accruals, estimated fair value of investment securities and swap agreements, allowance for uncollectible accounts and third-party payor contractual adjustments, estimated third-party settlements, the insurance reserves for employee health insurance, workers' compensation and professional and general liability and assumptions used in determining pension liabilities and asset retirement obligations

Cash and Cash Equivalents

The Corporation considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents, excluding amounts held as assets limited as to use and investments The Corporation maintains funds on deposit in excess of amounts insured by the Federal Depository Insurance Corporation Limits

(in thousands of dollars)

Patient Accounts Receivable
The Corporation grants credit without collateral to its patients, health maintenance organizations, commercial payors, and government programs The mix of receivables, before allowances for doubtful accounts, at June 30 is as follows

	2011	2010
Medicare	28 %	30 %
Pennsylvania Medicaid/New York Medicaid	9 %	9 %
Other third-party payors	32 %	32 %
Self-pay	31 %	29 %
	100 %	100 %

Inventory Valuation
Inventories are stated at the lower of cost (first-in, first-out) or market

Assets Limited as to Use
Assets limited as to use primarily include funds held in trust by others, assets held by trustees under indenture agreements, self-insured trust funds for insurance, and 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

Investments and Investment Income
Investment securities (debt and equity) are recorded at fair value based on quoted market prices If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments The cost of sold investments is based upon the specific identification method Realized and unrealized gains and losses, interest income, and dividends from unrestricted investments are recorded as other income in the consolidated statements of operations and changes in net assets The Corporation records investment returns in accordance with accounting guidance related to the fair value option and has appropriately included all investment returns in excess of revenues over expenses Unrealized and realized gains and losses, interest income and dividends on investments from restricted assets are included as additions to either unrestricted or restricted net assets in accordance with donor intent

The Corporation has investments in U S and international government and agency obligations, corporate obligations, commercial paper, mutual funds and equity securities Investment securities are exposed to various risks, such as interest rate, market and credit Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is at least possible that changes in risks in the near term would materially affect the net assets of the Corporation

(in thousands of dollars)

Property and Equipment
Property and equipment are recorded at cost less the amount for accumulated depreciation Expenditures for maintenance, repairs and renewals of minor items are charged to operations as incurred Major renewals and improvements are capitalized Depreciation is provided on the straight-line method over the estimated useful lives of the related assets, which ranges from three to forty years Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment Such amortization is included in depreciation and amortization in the consolidated financial statements Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets

Gifts of land, buildings, or equipment are reported as unrestricted net assets, and are excluded from the excess of revenues over expenses 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 net assets

In accordance with authoritative guidance, the Corporation assesses its assets for impairment whenever events or changes in circumstances indicate the carrying amount of a respective asset may exceed their fair value There were no impairment losses during the years ended June 30, 2011 and June 30, 2010

Deferred Financing Costs and Bond Discount/Premium Amortization
Deferred financing costs (included in other assets) and bond discount/premium relate to costs incurred in connection with obtaining long-term obligations, which are being amortized over the term of the related obligations, using the straight-line method, which approximates the effective interest method Amortization expense related to deferred financing costs was $98 and $94 for the years ended June 30, 2011 and 2010, respectively Premium amortization was $26 for the years ended June 30, 2011 and 2010 In 2011, the Corporation extinguished a portion of its outstanding bonds payable and accordingly, fully amortized $254 of related deferred financing costs

Other Liabilities
The Corporation, under certain insurance programs, maintains reserves for expected losses primarily relating to professional and general liability, workers' compensation and employees' medical insurance A provision for claims under self-insured programs is recorded based upon the Corporation's estimate, after consultation with actuaries, of the aggregate liability for claims incurred

Temporarily and Permanently Restricted Net Assets
Temporarily restricted net assets are those whose use by the Corporation 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 Corporation in perpetuity

Temporarily and permanently restricted net assets are comprised primarily of trust and endowment funds, and the related net realized and unrealized gains and losses on those funds as established by donor restricted gifts

(in thousands of dollars)

