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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
MOUNT NITTANY MEDICAL CENTER

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1800 EAST PARK AVENUE

City or town, state or country, and ZIP + 4
STATE COLLEGE, PA 16803

D Employer identification number
24-0795682

E Telephone number
(814) 231-7000

G Gross receipts $ 381,324,332

F Name and address of principal officer
STEVEN E BROWN
1800 EAST PARK AVENUE
STATE COLLEGE, PA 16803

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 MOUNTNITTANY ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1905 | **M** State of legal domicile PA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
PROVIDE INPATIENT, OUTPATIENT & EMERGENCY CARE SERVICES TO RESIDENTS OF THE CENTRE COUNTY REGION

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	15
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	11
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	1,528
6	Total number of volunteers (estimate if necessary)	**6**	754
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	2,594,036
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	1,140,419

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	481,209	5,090,097
	9 Program service revenue (Part VIII, line 2g)	195,179,149	234,689,060
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	367,930	2,719,156
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	690,499	726,422
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	196,718,787	243,224,735
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	4,566,613	36,599,650
	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)	91,112,845	98,235,970
	16a Professional fundraising fees (Part IX, column (A), line 11e)	30,268	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	85,264,723	108,286,852
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	180,974,449	243,122,472
	19 Revenue less expenses Subtract line 18 from line 12	15,744,338	102,263

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	248,215,124	332,089,625
	21 Total liabilities (Part X, line 26)	140,838,734	208,941,116
	22 Net assets or fund balances Subtract line 21 from line 20	107,376,390	123,148,509

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

****** | 2012-05-10
Signature of officer | Date

RICHARD J WISNIEWSKI SENIOR VP FINANCE/CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed	PTIN
JULIUS C GREEN CPA JD	JULIUS C GREEN CPA JD	2012-05-09	☐	

Firm's name ▶ PARENTEBEARD LLC | Firm's EIN ▶

Firm's address ▶ 400 MARKET STREET
WILLIAMSPORT, PA 17701 | Phone no ▶ (570) 323-6023

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

MOUNT NITTANY MEDICAL CENTER WILL PROVIDE EVERY PATIENT WITH THE FINEST, PATIENT-CENTERED CARE IN A SAFE AND COMFORTABLE ENVIRONMENT, CONTINUALLY IMPROVING ACCESS TO CARE, AND STRIVING TO ENHANCE THE QUALITY OF HUMAN LIFE FOR EVERYONE WE SERVE MOUNT NITTANY MEDICAL CENTER WILL ENHANCE ITS POSITION AS THE PREFERRED REGIONAL HEALTHCARE DESTINATION FOR BOTH PATIENTS AND MEDICAL PROFESSIONALS - PROVIDING VITAL CLINICAL CENTERS OF EXCELLENCE AND SUPERIOR ACCESS TO CARE - SUPPORTED BY A COMMITMENT TO MEDICAL EDUCATION AND BACKED BY A CULTURE OF ADVANCEMENT AND ACCOUNTABILITY - MOVING LIFE FORWARD

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 $ 209,249,639 including grants of $ 36,599,650) (Revenue $ 232,100,392)

MOUNT NITTANY MEDICAL CENTER IS COMMITTED TO PROVIDING QUALITY MEDICAL CARE IN AN ATMOSPHERE THAT REFLECTS HIGH STANDARDS OF SOCIAL, ETHICAL AND FINANCIAL RESPONSIBILITY AND WILL ASSURE THAT THOSE SAME STANDARDS ARE MET IN ALL CONTRACTUAL RELATIONSHIPS THE BOARD OF TRUSTEES HAS ESTABLISHED THIS STATEMENT OF ORGANIZATIONAL VALUES TO ASSURE THAT MEMBERS OF THE BOARD, THE MEDICAL CENTER STAFF AND THE MEDICAL STAFF HONOR THE FOLLOWING PRINCIPLES THROUGH OUR BEHAVIORS ALLIANCES WITH PATIENTS - WE WILL TREAT ALL PATIENTS WITH DIGNITY AND RESPECT, AND WILL ACCOMMODATE INDIVIDUAL RESPONSES TO THE STRESS OF ILLNESS - WE FULLY SUPPORT THE PRINCIPLES OUTLINED IN THE STATEMENT OF PATIENT'S RIGHTS AND RESPONSIBILITIES DOCUMENT - WE COMMIT TO A SERVICE EXCELLENCE PHILOSOPHY THAT STRIVES TO MEET OR EXCEED PATIENT EXPECTATIONS - ALL PATIENTS RECEIVE A UNIFORM STANDARD OF CARE THROUGHOUT THE FACILITY, REGARDLESS OF SOCIAL, CULTURAL, FINANCIAL, RELIGIOUS, RACIAL, GENDER OR SEXUAL ORIENTATION FACTORS - THE MEDICAL CENTER AND MEDICAL STAFF WORK JOINTLY TO ASSURE THAT ONLY APPROPRIATE AND EFFECTIVE TESTS, PROCEDURES AND TREATMENTS ARE PROVIDED TO PATIENTS COMMUNITY RELATIONS- WE WILL FAIRLY AND ACCURATELY REPRESENT OURSELVES AND OUR CAPABILITIES TO THE PUBLIC - WE ARE COMMITTED TO CONSTANT PREPARATION FOR THE LONG-TERM FINANCIAL VIABILITY OF THE MEDICAL CENTER THROUGH RESPONSIBLE UTILIZATION OF RESOURCES AND IN SUPPORT OF OUR COMMITMENT TO MEET THE HEALTHCARE NEEDS OF THE COMMUNITY - MEDICAL CENTER LEADERSHIP (EXECUTIVES, BOARD OF TRUSTEES, MEDICAL STAFF) WILL DISCLOSE AND AVOID POTENTIAL CONFLICTS OF INTEREST ALL OTHER HOSPITAL STAFF WILL AVOID SIMILAR CONFLICTS OF INTEREST - WE WILL MAINTAIN AN OPEN ADMISSIONS POLICY NO PATIENT WILL BE REFUSED EVALUATION AND SERVICE BASED UPON SEX, AGE, RACE, CREED, NATIONAL ORIGIN, SEXUAL ORIENTATION, INFECTION STATUS OR THE ABILITY TO PAY TRANSFERS TO OTHER FACILITIES WILL OCCUR ONLY WHEN WE ARE UNABLE TO PROVIDE NEEDED SERVICES AND ONLY TO FACILITIES THAT PROVIDE AN APPROPRIATE LEVEL OF CARE, BASED ON OUR ASSESSMENT OF THE PATIENTS' NEEDS PATIENTS MAY ALSO REQUEST ELECTIVE TRANSFER AND AN INFORMED CONSENT PROCESS WILL BE FOLLOWED GENERAL PROGRAM SERVICE INFORMATIONOPERATIONS & PATIENTSMOUNT NITTANY MEDICAL CENTER, LOCATED IN STATE COLLEGE, PENNSYLVANIA, IS A 260-BED ACUTE-CARE, NOT-FOR-PROFIT FACILITY OFFERING GENERAL MEDICAL AND SURGICAL SERVICES THAT ARE FOCUSED ON HELPING PATIENTS REACH THEIR HEALTH POTENTIAL FOR THE FISCAL YEAR ENDED JUNE 30, 2011, MOUNT NITTANY MEDICAL CENTER PROVIDED CARE TO THE FOLLOWING NUMBER OF PATIENTS TOTAL NUMBER OF INPTNTS-13,335, OUTPTNTS-182,117, ER VISITS-40,438NUMBER WITH PRIVATE INSURANCE INPTNTS-5,651, OUTPTNTS-109,142, ER VISITS-20,151NUMBER WITH MEDICARE INPTNTS-3,615, OUTPTNTS-27,052, ER VISITS-4,446NUMBER WITH MEDICARE HMO INPTNTS-2,324, OUTPTNTS-21,851, ER VISITS-2,286NUMBER WITH MEDICAID INPTNTS-1,110, OUTPTNTS-13,734, ER VISITS-6,520NUMBER WITH MEDICAID HMO INPTNTS-98, OUTPTNTS-174, ER VISITS-134NUMBER WITH OTHER INSURANCE INPTNTS-137, OUTPTNTS-2,885, ER VISITS-1,516NUMBER WITHOUT INSURANCE/SELF PAY INPTNTS-400, OUTPTNTS-7,279, ER VISITS-5,385MOUNT NITTANY MEDICAL CENTER DID NOT DENY MEDICAL SERVICES TO ANY INDIVIDUALS INCLUDING THOSE THAT HAD PRIVATE INSURANCE, MEDICARE, MEDICAID, PUBLIC HEALTH INSURANCE, OR NO INSURANCE EMERGENCY DEPARTMENTMOUNT NITTANY MEDICAL CENTER OPERATES AN EMERGENCY ROOM 24 HOURS A DAY, 365 DAYS A YEAR PROVIDING SERVICES TO ALL MEMBERS OF THE COMMUNITY REGARDLESS OF THEIR ABILITY TO PAY AND DENIED ZERO PATIENTS REQUESTING SUCH SERVICES THE EMERGENCY ROOM DOES NOT HAVE A TRAUMA CENTER CERTIFICATION MEDICAL STAFF PRIVILEGESALL QUALIFIED PHYSICIANS IN THE COMMUNITY ARE ELIGIBLE FOR MEDICAL STAFF PRIVILEGES AT MOUNT NITTANY MEDICAL CENTER AND ALL QUALIFIED PHYSICIAN APPLICATIONS HAVE BEEN ACCEPTED FOR MEDICAL STAFF PRIVILEGES MORE THAN 300 NON-EMPLOYED PHYSICIANS IN 42 SPECIALTIES AND SUBSPECIALTIES ARE CREDENTIALED AT MOUNT NITTANY MEDICAL CENTER PROFESSIONAL MEDICAL EDUCATION AND TRAININGMOUNT NITTANY MEDICAL CENTER CONDUCTS PROFESSIONAL MEDICAL EDUCATION AND TRAINING PROGRAMS FOR THE BENEFIT OF THE COMMUNITY WITH A RESULTING FINANCIAL LOSS TO THE MEDICAL CENTER