Most of the trust assets are with one trustee The principal of the trusts is primarily restricted to capital expenditures Expenditures must be approved by the trustee and cannot exceed one-tenth of the original principal balance in any one year Income (interest and dividends) from these trusts is unrestricted

Donor-Restricted Gifts
Unconditional promises to give cash and other assets to the Corporation are reported at fair value at the date the promise is received Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received The 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 and changes in net assets or as released for the purchase of property and equipment based upon the donor restriction Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted net assets in the accompanying consolidated financial statements

Excess of Revenues Over Expenses
The consolidated statements of operations and changes in net assets include excess of revenues over expenses Changes in unrestricted net assets which are excluded from excess of revenues over expenses, include adjustments to pension obligations 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)

Net Patient Service Revenue
Net patient service revenue is recorded at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors Third-party payors retain the rights to review and propose adjustments to amounts paid to the Corporation Such 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

The Corporation has agreements with third-party payors that provide for payments at amounts different from its established rates A summary of the payment arrangements with major third-party payors is provided below

Medicare and Medicaid
A significant percentage of the Corporation's net patient service revenue is generated by government reimbursement programs Inpatient acute care, professional and outpatient ancillary services rendered by RPH and CH to Medicare and Medicaid program beneficiaries, and TCH services rendered to Medicaid beneficiaries, are paid at prospectively determined rates These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors

TCH is a critical access hospital and is therefore reimbursed at cost plus 1% for all services rendered to Medicare beneficiaries

(in thousands of dollars)

RPH, TCH and CH's Medicare cost reports have been audited and finalized by the Medicare fiscal intermediary through June 30, 2007, June 30, 2009 and December 31, 2009, respectively

Other Payors
The basis for payment by commercial insurance carriers and health maintenance organizations for inpatient and outpatient services include per diem rates, cost reimbursement, prospectively determined rates, fee schedules, and discounts from established charges

Charity Care and Community Service
The Corporation 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 Corporation does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue Cost for services and supplies furnished under the Corporation's charity care policy amounted to approximately $2,560 and $1,570 in 2011 and 2010, respectively, when measured at the Corporation's established rates

As part of its charitable mission, the Corporation provides care through its emergency departments It ensures that an emergency admission or treatment is not delayed or denied pending determination of coverage or a requirement for prepayment or deposit As a result of this policy, the Corporation had approximately $3,100 and $2,800 in bad debts in 2011 and 2010, respectively

In addition to the charity care program and the emergency department bad debts discussed above, the Corporation supports numerous other charitable and community activities Examples of these activities include medical education for physicians and nurses, the trauma program, and medical research The estimated cost, net of reimbursement, for these programs was $10,000 and $9,800 in 2011 and 2010, respectively

Revenues generated from patients who participate in the Medicaid program are subject to substantial discounts that result in reimbursement for services rendered below the cost of providing such services In order for patients to meet the guidelines for the Medicaid program, various income-based criteria must be met that validate the patient's inability to pay for services and ineligibility under other programs The estimated loss incurred from providing services to Medicaid patients amounted to $18,500 and $18,000 in 2011 and 2010, respectively

The total cost in supporting these charitable mission programs was approximately $33,600 and $31,400 in 2011 and 2010, respectively

Income Taxes
The consolidated financial statements do not give consideration to income taxes, as each of the entities are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code, except for Twin Tier Management Corporation, Inc , an affiliate, which is a taxable entity Income taxes paid in the years ended June 30, 2011 and 2010 were $20 and $0, respectively In 2011 and 2010, other operating expense included $57 and an income tax credit of $31, respectively The Corporation is subject to federal taxes on unrelated business income under Section 511 of the Internal Revenue Code Unrelated business income tax totaled a net refund of $10 and a tax paid of $230 for the years ending June 30, 2011 and 2010, respectively

Accounting principles generally accepted in the United States of America require the Corporation to evaluate tax positions taken by the Corporation and recognize a tax liability (or asset) if the

(in thousands of dollars)

Corporation has taken an uncertain position that more likely than not would be sustained upon examination by the Internal Revenue Service The Corporation has analyzed the tax positions taken by the organization, and has concluded that as of June 30, 2011 there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements

Asset Retirement Obligations
The Corporation accrues for asset retirement obligations in the period in which they are incurred if sufficient information is available to reasonably estimate the fair value of the obligation Over time, the liability is accreted to its settlement value Upon settlement of the liability, the Corporation will recognize a gain or loss for any difference between the settlement amount and liability recorded Accretion expense for the years ended June 30, 2011 and 2010 is $696 and $689 respectively, disposals totaled $258 and $83, respectively

2. Assets Limited as to Use and Investments

The composition of assets limited as to use and investments, at fair value, are as follows at June 30

	2011	2010
Held by trustee under indenture agreement		
Cash and cash equivalents	$ 1,299	$ 2,167
Mutual funds		197
Commercial paper	13,500	13,500
	14,799	15,864
Funds held in trust by others	44,272	37,327
Pooled and other investments		
Cash and cash equivalents	29,094	49,775
Marketable equity securities	171,271	126,533
Corporate obligations	146,901	164,722
U S government and agency obligations	161,288	112,228
International government and agency obligations	44,443	41,540
Equity mutual funds	15,927	12,261
Other	424	280
	569,348	507,339
	$ 628,419	$ 560,530

(in thousands of dollars)

The Corporation's return on investments for the years ended June 30 is as follows

	2011	2010
Interest and dividends, net of investment fees	$ 15,513	$ 15,730
Realized gains on investments, net	14,504	15,084
Change in net unrealized gains on investments	35,520	24,460
Total investment gain	$ 65,537	$ 55,274

3. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30

	2011	2010
Purchase of property and equipment	$ 42,824	$ 37,736
Healthcare services	4,383	4,028
Education and research	3,582	1,970
	$ 50,789	$ 43,734

Permanently restricted net assets are restricted as follows at June 30

	2011	2010
Investments to be held in perpetuity, the income from which is expendable to purchase capital equipment and support education	$ 2,805	$ 2,803

In 2010, $11 was reclassified from temporarily restricted net assets to permanently restricted net assets based on information received by the donor, and $441 in investment losses was reclassed from temporarily restricted net assets to unrestricted net assets based on the protocol of the donors' restriction of earnings

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors is as follows for the years ended June 30

	2011	2010
Purchase of property and equipment	$ 1,278	$ 2,148
Health care services	518	354
Education and research	289	397
	$ 2,085	$ 2,899

(in thousands of dollars)

4. Property and Equipment

Property and equipment, recorded at cost, consists of the following at June 30

	2011	2010
Land and land improvements	$ 10,330	$ 9,970
Buildings and building improvements	246,553	233,201
Permanent fixtures and equipment	217,969	201,857
	474,852	445,028
Less Accumulated depreciation	(315,076)	(292,436)
	159,776	152,592
Construction in progress	5,314	6,078
	$ 165,090	$ 158,670

Depreciation expense in 2011 and 2010 amounted to $29,618 and $28,335, respectively

The estimated cost to complete construction in progress projects at June 30, 2011 approximated $15,378

(in thousands of dollars)

5. Long-Term Obligations

Long-term obligations consist of the following at June 30

Bonds Payable	**2011**	**2010**
GH		
Health Care Facilities Authority of Sayre, Health Care Revenue Bonds, Series 2002A, due in varying annual principal installments through 2031, with interest payable semi-annually at various rates (ranging from 5 5% to 6 25%) Collateralized by buildings, equipment and accounts receivable (a)	$ 39,767	$ 43,123
Health Care Facilities Authority of Sayre, Health Care Revenue Bonds, Series 2007, due in varying annual principal installments through 2031, with interest payable quarterly at variable rates (ranging from 0 82% to 1 19%) Collateralized by buildings, equipment and accounts receivable (a) (b)	92,865	107,650
GCDC		
Bonds payable, Series 2001, due in annual principal payments, commencing in 2003, increasing $5 every one to three years through July 2032, with interest payable monthly at a variable rate (ranging from 42% to 60%) (c)	-	2,410
CH		
Bonds payable, Series 2001, due in annual principal payments, commencing in 2003, increasing $5 every two to three years through July 2032, with interest payable monthly at a variable rate (ranging from 42% to 60%) (c)	-	1,465
	132,632	154,648
Less Current portion of long-term obligations	(6,425)	(6,220)
	$ 126,207	$ 148,428