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

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

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

4e **Total program service expenses** ▶ $ 209,249,639

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	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		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**	Yes	
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**		No
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**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
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**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		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**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	**35**	Yes	
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* ☑ **Yes** ☐ **No**			
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	78		
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	
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	1,528		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			3a	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			3b	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O			13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b				
c	Enter the amount of reserves on hand	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			14a		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			14b		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	15		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	11		
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	Yes	
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	Does the organization have members or stockholders?		6		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		7a	Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . .		7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

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

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

RICHARD WISNIEWSKI SR VP OF FINANC
1800 EAST PARK AVENUE
STATE COLLEGE, PA 168036797
(814) 234-6148

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

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

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										

Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** (continued)

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								2,122,356	1,312,002	515,372

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 ▶ 38

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**3**	Yes	
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	**4**	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	**5**		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
ALEXANDER BUILDING CONSTRUCTION LLC 315 VAUGHN STREET HARRISBURG, PA 17110	CONSTRUCTION	10,630,711
STICKLER CONSTRUCTION LLC 210 W HAMILTON AVE 294 STATE COLLEGE, PA 16801	CONSTRUCTION	3,778,453
PENN STATE MILTON S HERSHEY MEDICAL CEN 210 W HAMILTON AVE 294 STATE COLLEGE, PA 16801	CONTRACTED PHYSICIAN SERVICES	2,127,601
HF LENZ COMPANY 1407 SCALP AVENUE JOHNSTOWN, PA 15904	CONSTRUCTION	1,895,771
FREEMANWHITE INC 8845 RAD OAK BLVD CHARLOTTE, NC 282175593	CONSULTING	1,545,194

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 ▶ 36

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns . . 1a					
	b Membership dues 1b					
	c Fundraising events 1c					
	d Related organizations . . . 1d	4,666,422				
	e Government grants (contributions) 1e	423,675				
	f All other contributions, gifts, grants, and similar amounts not included above 1f					
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f . . . . . ▶		5,090,097			
Program Service Revenue		Business Code				
	2a NET PATIENT SERVICE RE	621110	223,701,844	223,701,844		
	b OTHER OPERATING REV	900099	8,398,548	8,398,548		
	c OUTPATIENT LAB SERVICE	621500	2,588,668		2,588,668	
	d					
	e					
	f All other program service revenue					
	g **Total.** Add lines 2a–2f . . . . . ▶		234,689,060			
	3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶		2,309,768			2,309,768
	4 Income from investment of tax-exempt bond proceeds . . ▶					
	5 Royalties . . . . . ▶					

		(i) Real	(ii) Personal				
	6a Gross Rents	103,998					
	b Less rental expenses	54,821					
	c Rental income or (loss)	49,177					
	d Net rental income or (loss) . . . . . ▶			49,177			49,177
		(i) Securities	(ii) Other				
	7a Gross amount from sales of assets other than inventory	138,382,204	71,960				
	b Less cost or other basis and sales expenses	138,044,776					
	c Gain or (loss)	337,428	71,960				
	d Net gain or (loss) . . . . . ▶			409,388			409,388
Other Revenue	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . . a						
	b Less direct expenses . . . b						
	c Net income or (loss) from fundraising events . . ▶						
	9a Gross income from gaming activities See Part IV, line 19 . a						
	b Less direct expenses . . . . . b						
	c Net income or (loss) from gaming activities . . . ▶						
	10a Gross sales of inventory, less returns and allowances . a						
	b Less cost of goods sold . . b						
	c Net income or (loss) from sales of inventory . . ▶						
	Miscellaneous Revenue	Business Code					
	11a CAFETERIA SALES	722210	643,684				643,684
	b VENDING MACHINES	722210	28,193				28,193
	c OUTSIDE CATERING	722320	5,268			5,268	
	d All other revenue		100			100	
	e **Total.** Add lines 11a–11d . . . . . ▶		677,245				
	12 **Total revenue.** See Instructions . . . ▶		243,224,735	232,100,392	2,594,036		3,440,210

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	36,599,650	36,599,650		
2	Grants and other assistance to individuals in the U S See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	982,583	863,356	119,227	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	74,950,878	64,475,135	10,475,743	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	5,361,637	4,613,266	748,371	
9	Other employee benefits	11,809,543	10,220,961	1,588,582	
10	Payroll taxes	5,131,329	4,451,230	680,099	
a	Fees for services (non-employees) Management				
b	Legal	806,837		806,837	
c	Accounting	106,154		106,154	
d	Lobbying	32,323	32,323		
e	Professional fundraising services *See Part IV, line 17*				
f	Investment management fees	14,776		14,776	
g	Other	11,210,348	7,959,421	3,250,927	
12	Advertising and promotion	654,648	908	653,740	
13	Office expenses	60,658,975	50,871,431	9,787,544	
14	Information technology				
15	Royalties				
16	Occupancy	3,031,848	699,894	2,331,954	
17	Travel	17,124	11,001	6,123	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	144,346	110,730	33,616	
20	Interest	3,893,563	3,893,563		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	10,973,742	10,973,742		
23	Insurance	1,317,681	1,300,903	16,778	
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	UNRELATED BUSINESS INCO	373,656	373,656		
b	BAD DEBT EXPENSE	7,452,930	7,452,930		
c	COMMUNICATIONS	2,364,191		2,364,191	
d	PATHOLOGY LAB	1,631,066	1,631,066		
e	LICENSES	1,235,986	1,159,169	76,817	
f	All other expenses	2,366,658	1,555,304	811,354	
25	**Total functional expenses.** Add lines 1 through 24f	243,122,472	209,249,639	33,872,833	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		3,796	1	3,576
	2	Savings and temporary cash investments		18,934,255	2	16,796,489
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		23,225,833	4	27,718,614
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		4,480,939	8	5,681,662
	9	Prepaid expenses and deferred charges		2,746,062	9	3,273,893
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 245,886,195			
	b	Less accumulated depreciation	10b 126,804,806	97,942,816	10c	119,081,389
	11	Investments—publicly traded securities		87,538,790	11	145,457,257
	12	Investments—other securities See Part IV, line 11		579,809	12	658,804
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		12,762,824	15	13,417,941
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		248,215,124	16	332,089,625
Liabilities	17	Accounts payable and accrued expenses		63,511,372	17	60,484,406
	18	Grants payable			18	
	19	Deferred revenue		754,730	19	327,363
	20	Tax-exempt bond liabilities		69,761,131	20	140,322,681
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties		2,453,535	23	1,926,112
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		4,357,966	25	5,880,554
	26	**Total liabilities.** Add lines 17 through 25		140,838,734	26	208,941,116
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		107,162,279	27	122,934,398
	28	Temporarily restricted net assets		35,617	28	35,617
	29	Permanently restricted net assets		178,494	29	178,494
		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		107,376,390	33	123,148,509
	34	Total liabilities and net assets/fund balances		248,215,124	34	332,089,625

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	243,224,735
2	Total expenses (must equal Part IX, column (A), line 25)	2	243,122,472
3	Revenue less expenses Subtract line 2 from line 1	3	102,263
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	107,376,390
5	Other changes in net assets or fund balances (explain in Schedule O)	5	15,669,856
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	123,148,509

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
MOUNT NITTANY MEDICAL CENTER

Employer identification number
24-0795682

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
MOUNT NITTANY MEDICAL CENTER	24-0795682

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)?	Yes		
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		32,323
j	Total lines 1c through 1i			32,323
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
EXPLANATION OF OTHER LOBBYING ACTIVITIES	PART II-B, LINE 1I	CONTINUED TO WORK WITH OSBORNE CONSULTING, INC , A FEDERAL LOBBYING GROUP, TO REQUEST FEDERAL APPROPRIATIONS - TOTAL COST $18,000 A PORTION OF THE DUES PAID TO THE HOSPITAL & HEALTHSYSTEM ASSOCIATION OF PENNSYLVANIA ($7,535) AND THE AMERICAN HOSPITAL ASSOCIATION ($6,788) WAS DETERMINED TO BE FOR LOBBYING PURPOSES - TOTAL COST $14,323

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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
MOUNT NITTANY MEDICAL CENTER

Employer identification number
24-0795682

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	279,801	275,745	281,903		
b Contributions	3,991		1,505		
c Investment earnings or losses	22,143	4,056	-7,663		
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	305,935	279,801	275,745		

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

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

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

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

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		9		9
b Buildings		119,790,494	53,562,653	66,227,841
c Leasehold improvements		1,246,316	351,770	894,546
d Equipment		97,456,336	70,891,021	26,565,315
e Other		27,393,040	1,999,362	25,393,678
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				119,081,389

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	
DEFERRED COMPENSATION	309,250
ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS	4,373,894
ACCRUED INTEREST	1,197,410
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	5,880,554

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	243,224,735
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	243,122,472
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	102,263
4	Net unrealized gains (losses) on investments	4	5,995,645
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	9,674,211
9	Total adjustments (net) Add lines 4 - 8	9	15,669,856
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	15,772,119