(a) Guthrie Health previously borrowed $240,000 under a Loan Agreement from the sale of tax exempt Revenue Bonds (Guthrie Health Issue), Series A and B of 2002 (the "2002 Bonds") issued by Healthcare Facilities Authority of Sayre (the "Authority") pursuant to a Master Trust Indenture

In April 2007, the Authority issued $187,455 of tax-exempt Revenue Bonds (Guthrie Health Issue) Series 2007 (the "2007 Bonds") for the purpose of advance refunding a portion of the 2002A Series Bonds and all of the Series 2002B Bonds and to pay the costs of issuing the 2007 Bonds With respect to the 2002 Bonds that were advance refunded, Guthrie Health is considered legally released as the primary obligor Interest on the 2007 Bonds is adjusted quarterly equal to 67% of the three-month LIBOR rate for such period, plus a per annum spread with a maximum rate of 15% per annum The spread is between 65 and 83 basis points dependent upon the term of the bonds

(in thousands of dollars)

The proceeds of the remaining 2002A Bonds and the 2007 Bonds are loaned to Guthrie Health under the loan agreement Guthrie Health has loaned such bond proceeds to the Clinic, GHS, and RPH to finance, reimburse, refinance or refund costs of capital projects of such affiliates Affiliate loan documents, relating to the 2002A and 2007 Bonds, entered into by GHS and RPH are collateralized by their respective Mortgages on the Sayre, Pennsylvania campus property of GHS and RPH In addition, the Affiliate loan documents entered into by RPH and the Clinic are collateralized by a security interest in their respective Sayre, Pennsylvania campus accounts receivable

In December 2010, the Board authorized the Corporation to repurchase an additional portion of the 2007 Bonds The Corporation purchased $12,000 of the outstanding bonds at prices below par As a result, the Corporation recorded a gain of $3,434

The remaining 2002A and 2007 Bonds are collateralized by a pledge of the Gross Revenues of Guthrie Health "Gross Revenues" include amounts payable by the Affiliates under the Affiliate loan documents, amounts received from the Affiliates by Guthrie Health as a result of the exercise of its reserved powers under the Alignment Agreement, any future unrestricted endowment of Guthrie Health and the unrestricted proceeds of any fund raising by Guthrie Health Guthrie Health is not an operating company, and at present has no source of revenue to repay its obligations under the Loan Agreement or the Series 2002A and 2007 Master Obligations other than from principal and interest payments made by Affiliates Under the Affiliate loan documents, Guthrie Health may foreclose following certain defaults Additionally, Guthrie Health has the power to cause Affiliates to transfer funds annually for various purposes, including the payment of debt service

The most restrictive covenants relate to the maintenance of certain financial ratios and disposition of real property Guthrie Health was in compliance with these debt covenants at June 30, 2011 and 2010

(b) Guthrie Health entered into an interest rate swap agreement for the purpose of managing its interest rate risk associated with the 2007 Bonds Under the interest rate swap agreement the amount exchanged is based on an amortizing notional amount whereby Guthrie Health pays the counterparty interest at a fixed rate of 4 282% and the counterparty pays Guthrie Health at a variable rate equal to the rate of interest on the 2007 Bonds The swap contract was not amended as a result of the retirement of a portion of the 2007 bonds The impact of the swap contract is recorded in other income (loss), net Other income (loss), net was unfavorably impacted by $1,299 and $13,019 for the years ended June 30, 2011 and 2010, respectively, related to the swap agreement

(c) On March 24, 2011 the 2001 GCDC and CH Bond were redeemed GCDC and CH have been released from obligation for the bonds As a result of the early extinguishment, a loss of $163 was recorded in 2011

(in thousands of dollars)

A summary of the aggregate principal requirements on these long-term obligations as of June 30, 2011 are as follows

2012	$ 6,425
2013	6,740
2014	7,035
2015	7,340
2016	7,640
Thereafter	97,145
	132,325
Bond premium/discount, net of accumulated amortization	307
	$ 132,632

Cash paid for interest was $3,361 and $3,576 in 2011 and 2010, respectively

6. Line of Credit

GHS has an available revolving line of credit which totals $8,500 bearing interest at the prime rate There was no outstanding balance as of June 30, 2011 or 2010

7. Functional Expenses

The Corporation provides health care services, medical research and educational programs Expenses related to providing these services are as follows at June 30

	2011	2010
Health care services	$ 369,811	$ 361,965
General and administrative	164,921	134,815
Education	9,339	9,937
Research	1,098	1,217
	$ 545,169	$ 507,934

8. Pension Plans

The Corporation provides various retirement plans The Clinic provides a defined contribution plan CH provides a defined benefit plan for bargaining unit members The remainder of the Corporation's employees are offered a defined benefit plan or defined contribution plan depending on their date of hire In addition, certain GHS employees are eligible to contribute to a GHS tax sheltered annuity plan

Defined Benefit Plans

The Corporation has two defined benefit plans The CH Plan covers all eligible employees of their facility Other GHS entities provide a plan for those employees hired prior to July 1, 1997 The benefits for both plans are generally based on years of service and the employees' compensation

(in thousands of dollars)

The following tables set forth the changes in the Plans' combined benefit obligation, fair value of plan assets and accrued benefit cost at June 30

	2011	2010
Change in benefit obligation		
Benefit obligation at beginning of year	$ 112,841	$ 85,705
Service cost	3,063	2,366
Interest cost	6,023	5,604
Employee contribution	97	92
Actuarial loss (gain)	121	22,795
Expenses paid	(596)	-
Benefits paid	(6,444)	(3,721)
Benefit obligation at end of year	$ 115,105	$ 112,841
Change in plan assets		
Fair value of plan assets at beginning of year	$ 85,980	$ 74,469
Actual return on plan assets, net of expenses	17,005	9,715
Employer contribution	5,450	5,425
Employee contribution	97	92
Expenses paid	(596)	-
Benefits paid	(6,444)	(3,721)
Fair value of plan assets at end of year	$ 101,492	$ 85,980
Funded status		
CH accrued pension cost	$ (4,039)	$ (7,802)
GHS accrued pension cost	(9,574)	(19,060)
Accrued pension cost	$ (13,613)	$ (26,862)

Funded Status
Amounts recognized in unrestricted net assets consist of an actuarial loss of $32,202 and $45,969 in 2011 and 2010, respectively, and a prior service credit of $2,381 and $2,857 in 2011 and 2010, respectively

(in thousands of dollars)

The compositions of net periodic pension cost for the years ended June 30 are as follows

	2011	2010
Service cost	$ 3,063	$ 2,366
Interest cost	6,023	5,604
Expected return on plan assets	(6,782)	(5,429)
Net amortization and deferral	3,189	1,773
Total pension cost	$ 5,493	$ 4,314

Assumptions
The significant assumptions used to determine the benefit obligations as of June 30 are as follows

	2011	2010
Weighted average discount rate - other GHS entities	5 50 %	5 25 %
Weighted average discount rate - CH Plan	5 60 %	5 50 %
Expected long-term rate of return on assets	7 75 %	7 75 %
Rate of increase in future compensation levels	3 39 %	3 39 %
Measurement date	June 30	June 30

The significant assumptions used to determine net periodic pension cost for the years ended June 30 are as follows

	2011	2010
Weighted average discount rate	5 33 %	6 75 %
Expected long-term rate of return on assets	7 75 %	7 75 %
Rate of increase in future compensation levels	3 39 %	3 39 %

The expected long-term rate of return on plan assets is determined considering the investment policy, asset allocation, and expected future returns Historical returns and future economic forecasts are also reviewed to assess the reasonableness of the assumptions

Investment Policy
The Guthrie Health Investment Committee is responsible for establishing investment objectives, guidelines, and target allocations of plan assets The committee utilizes investment consultants to analyze returns compared to benchmarks, and to ensure compliance with all objectives, guidelines, and targets Investment managers are utilized based on the asset allocation strategy Performance is monitored by the committee on a quarterly basis