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	256,308,954
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	5,995,645		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	9,674,211		
e	Add lines **2a** through **2d**			2e	15,669,856
3	Subtract line **2e** from line **1**			3	240,639,098
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	14,776		
b	Other (Describe in Part XIV)	4b	2,570,861		
c	Add lines **4a** and **4b**			4c	2,585,637
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	243,224,735

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

1	Total expenses and losses per audited financial statements			1	240,536,835
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	54,821		
e	Add lines **2a** through **2d**			2e	54,821
3	Subtract line **2e** from line **1**			3	240,482,014
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	14,776		
b	Other (Describe in Part XIV)	4b	2,625,682		
c	Add lines **4a** and **4b**			4c	2,640,458
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	243,122,472

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
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	PERMANENT ENDOWMENT FUNDS ARE HELD BY THE FOUNDATION FOR MOUNT NITTANY MEDICAL CENTER, INC AND EARNINGS ARE DESIGNATED TO FUND FUTURE EXPENDITURES AND CAPITAL ACQUISITONS FOR MOUNT NITTANY MEDICAL CENTER
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE CORPORATION ACCOUNTS FOR UNCERTAINTY IN INCOME TAXES USING A RECOGNITION THRESHOLD OF MORE-LIKELY-THAN NOT TO BE SUSTAINED UPON EXAMINATION BY THE APPROPRIATE TAXING AUTHORITY MEASUREMENT OF THE TAX UNCERTAINTY OCCURS IF THE RECOGNITION THRESHOLD IS MET MANAGEMENT DETERMINED THERE WERE NO TAX UNCERTAINTIES THAT MET THE RECOGNITION THRESHOLD IN 2011 AND 2010
PART XI, LINE 8 - OTHER ADJUSTMENTS		CHANGE IN INTEREST IN THE FOUNDATION FOR MOUNT NITTANY MEDICAL CENTER, INC -774,894 PENSION LIABILITY ADJUSTMENT 9,418,904 CHANGE IN FAIR VALUE OF DERIVATIVE 1,030,201
PART XII, LINE 2D - OTHER ADJUSTMENTS		CHANGE IN INTEREST IN THE FOUNDATION FOR MOUNT NITTANY MEDICAL CENTER, INC -774,894 PENSION LIABILITY ADJUSTMENT 9,418,904 CHANGE IN FAIR VALUE OF DERVATIVE INSTRUMENTS 1,030,201
PART XII, LINE 4B - OTHER ADJUSTMENTS		RENTAL EXPENSES -54,821 TRANSFERS FROM RELATED ORGANIZATIONS (NETTED ON FIANCIAL STATEMENTS) 2,625,682
PART XIII, LINE 2D - OTHER ADJUSTMENTS		RENTAL EXPENSES 54,821
PART XIII, LINE 4B - OTHER ADJUSTMENTS		TRANSFERS FROM RELATED ORGANIZATIONS (NETTED ON FINANCIAL STATEMENTS) 2,625,682

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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
MOUNT NITTANY MEDICAL CENTER

Employer identification number
24-0795682

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 **250.000000000000 %**	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		No
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	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	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)			1,516,294		1,516,294	0 640 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			14,182,365	6,585,988	7,596,377	3 220 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			15,698,659	6,585,988	9,112,671	3 860 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			404,428	3,919	400,509	0 170 %
f Health professions education (from Worksheet 5)			322,043	124,869	197,174	0 080 %
g Subsidized health services (from Worksheet 6)			2,737,984	2,022,242	715,742	0 300 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)			271,764		271,764	0 120 %
j **Total** Other Benefits			3,736,219	2,151,030	1,585,189	0 670 %
k **Total.** Add lines 7d and 7j			19,434,878	8,737,018	10,697,860	4 530 %

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			45,315		45,315	0 020 %
4 Environmental improvements						
5 Leadership development and training for community members			11,944		11,944	0 010 %
6 Coalition building			14,245		14,245	0 010 %
7 Community health improvement advocacy			4,709		4,709	0 %
8 Workforce development			7,936		7,936	0 %
9 Other						
10 **Total**			84,149		84,149	0 040 %

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	2,469,864		
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	34,070,110
6	Enter Medicare allowable costs of care relating to payments on line 5	6	46,112,830
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-12,042,720
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	1 ADG HOSPITAL DRIVE ASSOCIATES	LEASING REAL PROPERTY FOR MEDICAL OFFICE AND SURGICAL CENTER	24 260 %		
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	MOUNT NITTANY MEDICAL CENTER 1800 EAST PARK AVENUE STATE COLLEGE,PA 16803	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
		PART I, LINE 7 COST TO CHARGE RATIO WAS COMPUTED USING WORKSHEET 2 IN THE IRS INSTRUCTIONS TO FORM 990 FOR LINES 7A, 7B, AND 7G COST ACCOUNTING SYSTEM WAS USED FOR SUBSIDIZED HEALTH SERVICES FOR ALL OTHERS, COSTS INCLUDED THE VALUE OF STAFF DONATED HOURS (WITH ESTIMATED BENEFITS), MONETARY CONTRIBUTIONS, ESTIMATED VALUE OF MATERIALS USED IN DELIVERING PROGRAMS, AND ESTIMATED SPACE COSTS THE INDIRECT COST ALLOCATION APPLIES THE INDIRECT-TO-DIRECT COST RATIO FROM THE MEDICAL CENTER'S MOST RECENT MEDICARE COST REPORT (APPROX 31%)

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) AMOUNT OF BAD DEBT EXPENSE FROM PART IX SUBTRACTED IN ORDER TO CALCULATE PERCENT OF TOTAL EXPENSE IN DEMONINATOR FOR PART I LINE 7 COLUMN F WAS $7,452,930

Identifier	ReturnReference	Explanation
		PART II THE MEDICAL CENTER AND ITS STAFF INVEST IN WORKFORCE DEVELOPMENT BY OFFERING TRAINING OPPORTUNITIES, SUCH AS RESOURCE-INTENSIVE INTERNSHIPS FOR NURSING STUDENTS IN THE REGION, AS WELL AS CONTRIBUTING TIME AND RESOURCES TO REGIONAL PLANNING EFFORTS AND LEADERSHIP DEVELOPMENT FOR THE INTERNSHIPS AND RELATED PROGRAMS, CONSIDERABLE STAFF TIME IS REQUIRED TO ORGANIZE THESE PROGRAMS AND PROVIDE "PRECEPTOR" OR INSTRUCTOR SERVICES WHILE CONTINUING TO PROVIDE DIRECT CARE FOR PATIENTS WITH NORMAL JOB RESPONSIBILITIES

Identifier	ReturnReference	Explanation
		PART III, LINE 4 BAD DEBT (AT COST) IS CALCULATED BY APPLYING THE PATIENT CARE COST-TO-CHARGE RATIO FROM WORKSHEET 2 TO THE MEDICAL CENTER'S PROVISION FOR DOUBTFUL COLLECTIONS AS OF JUNE 30, 2011 THE MEDICAL CENTER'S ACCOUNTING DEPARTMENT RECORDS PAYMENTS, WHILE PATIENT ACCOUNTING STAFF MAKES APPROPRIATE ADJUSTMENTS TO PATIENT ACCOUNTS FOR BAD DEBT, DISCOUNTS, OR FREE CARE WRITE-OFFS THE MEDICAL CENTER IS UNABLE TO ESTIMATE THE AMOUNT OF BAD DEBT THAT COULD BE ATTRIBUTABLE TO PATIENTS WHO LIKELY WOULD QUALIFY FOR FINANCIAL ASSISTANCE UNDER THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY PATIENTS DO NOT PROVIDE INCOME INFORMATION PRIOR TO RECEIVING CARE THE REGISTRATION DEPARTMENT GIVES EVERY PATIENT A COPY OF OUR FINANCIAL ASSISTANCE PROGRAM TO ENSURE EVERY PATIENT HAS THE OPPORTUNITY AS APPROPRIATE TO QUALIFY FOR OUR ASSISTANCE PROGRAM THE MEDICAL CENTER OFFERS DETAILED INFORMATION ABOUT THE CHARITY CARE PROGRAM WHEN PATIENTS OFFER INFORMATION THAT IS NEEDED TO DETERMINE ELIGIBILITY SEE RESPONSE TO PART VI, LINE 3 HEREIN BAD DEBT IS PUBLISHED IN THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS ON THE STATEMENT OF OPERATIONS ON THE LINE ENTITLED, "PROVISION FOR DOUBTFUL COLLECTIONS "MOUNT NITTANY MEDICAL CENTER PROVIDES SERVICES TO ALL PATIENTS REGARDLESS OF ABILITY TO PAY AS PART OF THE HOSPITAL'S MISSION A PORTION OF THE MOUNT NITTANY MEDICAL CENTER'S BAD DEBT WOULD RELATE TO PATIENTS THAT COULD QUALIFY FOR CHARITY CARE BUT WERE UNWILLING OR UNABLE TO PROVIDE THE APPROPRIATE DOCUMENTATIONS TO ALLOW THAT CLASSIFICATION AS SUCH A PORTION OF THE HOSPITAL'S BAD DEBT SHOULD BE CONSIDERED COMMUNITY BENEFIT