(in thousands of dollars)

Plan Assets

The weighted average asset allocations of the plans by asset category are as follows at the plan measurement dates

	2011	2010
Cash and cash equivalents	3 %	12 %
Equities	60 %	53 %
Fixed income securities	37 %	35 %
	100 %	100 %

The following table represents the Plan's financial instruments as of June 30, 2011 and 2010, measured at fair market value on a recurring basis using the fair value hierarchy as defined by the authoritative guidance

	2011			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Cash and cash equivalents	$ 3,490	$ -	$ -	$ 3,490
Fixed income securities	-	21,801	-	21,801
Government securities	14,477	883	-	15,360
Equity securities	53,685	-	-	53,685
Equity mutual funds	7,156	-	-	7,156
	$ 78,808	$ 22,684	$ -	$ 101,492

	2010			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Cash and cash equivalents	$ 5,215	$ -	$ -	$ 5,215
Fixed income securities	-	18,091	-	18,091
Government securities	16,509	-	-	16,509
Equity securities	40,677	-	-	40,677
Equity mutual funds	5,488	-	-	5,488
	$ 67,889	$ 18,091	$ -	$ 85,980

Cash Flows

The Corporation expects to contribute approximately $3,800 to its pension plans in fiscal 2012

(in thousands of dollars)

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

2012	$ 5,590
2013	6,450
2014	6,550
2015	6,990
2016	6,790
2017 to 2020	39,800

In 2012, the actuarial net loss and prior service costs for the pension plans will be $2,396 and $471, respectively

Defined Contribution Plans
Employees of GHS hired on or after July 1, 1997 who have attained the age of twenty-one and have completed one year of credited service, are eligible to participate in the GHS Retirement Savings Plan, a defined contribution plan The plan is funded by GHS at a matching formula with a base contribution For employer contributions, participants are 50% vested after two years, 75% vested after three years and 100% vested after four years of credited service

Employees of GHS who opted to terminate their plan benefit under the GHS defined benefit plan effective January 1, 2005, began participation in a new defined contribution plan This plan provides an employer contribution of 5% of eligible compensation to age 45, and 6% of eligible compensation thereafter

Pension expense under the GHS defined contribution plans for the years ended June 30, 2011 and 2010 was approximately $1,856 and $1,732, respectively

The Clinic has a defined contribution retirement plan which covers substantially all full-time employees The Plan contributions are determined at the discretion of the Board of Directors, with the limitation that the contributions may not exceed the maximum amount allowed under the Internal Revenue Code The Plan includes a 401(k) elective deferral feature The Clinic made contributions to participant accounts equal to 5% of monthly gross pay, up to a maximum annual salary of $245 Employer plan contributions are immediately vested Expense relating to this plan amounted to approximately $5,193 and $4,769 in 2011 and 2010, respectively

(in thousands of dollars)

9. Other Income (Loss), Net

Other income (loss), net for the years ended June 30 is as follows

	2011	2010
Interest and dividends, net of investment fees	$ 15,726	$ 15,701
Gain on sale of investments, net	12,881	12,508
Unrealized gain on investments, net	28,739	22,952
Change in fair value of derivative instrument	4,450	(7,214)
Loss on derivative instrument	(5,749)	(5,805)
Other	(362)	842
	$ 55,684	$ 38,984

10. Insurance Coverage

Professional and General Liability Insurance
Guthrie Health formed GRRG to provide primary medical malpractice and general liability coverage for certain affiliates effective July 1, 2004 Some facilities are self-insured outside of GRRG An amount has been accrued for the claims incurred but not reported under the claims-made policies

In addition, the Corporation is provided insurance coverage through the Pennsylvania Medical Care Availability and Reduction of Error Fund (the Mcare Fund) for services rendered in the Commonwealth of Pennsylvania

The Mcare Fund
Most of the Corporation's entities providing services in Pennsylvania are required to participate in the Mcare Fund The Mcare Fund, an agency fund of the Commonwealth or Pennsylvania, provides coverage in excess of the required primary layer The Mcare Fund exposure was capped at $500 per incident and $1,500 in aggregate for fiscal 2011 and 2010