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE MEDICAL CENTER CONTINUES TO PROVIDE CARE TO ALL PRESENTING AND ADMITTED PATIENTS, REGARDLESS OF ABILITY OR PAY THROUGH DILIGENT COST CONTROL PROCESSES, THE MEDICAL CENTER SEEKS WAYS TO KEEP COSTS OF PROVIDING CARE TO A MINIMUM, WHILE STILL PROVIDING THE SAFETY MEASURES, TECHNOLOGICAL CAPABILITIES, AND APPROPRIATE STAFFING LEVELS TO ENSURE THE BEST POSSIBLE OUTCOMES NOTWITHSTANDING THE COSTS TO PROVIDE CARE, RECEIVING "LESS" THAN WHAT IT COSTS TO PROVIDE ADEQUATE CARE TO MEDICARE COVERED LIVES DOES THE MEDICAL CENTER A DISSERVICE THIS SHORTFALL SHOULD COUNT AS A COMMUNITY BENEFIT AS THE MEDICAL CENTER STRIVES TO PROVIDE THE BEST CARE POSSIBLE TO ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY THE MEDICAL CENTER USES A STEP-DOWN COST ALLOCATION METHOD AND THEN APPLIES A COST-TO-CHARGE RATIO

Identifier	ReturnReference	Explanation
		PART III, LINE 9B IF PATIENTS ARE FOUND TO QUALIFY, THE MEDICAL CENTER IMMEDIATELY CEASES COLLECTIONS AND ADJUSTS CHARGES OFF AS CHARITY CARE

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 MOUNT NITTANY HEALTH SYSTEM ("MNHS") HAS HISTORICALLY USED INFORMAL COMMUNITY FEEDBACK MECHANISMS SUCH AS PATIENT AND STAFF INTERACTIONS, AS WELL AS MORE FORMAL MEANS SUCH AS CONSULTANT-LED MARKET RESEARCH AND SOLICITING FEEDBACK FROM DONORS, NON-EMPLOYED PHYSICIANS, AND COMMUNITY LEADERS TO UNDERSTAND THE NEEDS OF REGIONAL POPULATIONS IN ADDITION, MNHS CONTINUES TO HOLD ONGOING AND MEANINGFUL DISCUSSIONS WITH MAJOR COMMUNITY STAKEHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE PENNSYLVANIA STATE UNIVERSITY AND MILTON S HERSHEY MEDICAL CENTER, TO DEVELOP RESPONSIVE PROGRAMS AND SOLUTIONS TO THE HEALTH CARE NEEDS OF PROMINENT SEGMENTS OF THE LOCAL POPULATION IN CENTRE COUNTY AS OF JANUARY 1, 2011, MNHS BECAME THE PARENT ORGANIZATION OF MOUNT NITTANY MEDICAL CENTER, MOUNT NITTANY SURGICAL CENTER, MOUNT NITTANY PHYSICIAN GROUP, AND THE FOUNDATION FOR MOUNT NITTANY MEDICAL CENTER THIS LEGAL STRUCTURE CHANGE WAS MADE IN RESPONSE TO THE HEALTH SYSTEM'S DECISION TO ACQUIRE CERTAIN ASSETS OF A LOCAL MULTI-SPECIALTY PHYSICIAN GROUP PRACTICE AND TO EMPLOY THE MAJORITY OF THOSE PHYSICIANS WITHIN MOUNT NITTANY PHYSICIAN GROUP THIS SIGNIFICANT MOVE WAS MADE IN LARGE PART TO ENSURE ACCESS TO APPROPRIATE, HIGH-QUALITY HEALTH CARE FOR THE LOCAL COMMUNITY, NOW AND IN THE FUTURE, AND TO ENSURE THAT, AS A COMPREHENSIVE HEALTH SYSTEM, MNHS IS POSITIONED TO INTEGRATE, EXPAND, OR OTHERWISE MAKE STRUCTURAL CHANGES TO SERVICES, FACILITIES, AND HUMAN RESOURCES IN RESPONSE TO EVOLVING COMMUNITY NEEDS IN ADDITION TO THESE IMPORTANT INITIATIVES, MNHS PLANS TO USE COMMUNITY FOCUS GROUPS (MOST RECENTLY COMPLETED IN THE FALL OF 2011), INTERNALLY DEVELOPED QUANTITATIVE RESEARCH, AND PARTNERSHIPS WITH OTHER LOCAL AGENCIES IN POSSESSION OF HEALTH NEEDS DATA TO ASSEMBLE A COMPREHENSIVE VIEW OF GAPS IN CARE, ACCESS, OR HEALTH OUTCOMES IN THE CENTRAL PENNSYLVANIA REGION

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 MOUNT NITTANY MEDICAL CENTER IS DEDICATED TO IMPROVING THE HEALTH AND WELL-BEING OF ALL ITS CONSTITUENTS THROUGH THE FINANCIAL ASSISTANCE PROGRAM, MEDICAL CARE IS PROVIDED REGARDLESS OF A PATIENT'S ABILITY TO PAY, INSUFFICIENT HEALTH INSURANCE OR WHETHER A GOVERNMENT-SPONSORED PROGRAM COVERS THE FULL COST OF SERVICES AND AS THE COUNTRY'S ECONOMIC FUTURE REMAINS UNCERTAIN, MOUNT NITTANY MEDICAL CENTER WILL CONTINUE TO PROVIDE CARE FOR THOSE WHO NEED IT MOUNT NITTANY MEDICAL CENTER WILL PROVIDE SERVICES AT NO CHARGE OR REDUCED CHARGES TO THOSE WHO ARE FINANCIALLY UNABLE TO PAY FOR THOSE SERVICES MOUNT NITTANY MEDICAL CENTER WILL NOT ARBITRARILY RESTRICT THE PROVISIONS OF HEALTH SERVICES TO CERTAIN INDIVIDUALS OR GROUPS MOUNT NITTANY MEDICAL CENTER'S REGISTRATION DEPARTMENT REPRESENTATIVES WILL GIVE A COPY OF OUR FINANCIAL ASSISTANCE PROGRAM TO EVERY PATIENT ALONG WITH OTHER IMPORTANT BILLING INFORMATION OUR FINANCIAL COUNSELOR WILL DISCUSS THE AVAILABILITY OF VARIOUS GOVERNMENT BENEFITS SUCH AS MEDICAID OR STATE PROGRAMS TO ASSIST THE PATIENT WITH QUALIFICATIONS FOR THESE PROGRAMS THE FINANCIAL COUNSELOR WILL ALSO ASSIST THE PATIENT IN COMPLETING THE PROPER PAPERWORK FOR ASSISTANCE IN ADDITION, OUR VENDOR DEBIASE & LEVINE REPRESENTATIVE, WHO IS WORKING ON BEHALF OF MOUNT NITTANY MEDICAL CENTER, WILL ALSO ASSIST PATIENTS WITH THE MEDICAL ASSISTANCE PROCESS OUR THIRD PARTY VENDOR WORKS ON BEHALF OF THE ORGANIZATION TO FOLLOW THE HOSPITAL'S POLICIES REGARDING PATIENT NOTIFICATION AND THE AVAILABILITY OF FINANCIAL ASSISTANCE MOUNT NITTANY MEDICAL CENTER'S FINANCIAL ASSISTANCE POLICY IS POSTED ON OUR WEBSITE ALONG WITH AN APPLICATION FOR PATIENTS TO COMPLETE FOR FINANCIAL ASSISTANCE THE FINANCIAL COUNSELORS AND CASE MANAGEMENT STAFF WILL ALSO WORK CLOSELY TO IDENTIFY AND ASSIST ELIGIBLE PATIENTS MOUNT NITTANY MEDICAL CENTER WILL MAKE AVAILABLE A WRITTEN NOTICE TO EACH PATIENT OR THEIR REPRESENTATIVE OF THE EXISTENCE, CRITERIA AND MECHANISM FOR RECEIVING FINANCIAL ASSISTANCE THE HOSPITAL WILL CREATE AND MAINTAIN RECORDS AND DOCUMENT THAT AN APPLICATION WAS SENT TO THE PATIENT DEMONSTRATING THAT THE REQUIRED CRITERIA AND MECHANISM ARE ESTABLISHED (MOUNT NITTANY MEDICAL CENTER WILL RECORD ANY AND ALL REQUESTS FOR FINANCIAL ASSISTANCE, THE DISPOSITION AND THE DOLLAR AMOUNT OF MOUNT NITTANY MEDICAL CENTER'S FINANCIAL ASSISTANCE PROGRAM PROVIDED) THE HOSPITAL SCANS ALL COMPLETED APPLICATIONS GIVEN TO THE PATIENT ACCOUNTS DEPARTMENT SHOWING WHETHER THE APPLICATION WAS APPROVED OR DENIED IN ALL INSTANCES, PATIENT CONFIDENTIALITY WILL BE PROTECTED ELIGIBILITY WILL BE DETERMINED BY COMPARING HOUSEHOLD FAMILY INCOME AGAINST THE INCOME POVERTY GUIDELINES INCOME IS DEFINED AS THE TOTAL ANNUAL CASH RECEIPTS BEFORE TAXES FROM ALL SOURCES A NOTICE OF AVAILABILITY OF MOUNT NITTANY MEDICAL CENTER'S FINANCIAL ASSISTANCE PROGRAM WILL BE GIVEN TO EACH PATIENT OR THEIR REPRESENTATIVE PRIOR TO SERVICES BEING RENDERED, WITH THE EXCEPTION OF EMERGENCY SERVICES THESE NOTICES SHALL BE DISPLAYED AND MADE AVAILABLE IN ALL REGISTRATION AREAS OF THE HOSPITAL AND SHALL INCLUDE THE MOST CURRENT AVAILABLE "HOUSEHOLD INCOME GUIDELINES" AS PUBLISHED IN THE FEDERAL REGISTER MOUNT NITTANY MEDICAL CENTER'S CURRENT FINANCIAL ASSISTANCE PROGRAM ELIGIBILITY IS BASED ON 2 5 TIMES THE "HOUSEHOLD INCOME GUIDELINES" THE PATIENT ACCOUNTS DIRECTOR OR HIS/HER DESIGNEE SHALL REVIEW ALL APPLICATIONS FOR THE MOUNT NITTANY MEDICAL CENTER FINANCIAL ASSISTANCE PROGRAM IT IS THE APPLICANT'S RESPONSIBILITY TO PROVIDE PROOF OF INCOME

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 THE MEDICAL CENTER'S PRIMARY SERVICE AREA INCLUDES CENTRE COUNTY AND PARTS OF THE SURROUNDING COUNTIES CENTRE COUNTY'S POPULATION IS APPROXIMATELY 154,000 APPROXIMATELY 13% OF THE POPULATION IS AGED 0-14, 76% AGED 15-64, AND 11% IS 65 OR OLDER THE ESTIMATE FOR THE POPULATION LIVING BELOW THE POVERTY LINE IS 18% THE MEDIAN AGE IN CENTRE COUNTY IS 27 3 (39 9 FOR ALL OF PA) 38 4% OF THOSE AGED 25 OR OLDER HAVE AT LEAST A BACHELOR'S DEGREE VS 26 0% FOR ALL OF PA THE MEDIAN HOUSEHOLD INCOME IS $47,966, WHILE THE PA MEDIAN IS $49,501 40,000+ COLLEGE STUDENTS LIVE IN STATE COLLEGE MOUNT NITTANY MEDICAL CENTER IS THE SOLE GENERAL ACUTE CARE HOSPITAL IN CENTRE COUNTY THE NEAREST LEVEL II TRAUMA CENTER IS APPROX 43 MILES AWAY PART OF CENTRE COUNTY IS A DESIGNATED MEDICALLY UNDERSERVED AREA

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 THE MEDICAL CENTER'S BOARD OF TRUSTEES AND ITS VARIOUS COMMITTEES INCLUDE COMMUNITY MEMBERS AS WELL AS MEDICAL STAFF THE COMMUNITY MEMBERS ARE NOT DIRECTLY INVOLVED IN THE MEDICAL CENTER'S OPERATIONS THE MEDICAL CENTER'S MEDICAL STAFF EXCEEDS 300 PHYSICIANS AND CONTINUES TO INVEST IN STRONG AND BENEFICIAL RELATIONSHIPS WITH ALL PHYSICIANS WHO HAVE AN INTEREST IN WORKING WITH THE MEDICAL CENTER ALL REVENUES IN EXCESS OF EXPENSES ARE RE-INVESTED IN THE COMMUNITY, INCLUDING SIGNIFICANT DONATIONS TO THE COUNTY'S ONLY FREE MEDICAL AND DENTAL CLINIC, AS WELL AS INTERNAL IMPROVEMENTS TO TECHNOLOGY SO THAT THE COMMUNITIES WE SERVE HAVE IMMEDIATE ACCESS TO THE BEST AND MOST APPROPRIATE DIAGNOSTIC AND TREATMENT OPTIONS AVAILABLE

Identifier	ReturnReference	Explanation
		PART VI, LINE 7 AS OF JUNE 30, 2011, MOUNT NITTANY HEALTH SYSTEMS HAS TWO CONTROLLED CORPORATIONS, WHICH ARE THE MOUNT NITTANY MEDICAL CENTER (INPATIENT AND OUTPATIENT SERVICES) AND MOUNT NITANY MEDICAL CENTER HEALTH SERVICES, INC (A PHYSICIAN PRACTIVE D/B/A MOUNT NITTANY PHYSICAN GROUP) THE FOUNDATION FOR MOUNT NITTANY MEDICAL CENTER, INC (FUNDRAISING) AND THE MOUNT NITTANY SURGICAL CENTER, INC (OUTPATIENT SURGICAL CENTER) ARE CONTROLLED BY MOUNT NITTANY MEDICAL CENTER

Identifier	ReturnReference	Explanation
REPORTS FILED WITH STATES	PART VI, LINE 7	PA

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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
MOUNT NITTANY MEDICAL CENTER

Employer identification number
24-0795682

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
(1) MOUNT NITTANY MEDICAL CENTER HEALTH SERVICES INC 1800 EAST PARK AVENUE STATE COLLEGE,PA 16803	51-0426500	501(C)(3)	36,599,650		CASH	N/A	PROVIDE FINANCIAL SUPPORT TO AFFILIATE

2 Enter total number of section 501(c)(3) and government organizations . . . ▶ 1

3 Enter total number of other organizations . . . ▶ 0

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

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
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 ASSISTANCE IS PROVIDED TO RELATED ENTITIES FOR FINANCIAL SUPPORT MANAGEMENT OF THE HEALTH SYSTEM OVERSEES THE USE OF FUNDS AT THE AFFILIATED ENTITIES

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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
MOUNT NITTANY MEDICAL CENTER

Employer identification number
24-0795682

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**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply			
	☑ 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**	Yes	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**	Yes	
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				
(1) STEVEN E BROWN	(i)	341,092	0	10,914	51,470	39,104	442,580	0
	(ii)	0	0	0	0	0	0	0
(2) RICHARD WISNIEWSKI	(i)	260,260	51,985	2,118	16,783	33,469	364,615	0
	(ii)	0	0	0	0	0	0	0
(3) JEFFREY RATNER MD	(i)	302,744	24,586	0	16,783	34,510	378,623	0
	(ii)	0	0	0	0	0	0	0
(4) JANET SCHACHTNER	(i)	189,611	34,854	0	15,543	26,067	266,075	0
	(ii)	0	0	0	0	0	0	0
(5) THOMAS STOESSEL	(i)	183,434	17,171	0	13,941	29,710	244,256	0
	(ii)	0	0	0	0	0	0	0
(6) GERALD DITTMANN	(i)	145,353	13,521	0	9,957	31,533	200,364	0
	(ii)	0	0	0	0	0	0	0
(7) KENNETH BIXEL	(i)	143,248	14,583	0	9,813	24,560	192,204	0
	(ii)	0	0	0	0	0	0	0
(8) EMILY A PETERSON MD	(i)	0	0	0	0	0	0	0
	(ii)	300,000	0	0	8,654	11,918	320,572	0
(9) UPENDRA A THAKER MD	(i)	0	0	0	0	0	0	0
	(ii)	184,164	17,947	0	0	12,762	214,873	0
(10) STEPHEN MAHOOD	(i)	184,310	0	0	12,705	16,101	213,116	0
	(ii)	0	0	0	0	0	0	0
(11) NEAL HOLTER	(i)	177,471	0	0	12,224	15,624	205,319	0
	(ii)	0	0	0	0	0	0	0
(12) CRAIG PURSELL DO	(i)	0	0	0	0	0	0	0
	(ii)	160,000	0	0	4,616	9,888	174,504	0
(13) THOMAS MURRAY	(i)	0	0	0	0	0	0	0
	(ii)	327,081	0	0	0	22,951	350,032	0
(14) DAVID PETERSON	(i)	0	0	0	0	0	0	0
	(ii)	228,669	39,420	0	10,009	20,491	298,589	0
(15) LANCE ROSE	(i)	0	0	0	0	0	0	0
	(ii)	14,721	0	0	0	1,126	15,847	0
(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, LINES 4A-B	THOMAS MURRAY RECEIVED SEVERANCE PAYMENT OF $327,081 LANCE ROSE RECEIVED NONQUALIFIED PENSION PAYMENTS OF $14,721 DAVID PETERSON RECEIVED A PARTIAL SEVERANCE PAYMENT FOR 2011
	PART I, LINE 6	THE EXECUTIVE TEAM MEMBERS OF MOUNT NITTANY MEDICAL CENTER RECEIVED A PORTION OF THEIR ANNUAL VARIABLE-PAY BASED UPON THE NET EARNINGS OF MOUNT NITTANY MEDICAL CENTER AND OTHER CORPORATE GOALS THE CORPORATE GOALS FOCUSED ON FINANCE, GROWTH, HUMAN RESOURCES, CLINICAL QUALITY AND PATIENT SAFETY

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
MOUNT NITTANY MEDICAL CENTER

Employer identification number
24-0795682

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	CENTRE COUNTY HOSPITAL AUTHORITY	20-3197497	156273CE2	03-26-2009	69,748,005	FUND EAST WING EXPANSION & OTHER CAPITAL EXPENDITURES		X	X			X
B	CENTRE COUNTY HOSPITAL AUTHORITY	20-3197497	156273CU6	05-05-2011	70,552,972	FUND EMERG DEPT EXPANSION & OTHER CAPITAL EXPENDITURES		X	X			X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds legally defeased				
3	Total proceeds of issue	69,748,005	70,552,972		
4	Gross proceeds in reserve funds	4,407,760	52,882,694		
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	3,721,113	1,033,856		
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	50,804,596	10,984,955		
11	Other spent proceeds				
12	Other unspent proceeds	4,949,845	8,280,463		
13	Year of substantial completion	2013	2014		

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X		X				
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?		X		X				
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X		X				
b	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
c	Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %		0 %					
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 %		0 %					
6	Total of lines 4 and 5	0 %		0 %					
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X					

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X				
2	Is the bond issue a variable rate issue?		X		X				
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X				
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X		X				
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X		X				
6	Did the bond issue qualify for an exception to rebate?		X		X				

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
SCHEDULE K, PART III, LINE 3		THERE ARE NO MANAGEMENT OR SERVICE CONTRACTS OR RESEARCH AGREEMENTS RELATING TO THE FINANCED PROPERTIES FOR THE 2009 OR 2011 BONDS

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
MOUNT NITTANY MEDICAL CENTER