The actuarially computed liability to all health care providers (hospitals, physicians and others) participating in the Mcare Fund at June 30, 2011 is expected to be substantially in excess of the amount the Mcare Fund has available to pay these claims The Corporation's annual surcharge premium for participation in the Mcare Fund was approximately $936 and $931 in 2011 and 2010, respectively No provision has been made for any future Mcare Fund assessments in the accompanying consolidated financial statements as the Corporation's portion of the Mcare Fund unfunded liability could not be reasonably estimated

Workers' Compensation Claims
Certain of the Corporation's entities are partially self-insured for workers' compensation claims The Corporation estimates and accrues the ultimate undiscounted costs, including incurred but not reported costs, of the settlement of such claims

(in thousands of dollars)

At June 30, 2011, the Corporation maintains letters of credit totaling $6,513 under its workers compensation program in order to collateralize potential payments of claims

11. Fair Value of Financial Instruments

The Corporation follows authoritative guidance, which defines fair value, establishes a framework of measuring fair value, and expands disclosures related to fair value measurements Assets and liabilities recorded at fair value in the consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair value An asset or a liability's categorization within the fair value hierarchy is based on the lowest level of judgment input to its valuation Hierarchical levels, defined by authoritative guidance, are directly related to the amount of subjectivity associated with the valuation inputs for these assets and liabilities as follows

Level I Valuations based on quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these items does not entail a significant degree of judgment

Level II Valuations based on quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly

Level III Valuations based on inputs that are unobservable and significant to the overall fair value measurement These are generally internally generated inputs and are not market based inputs

Investments and Assets Limited as to Use - Financial instruments measured at fair value are based on one or more of the three valuation techniques noted in the fair value guidance The three valuation techniques are as follows

Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities

Cost approach – Amount that would be required to replace the service capacity of an asset (i e replacement cost)

Income approach – Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques and option-pricing models)

(in thousands of dollars)

The categorization of assets limited as to use and investments within the fair value hierarchy defined by authoritative guidance is as follows

	June 30, 2011				
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value	Valuation Technique
Cash and cash equivalents	$ 31,495	$ -	$ -	$ 31,495	Market
Fixed income securities	-	195,768	-	195,768	Market
Government securities	151,127	15,301	-	166,428	Market
Equity securities	205,284	-	-	205,284	Market
Equity mutual funds	15,927	-	-	15,927	Market
Other	13,500	17	-	13,517	Market
	$ 417,333	$ 211,086	$ -	$ 628,419	

	June 30, 2010				
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value	Valuation Technique
Cash and cash equivalents	$ 52,391	$ -	$ -	$ 52,391	Market
Fixed income securities	-	211,163	-	211,163	Market
Government securities	114,850	3,179	-	118,029	Market
Equity securities	153,169	-	-	153,169	Market
Equity mutual funds	12,261	-	-	12,261	Market
Other	13,500	17	-	13,517	Market
	$ 346,171	$ 214,359	$ -	$ 560,530	

Interest Rate Swap - The Corporation entered into a floating to fixed interest rate swap agreement on March 20, 2007 The purpose of the agreement is to reduce the impact of fluctuations in interest rates and to achieve net synthetic fixed rate obligations At June 30, 2011 and 2010, the basis swap transactions were outstanding with notional amounts totaling $173,970 and $176,755, respectively, and maturity dates ranging from November 2017 to November 2031 The Corporation has elected not to designate the interest rate swap agreement as a hedge for financial reporting purposes

The Corporation's derivative instruments contain credit-risk-related provisions that require the Corporation to post collateral in varying amounts based on the Corporation's credit rating At June 30, 2011 and June 30, 2010 the Corporation was not required to post collateral

The Corporation's liability related to the fair value derivative instruments at June 30 are as follows

	2011		2010	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate swaps not designated as hedging instruments	Other liabilities	$ 19,739	Other liabilities	$ 24,188

(in thousands of dollars)

The effects of derivative instruments on the consolidated statements of operations and changes in net assets for the years ended June 30 are as follows