Employer identification number
24-0795682

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1 (a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	(c) Corrected? No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 . . . . . ▶ $

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . . ▶ $

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV **Business Transactions Involving Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) RICHARD KALIN	FORMER BOARD OF TRUSTEES MEMBER	12,428	FOR LEGAL SERVICES		No
(2) EDWARD BELL	FAMILY MEMBER OF A BOARD TRUSTEE	116,874	SALARY COMPENSATION AS A MNMC EMPLOYEE		No

Part V **Supplemental Information**

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

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
MOUNT NITTANY MEDICAL CENTER

Employer identification number
24-0795682

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 4		THE BY-LAWS WERE AMENDED AS PART OF THE GOVERNANCE AND ORGANIZATIONAL RESTRUCTURING OF THE CORPORATION AND ITS RELATED PARTIES MOUNT NITTANY HEALTH SYSTEM WAS ESTABLISHED AS THE NEW PARENT ORGANIZATION FOR MOUNT NITTANY MEDICAL CENTER

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A		THE MOUNT NITTANY HEALTH SYSTEM BOARD HAS APPROVAL RIGHTS OVER MOUNT NITTANY MEDICAL CENTER

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B		THE MOUNT NITTANY HEALTH SYSTEM BOARD HAS APPROVAL RIGHTS OVER MOUNT NITTANY MEDICAL CENTER

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		THE 990 WAS REVIEWED BY THE BOARD OF TRUSTEES AND BY THE MOUNT NITTANY HEALTH SYSTEM AUDIT COMMITTEE BEFORE BEING FILED WITH THE IRS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	ANNUALLY, THE CONFLICT OF INTEREST POLICY IS DISTIBUTED TO KEY MEMBERS OF THE ORGANIZATION INCLUDING BOARD MEMBERS, OFFICERS, AND KEY EMPLOYEES EACH PERSON MUST REPORT ANY POTENTIAL CONFLICT OF INTERESTS, WHICH IS THEN REVIEWED BY THE CORPORATE COMPLIANCE OFFICER AND THEN REPORTED AND REVIEWED BY THE HEALTH SYSTEM'S AUDIT COMMITTEE.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	EXECUTIVE COMPENSATION COMMITTEE FROM BOARD OF TRUSTEES REVIEWS COMPENSATION PAID TO EXECUTIVE MANAGEMENT TEAM IN CONJUNCTION WITH AN INDEPENDENT THIRD PARTY CONSULTING FIRM TO ENSURE COMPENSATION IS REASONABLE AND APPROPRIATE FOR DUTIES AND RESPONSIBILITES ASSIGNED

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE MADE AVAILABLE TO THE PUBLIC UPON REQUEST

Identifier	Return Reference	Explanation
	FORM 990, PART VII, SECTION A	AVERAGE HOURS PER WEEK FOR DIRECTORS FOR MOUNT NITTANY MEDICAL CENTER AND ALL RELATED ORGANIZATIONS ARE AS FOLLOWS CARL ANDERSON - 6 THOMAS BROWN - 10 THOMAS HARRIS - 6 JONATHON DRANOV, MD - 6 STEVEN BROWN - 40 RICHARD WISNIEWSKI - 40

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED GAINS ON INVESTMENTS 5,995,645 CHANGE IN INTEREST IN THE FOUNDATION FOR MOUNT NITTANY MEDICAL CENTER, INC -774,894 PENSION LIABILITY ADJUSTMENT 9,418,904 CHANGE IN FAIR VALUE OF DERIVATIVE 1,030,201 TOTAL TO FORM 990, PART XI, LINE 5 15,669,856

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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
MOUNT NITTANY MEDICAL CENTER

Employer identification number
24-0795682

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
(1) THE FOUNDATION FOR MOUNT NITTANY MEDICAL CENTER INC 1800 EAST PARK AVENUE STATE COLLEGE, PA 168036796 57-1138956	FUNDRAISING AND SUPPORT FOR MOUNT NITTANY MEDICAL CENTER	PA	501(C)(3)	11A	MOUNT NITTANY MEDICAL CENTER	Yes	
(2) MOUNT NITTANY MEDICAL CENTER WORKMEN'S COMPENSATION SELF INSURANCE TRUST 1800 EAST PARK AVENUE STATE COLLEGE, PA 168036796 25-6440788	PROVIDE WORKMEN'S COMPENSATION BENEFITS TO EMPLOYEES OF MNMC	PA	501(C)(3)	11A	N/A		No
(3) MOUNT NITTANY MEDICAL CENTER HEALTH SERVICES INC 1800 EAST PARK AVENUE STATE COLLEGE, PA 168036796 51-0426500	PROFESSIONAL SERVICES TO SUPPORT MNMC	PA	501(C)(3)	11A	MOUNT NITTANY HEALTH SYSTEM		No
(4) MOUNT NITTANY SURGICAL CENTER INC 1850 EAST PARK AVENUE STATE COLLEGE, PA 168036796 25-1712099	HEALTHCARE	PA	501(C)(3)	11A	MOUNT NITTANY MEDICAL CENTER	Yes	
(5) MOUNT NITTANY HEALTH SYSTEM 1800 EAST PARK AVENUE STATE COLLEGE, PA 168036796 80-0663092	PROVIDE MANAGEMENT AND ADMINISTRATIVE SUPPORT TO MNMC & SUBSIDIARIES	PA	501(C)(3)	11A	N/A		No

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

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		No
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	Yes	
f	Sale of assets to other organization(s)	1f		No
g	Purchase of assets from other organization(s)	1g		No
h	Exchange of assets	1h		No
i	Lease of facilities, equipment, or other assets to other organization(s)	1i		No
j	Lease of facilities, equipment, or other assets from other organization(s)	1j		No
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		No
p	Reimbursement paid by other organization for expenses	1p		No
q	Other transfer of cash or property to other organization(s)	1q	Yes	
r	Other transfer of cash or property from other organization(s)	1r	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: 24-0795682
Name: MOUNT NITTANY MEDICAL CENTER

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)	FOUNDATION FOR MOUNT NITTANY MEDICAL CENTER	C	4,398,098	CASH
(2)	FOUNDATION FOR MOUNT NITTANY MEDICAL CENTER	K	1,700	COST OF SERVICES PERFORMED
(3)	FOUNDATION FOR MOUNT NITTANY MEDICAL CENTER	N	237,403	CASH
(4)	MOUNT NITTANY SURGICAL CENTER	C	268,324	CASH
(5)	MOUNT NITTANY SURGICAL CENTER	K	431,971	COST OF SERVICES PERFORMED
(6)	FOUNDATION FOR MOUNT NITTANY MEDICAL CENTER	B	2,040,740	CASH
(7)	MOUNT NITTANY MEDICAL CENTER HEALTH SERVICES INC	B	34,558,910	CASH

Mount Nittany Health System and Affiliates

Consolidated Financial Statements

June 30, 2011 and 2010

Mount Nittany Health System and Affiliates

Table of Contents
June 30, 2011 and 2010

ParenteBeard

Independent Auditors' Report

Board of Directors
Mount Nittany Health System

We have audited the accompanying consolidated statement of financial position of Mount Nittany Health System and affiliates as of June 30, 2011 and 2010, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the management of Mount Nittany Health System. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mount Nittany Health System and affiliates as of June 30, 2011 and 2010, and the results of their operations, changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

ParenteBeard LLC

State College, Pennsylvania
September 15, 2011

Mount Nittany Health System and Affiliates

Consolidated Statement of Financial Position
June 30, 2011 and 2010

	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	$ 22,442,079	$ 23,419,079
Short-term investments	26,557,470	45,733,482
Accounts receivable		
Patients (net of estimated allowance for doubtful collections of $13,702,000 in 2011 and $9,674,000 in 2010)	30,441,365	23,702,960
Other	3,972,267	1,081,134
Inventories of drugs and supplies	6,113,434	4,898,166
Prepaid expenses and other current assets	4,179,833	2,775,028
Total current assets	93,706,448	101,609,849
Long-Term Investments	54,827,539	21,975,185
Assets Whose Use Is Limited		
Under trust indenture, held by trustee	70,520,763	23,934,438
Worker's compensation self-insurance, held by trustee	1,319,700	1,284,641
Property and Equipment, Net	125,365,456	101,112,544
Beneficial Interest in Perpetual Trust	50,731	46,198
Pledges Receivable	2,507,579	3,048,426
Deferred Financing Costs, Net	4,410,611	3,536,116
Goodwill	1,209,867	-
Derivative Financial Instruments	521,228	-
Other Assets, Net	10,199,300	1,220,641
Total assets	$ 364,639,222	$ 257,768,038

	2011	2010
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt		
Revenue bonds and note payable	$ 880,015	$ 845,715
Obligations under capital leases	341,350	217,145
Accounts payable	10,656,325	8,752,605
Blue Cross current financing advance	475,663	475,663
Estimated third-party payor settlements	5,499,350	2,613,598
Accrued expenses		
Employee paid time off	7,092,656	4,371,201
Payroll and withholdings	2,401,828	3,656,328
Accrued interest	1,197,410	472,500
Other	6,973,609	3,480,433
Deferred compensation, current	696,364	152,922
Current portion of charitable gift annuity liability	15,051	19,178
Total current liabilities	36,229,621	25,057,288
Long-Term Debt		
Revenue bonds and note payable	140,398,041	70,716,662
Obligations under capital leases	629,388	435,143
Deferred Revenue	327,363	754,730
Charitable Gift Annuity Liability	60,914	76,843
Accrued Pension Costs	11,182,003	23,620,828
Accrued Medical Malpractice and Workers' Compensation Costs	1,914,305	1,859,938
Deferred Compensation	198,606	134,310
Derivative Financial Instruments	-	508,973
Total liabilities	190,940,241	123,164,715
Net Assets		
Unrestricted	167,257,741	125,514,886
Temporarily restricted	6,135,305	8,808,636
Permanently restricted	305,935	279,801
Total net assets	173,698,981	134,603,323
Total liabilities and net assets	$ 364,639,222	$ 257,768,038

See notes to consolidated financial statements

Mount Nittany Health System and Affiliates

Consolidated Statement of Operations
Years Ended June 30, 2011 and 2010

	2011	2010
Unrestricted Revenues, Gains, and Other Support		
Net patient service revenues	$ 261,846,299	$ 207,523,855
Other operating revenues	3,536,489	2,278,351
Net assets released from restrictions used in operations	124,210	150,806
Gain on sale of equipment	71,960	750
Total unrestricted revenues, gains, and other support	265,578,958	209,953,762
Expenses		
Supplies and other	99,745,159	74,552,603
Salaries and wages	96,052,587	72,158,479
Employee benefits	26,172,643	20,382,512
Depreciation and amortization	12,623,093	10,465,726
Provision for doubtful collections	8,324,231	6,742,298
Insurance	1,317,871	1,653,441
Interest (net of capitalized interest of $678,209 in 2011 and $1,429,037 in 2010)	3,914,582	2,494,597
Total expenses	248,150,166	188,449,656
Operating income	17,428,792	21,504,106
Other Income		
Investment income	8,844,248	3,974,056
Change in fair value of derivative financial instruments	1,030,201	16,330
Other revenues	591,982	118,052
Contributions	154,839	90,392
Other income, net	10,621,270	4,198,830
Revenues in excess of expenses	28,050,062	25,702,936
Pension Liability Adjustment	9,418,904	(250,589)
Net Assets Released from Restrictions Used for the Purchase of Property and Equipment	4,273,889	180,389
Increase in unrestricted net assets	$ 41,742,855	$ 25,632,736

See notes to consolidated financial statements

Mount Nittany Health System and Affiliates

Consolidated Statement of Changes in Net Assets
Years Ended June 30, 2011 and 2010

	2011	2010
Unrestricted Net Assets		
Revenues in excess of expenses	$ 28,050,062	$ 25,702,936
Pension liability adjustment	9,418,904	(250,589)
Net assets released from restrictions used for purchase of property and equipment	4,273,889	180,389
Increase in unrestricted net assets	41,742,855	25,632,736
Temporarily Restricted Net Assets		
Contributions	1,700,191	2,200,385
Investment income	24,577	18,542
Net assets released from restrictions	(4,398,099)	(331,195)
Increase in temporarily restricted net assets	(2,673,331)	1,887,732
Permanently Restricted Net Assets		
Contributions	21,600	-
Valuation gain	4,534	4,056
Increase in permanently restricted net assets	26,134	4,056
Increase in net assets	39,095,658	27,524,524
Net Assets, Beginning	134,603,323	107,078,799
Net Assets, Ending	$ 173,698,981	$ 134,603,323

See notes to consolidated financial statements

Mount Nittany Health System and Affiliates

Consolidated Statement of Cash Flows
Years Ended June 30, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities		
Increase in net assets	$ 39,095,658	$ 27,524,524
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	12,623,093	10,465,726
Provision for doubtful collections	8,324,231	6,742,298
Amortization of discount on long-term debt	8,577	10,162
Change in fair value of derivative financial instruments	(1,030,201)	(16,330)
Restricted contributions, investment income, and valuation gain	(1,750,902)	(2,222,983)
Unrestricted net realized and unrealized gains on investments	(6,465,971)	(2,629,252)
Pension liability adjustment	(9,418,904)	250,589
Gain on disposal of property and equipment	(71,960)	(750)
Changes in assets and liabilities:		
Accounts receivable	(17,953,769)	(8,706,835)
Inventories of drugs and supplies	(1,215,268)	(565,938)
Prepaid expenses and other current assets	(1,404,805)	(913,820)
Accounts payable, accrued expenses, and other liabilities	1,971,262	(6,916,928)
Net cash provided by operating activities	22,711,041	23,020,463
Cash Flows from Investing Activities		
(Increase) decrease in investments	(53,836,288)	16,857,876
Purchases of property and equipment	(25,879,772)	(33,337,048)
Purchases of assets of physician practices	(14,663,292)	-
Increase in other assets	(3,577)	(46,316)
Proceeds from sale of equipment	20,717	17,260
Net cash used in investing activities	(94,362,212)	(16,508,228)

See notes to consolidated financial statements

Mount Nittany Health System and Affiliates

Consolidated Statement of Cash Flows
Years Ended June 30, 2011 and 2010

	2011	2010
Cash Flows from Financing Activities		
Proceeds from issuance of long-term debt, net of premium of $322,972 in 2011	$ 70,552,972	$ -
Restricted contributions and investment income	2,291,749	3,149,946
Repayment of long-term debt	(1,108,061)	(1,010,593)
Payment of financing costs	(1,042,433)	-
Change in charitable gift annuity liability	(20,056)	(10,722)
Net cash provided by financing activities	70,674,171	2,128,631
Net (decrease) increase in cash and cash equivalents	(977,000)	8,640,866
Cash and Cash Equivalents, Beginning	23,419,079	14,778,213
Cash and Cash Equivalents, Ending	$ 22,442,079	$ 23,419,079
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest, net of amounts capitalized	$ 3,189,672	$ 192,282
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Capital lease incurred for purchase of property and equipment	$ 580,641	$ -
Obligations incurred for the purchase of property and equipment	$ 5,039,859	$ 1,238,985
Interest capitalized for construction in progress	$ 678,209	$ 1,429,037

See notes to consolidated financial statements

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Mount Nittany Health System (the "System") is a not-for-profit corporation organized to coordinate and manage the integration of the delivery of healthcare services and perform activities that benefit its affiliates. The System is the controlling parent for Mount Nittany Medical Center (the "Medical Center") and Mount Nittany Medical Center Health Services, Inc. d/b/a Mount Nittany Physician Group (the "Physician Group").

The Medical Center is a not-for-profit, acute care hospital and provides inpatient, outpatient and emergency care services and is the controlling parent for Mount Nittany Surgical Center, Inc. (the "Surgical Center") and The Foundation for Mount Nittany Medical Center, Inc. (the "Foundation").

The Surgical Center is a not-for-profit corporation that provides outpatient surgical services. The Foundation is a not-for-profit corporation that provides fundraising and other support to further the charitable, educational, and scientific purposes of the Medical Center. The Physician Group is a not-for-profit corporation that provides professional services.

The Medical Center, Surgical Center, and the Physician Group provide services for residents of their primary services area, which includes State College, Pennsylvania and surrounding communities in Centre County, Pennsylvania.

Subsequent Events

The System, the Center, the Surgical Center, the Physician Group, and the Foundation (collectively, the "Corporation") evaluates subsequent events for recognition or disclosure. Subsequent events were evaluated through September 15, 2011, the date the consolidated financial statements were issued.

Governance Restructuring

On January 1, 2011, the Corporation completed governance and organizational restructuring, designed to streamline the governance and organization structure and ensure the most efficient and effective healthcare delivery system. As a result of the organizational restructuring, the System was created to establish a parent corporation for the Medical Center and changed the Physician Group control from the Medical Center to the System. There was no effect on the consolidated financial statements as a result of the governance and organization restructuring.

Basis of Consolidation

The consolidated financial statements include the accounts of the Corporation. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of the 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 as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments purchased with an original maturity of three months or less, excluding assets whose use is limited.

Accounts Receivable, Patients

Accounts receivable, patients, are reported at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. The allowance for doubtful collections is estimated based on a periodic review of the accounts receivable aging, payor classifications, and application of historical write-off percentages.

Accounts Receivable, Other

Accounts receivable, other, are reported at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. No allowance for doubtful collections was recorded because management believes realization losses on other receivables will be immaterial.

Inventories of Drugs and Supplies

Inventories of drugs and medical and surgical supplies are stated at the lower of cost or market value. Cost is determined on a first-in, first-out basis.

Investments and Investment Risk

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Cash equivalents and certificates of deposit are carried at cost which approximates fair value. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the determination of revenues in excess of expenses unless the income or loss is restricted by donor or law. Donor-restricted investment income is reported as an increase in temporarily restricted net assets.

The Corporation's investments are comprised of a variety of financial instruments. The fair values reported in the consolidated statement of financial position are exposed to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities, it is reasonably possible that the amounts reported in the accompanying consolidated financial statements could change materially in the near term.

Assets Whose Use Is Limited

Assets whose use is limited include cash and cash equivalents, United States government obligations, and corporate bonds held in an irrevocable self-insurance workers' compensation trust arrangement and assets held by the bond trustee under a trust indenture.

Deferred Financing Costs

Costs incurred in connection with the issuance of long-term debt have been deferred and are being amortized over the term of the debt using the straight-line method. Amortization of deferred financing costs was $159,361 in 2011 and $199,398 in 2010.