	2011		2010	
	Financial Statement Location	Fair Value	Financial Statement Location	Fair Value
Change in fair value of interest rate swap	Other income, net	$ 4,450	Other income, net	$ (7,214)
Loss on interest rate swap	Other income, net	(5,749)	Other income, net	(5,805)

The fair value of the interest rate swap agreement is the estimated amount Guthrie Health would receive or pay to terminate the agreement at the reporting date, taking into account current interest rates and the credit worthiness of the counterparty The Corporation exposes the counterparty to the interest rate swap agreement to credit loss in the event of nonperformance, however, nonperformance is not anticipated The fair value of the interest rate swap agreement is considered Level 2 within the valuation hierarchy as defined by authoritative guidance

Long-Term Debt - The fair value of long-term debt is based on the quoted market prices or estimated using a discounted cash flow analysis, based on the participating institution's incremental borrowing rates for similar types of borrowing arrangements

The carrying amounts and fair values of the Corporation's long-term debt at June 30, 2011 and 2010 are as follows

	2011	2010
Carrying amount	$ 132,632	$ 154,648
Estimated fair value	116,327	132,650

12. Commitments and Contingencies

a The Corporation has various noncancelable operating lease agreements expiring through 2027 The rents under these agreements and cancelable rental agreements charged to operations amounted to $3,852 and $3,567 in 2011 and 2010, respectively

The Corporation's noncancelable rental commitments as of June 30, 2011, are as follows

Years ending June 30	
2012	$ 1,691
2013	1,365
2014	1,209
2015	1,111
2016	620
Thereafter	2,156
Total	$ 8,152

(in thousands of dollars)

b The Corporation is involved in certain claims and legal proceedings in the normal course of business in which monetary damages and other relief are sought The Corporation is vigorously contesting these claims However, resolution of these claims is not expected to occur quickly and their ultimate outcome cannot presently be determined In any event, it is the opinion of management, after considering the effects of insurance coverage and related reserve estimates, the liability to the Corporation, if any, for claims or proceedings will not materially affect its financial position

c The health care industry is subject to numerous laws and regulations of federal, state and local governments Compliance with such laws and regulations can be subject to future government review and interpretations as well as regulatory actions unknown or unasserted at this time

13. Discontinued Operations

Guthrie Healthcare System entered into an asset purchase agreement with Sayre Health Care Center, LLC Sayre Health Care Center, LLC will purchase all of the real, personal, and fixed, tangible and intangible assets of Sayre House, Inc for consideration as set forth in the agreement Sayre House, Inc is the only skilled nursing facility owned by GHS The sale is expected to take place in October 2011

	2011	2010
Total revenues	$ 3,821	$ 3,709
Net gain from operations of discontinued components	$ 277	$ 378
Total assets	$ 1,299	$ 1,661
Total liabilities	$ 15	$ 6

14. Subsequent Events

On September 8, 2011 Guthrie Health issued $102,370 of bonds through the Central Bradford Progress Authority (Series 2011 Bonds) The proceeds of the Series 2011 Bonds, together with other trustee-held funds, will be used to refund a portion of the Series 2002A Bonds, refinance a portion of the Series 2007 Bonds, finance various equipment and facility projects including interest during construction, and pay the costs of issuing the bonds

RPH also issued $50,000 of bonds through the Central Bradford Progress Authority (RPH Bonds) on September 8, 2011 The RPH Bonds, together with other trustee-held funds, will be used to refund a portion of the Series 2002A Bonds, finance various equipment and facility projects including interest during construction, and pay the costs of issuing the bonds The RPH Bonds were sold privately to Royal Bank of Canada Capital Market, LLC

(in thousands of dollars)

As a result of the above bond financings, all of the Series 2002A Bonds will be refunded

Contemporaneously with the issuance of the RPH Bonds, Guthrie Health entered into an interest rate swap transaction with Royal Bank of Canada (RBC) for a term of 5 years, pursuant to which Guthrie Health will receive a fixed rate equal to the fixed rate payable on the RPH Bonds and Guthrie Health will pay a floating rate equal to SIFMA plus a spread At the end of the contract Guthrie Health and RBC will exchange certain payments based on changes in the value of the RPH Bonds from the date of issuance