Pledges Receivable

Unconditional promises to give are included in the consolidated financial statements as contributions receivable and related revenue is included in the appropriate net asset category. Pledges expected to be collected in future years are recorded at the present value of the estimated future cash flows. Amortization of the discount is included in contribution income. Pledges are written off when they are determined to be uncollectible based on management's assessment of individual pledges. The allowance for uncollectible pledges is estimated based on an estimated percentage of uncollectible amounts

Goodwill and Intangible Assets

The Corporation adopted Financial Accounting Standards Board ("FASB") authoritative guidance regarding goodwill and other intangible assets. Under FASB authoritative guidance, goodwill and other intangible assets with indefinite lives are reviewed annually or more frequently if impairment indicators arise. The review requires the Corporation to estimate the fair value of its identified reporting units and compare those estimates against the related carrying values. Identifiable assets and liabilities acquired in connection with business combinations accounted for under the purchase method are recorded at their respective fair values. Intangible assets with finite lives with a cost of $8,969,190 and accumulated amortization of $867,956 as of June 30, 2011 are included in other assets in the accompanying consolidated statement of financial position.

Property and Equipment and Depreciation

Property and equipment acquisitions are recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of depreciable assets. Equipment acquired under capital lease and leasehold improvements are amortized on the straight-line method over the shorter of the lease term or the estimated useful lives of the assets. Such amortization is included in depreciation and amortization expense in the accompanying consolidated statement of operations. The Corporation follows the policy of capitalizing interest as a component of the cost of property and equipment constructed for its own use.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Beneficial Interest in Perpetual Trust

The Medical Center receives income from a perpetual trust. Under the terms of the trust agreement, the Medical Center has the irrevocable right to receive a portion of the income earned on trust assets in perpetuity, but never receives the assets held in the trust. The assets are recorded at the estimated present value of the Medical Center's future cash receipts from trust assets, measured by the Medical Center's allocable share of trust income times the fair values of trust assets.

Deferred Revenue

Proceeds from the rental of certain property are deferred. Rental revenues are recognized ratably over the term of the lease. The deferred revenue associated with this lease was $239,510 at June 30, 2011 and $245,138 at June 30, 2010.

The Medical Center received proceeds from The Tobacco Settlement Act that is administered through the Department of Public Welfare ("DPW"). These funds are intended to partially reimburse the Medical Center for the uncompensated care services it has provided. The Medical Center's claim to these funds is subject to review by the Department of the Auditor General of the Commonwealth of Pennsylvania. The Medical Center has not recognized as revenue a portion of the funds received in the amount of $87,853 at June 30, 2011 and $509,592 at June 30, 2010, pending the results of a review by the Department of the Auditor General.

Charitable Gift Annuity Liability

The charitable gift annuity liability represents funds received by the Corporation subject to agreements whereby assets are made available to the Corporation on the condition that the Corporation agrees to pay stipulated amounts periodically to designated individuals. Payments of such amounts terminate at a time specified in the agreement, typically upon the death of the donor. Annuity assets are included in long-term investments and are accounted for at fair value. Annuity payables represent the present value of the aggregate liability.

Deferred Compensation Arrangement

The Corporation has unfunded deferred compensation arrangements with former employees. The liability for these arrangements has been accrued as a current and noncurrent liability. Benefits paid under these arrangements are payable in monthly installments through May 2021.

Derivative Financial Instruments

The Medical Center has entered into an interest rate swap agreements, which is considered derivative financial instruments, to manage interest rate exposure on certain bonds payable. The interest rate swap agreements are reported at fair value in the consolidated statement of financial position, and related changes in fair value are reported in the consolidated statement of operations.

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.

Net Patient Service Revenues

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center, the Surgical Center, and Physician Group at amounts different from their established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. It is reasonably possible that the estimates used could change in the near term.

Charity Care

The Medical Center, the Surgical Center, and Physician Group provide care to patients who meet certain criteria without charge or at amounts less than their established rates. Because the Medical Center, the Surgical Center, and the Physician Group do not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as revenues. The Medical Center, the Surgical Center, and the Physician Group maintain records to identify and monitor the level of charity care they provide. These records include the amount of charges foregone for services rendered and supplies furnished under their charity care policies. The charges foregone, based on the established rates, amounted to approximately $4,728,000 in 2011 and $3,770,000 in 2010.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets 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 consolidated statement of operations as net assets released from restrictions.

Revenues in Excess of Expenses

The consolidated statement of operations includes the determination of revenues in excess of expenses. Changes in unrestricted net assets, which are excluded from the determination of revenues in excess of expenses, consistent with industry practice, include the pension liability adjustment and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such long-lived assets).

Medical Malpractice and Workers' Compensation Insurance Costs

The provision for estimated medical malpractice and workers' compensation claims includes estimates of the ultimate costs for claims incurred but not reported based on the Corporation's past experience and current trend factors.

Income Taxes

The System, the Medical Center, the Surgical Center, the Physician Group, and the Foundation are not-for-profit organizations as described in section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income pursuant to section 501(a) of the Code.

The Corporation accounts for uncertainty in income taxes using a recognition threshold of more-likely-than not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2011 and 2010.

The Corporation's policy is to recognize interest related to unrecognized tax benefits in interest expense and penalties in operating expenses.

All required Federal Exempt Organization Business Income Tax Returns for the Corporation have been filed up to, and including, the tax year ended June 30, 2010. The Corporation's federal income tax returns for 2007, 2008, and 2009 (fiscal years ended June 30, 2008, 2009, and 2010) remain subject to examination by the Internal Revenue Service ("IRS").

Advertising Costs

Advertising costs are expensed as incurred.

Reclassifications

Certain reclassifications were made to the 2010 consolidated financial statements to conform with the 2011 presentation.

Recent Accounting Pronouncements

Charity Care

The Corporation will be required to adopt amended guidance related to health care entities which requires that direct and indirect costs be used as the measurement for charity care disclosure purposes. The guidance was also amended to require disclosure of the method used to identify or determine such costs. The amended guidance is effective for fiscal years beginning after December 15, 2010. Adoption of the amended guidance will revise disclosure in the notes to the Corporation's consolidated financial statements but will not impact amounts reported in the primary consolidated financial statements.

Insurance Claims

The Corporation will be required to adopt amended guidance which clarifies that health care entities may not net insurance recoveries against a related claim liability. In addition, the amount of the claim liability should be determined without consideration of insurance recoveries and estimated insurance recoveries, if any, should be measured and presented separately within the consolidated statement of financial position. The amended guidance is effective for fiscal years beginning after December 15, 2010. The Corporation has not completed the process of evaluating the impact, if any, of this amended guidance on its financial statements.

Provision for Doubtful Collections

The Corporation will be required to adopt amended guidance related to health care entities which requires a change in reporting the provision for bad debts associated with net patient service revenues. As a result of this guidance, the provision, which is currently reported as an operating expense in the Corporation's consolidated statement of operations, will be reported as a deduction from patient service revenues, net of contractual allowances and discounts. The guidance also enhances required disclosures regarding the policies for recognizing net patient service revenues and assessing bad debts. In addition, the guidance requires disclosure of net patient service revenues and qualitative and quantitative information about changes in the allowance for doubtful accounts, both by major payor sources. The amended guidance is effective for fiscal years and interim periods beginning after December 15, 2011. Adoption of the amended guidance will require retrospective restatement of the consolidated statement of operations and prospective consolidated financial statement disclosures.

2. Acquisitions

From September 2010 through December 2010, the Physician Group acquired certain assets and employed the physicians and staff of four physician practices to expand its operations in State College and surrounding areas. The purchased assets, primarily equipment, leasehold improvements, a partnership interest, and intangible assets for medical records, have been recorded at fair market value as of the acquisition dates in accordance with relevant authoritative guidance. Goodwill was recorded for the difference between the purchase price paid less fair value of assets and liabilities recorded.

The results from operations are included in the consolidated financial statements commencing with the acquisition dates. The provisions of the acquisition were absent of any significant contingency payments, options, or commitments. Due to the lack of significant results of operations for the four physician practices for the periods July 1, 2009 through June 30, 2010 and July 1, 2010 through the acquisition dates, pro-forma results of operations are not presented.

3. Investments

The composition of short-term and long-term investments at June 30, 2011 and 2010 is set forth in the following table:

	2011	2010
Cash and cash equivalents	$ 20,497,328	$ 17,309,886
Certificates of deposit	6,060,388	28,421,637
Mutual funds, equity funds	31,726,822	13,666,968
Mutual funds, fixed income funds	20,293,830	8,103,861
United States government obligations	168,746	155,422
Alternative investments	2,637,895	-
Corporate bonds	-	50,893
Total	81,385,009	67,708,667
Less short-term investments	26,557,470	45,733,482
Long-term investments	$ 54,827,539	$ 21,975,185

The composition of assets whose use is limited at June 30, 2011 and 2010, is set forth in the following table:

	2011	2010
Cash and cash equivalents	$ 52,602,709	$ 1,712
United States government obligations	4,345,010	14,222,064
Corporate bonds	14,892,744	10,995,303
Total	$ 71,840,463	$ 25,219,079

Unrestricted investment income, gains and losses for cash and cash equivalents, assets whose use is limited, and investments are comprised of the following in 2011 and 2010

	2011	2010
Investment income		
Interest and dividend income	$ 2,393,053	$ 1,363,676
Net realized gain (loss) on sales of securities	390,290	(693,329)
Net unrealized gains on trading securities	6,075,681	3,322,581
Fees	(14,776)	(18,872)
Investment income	$ 8,844,248	$ 3,974,056

4. Fair Value Measurements and Financial Instruments

Fair Value Measurements

The Corporation measures its short-term investments assets whose use is limited, long-term investments, and beneficial interest in perpetual trusts, and derivative financial instruments at fair value on a recurring basis in accordance with FASB guidance on Fair Value Measurements. The securities were measured with the following inputs at June 30, 2011 and 2010:

	2011			
	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Cash and cash equivalents	$ 73,100,037	$ -	$ -	$ 73,100,037
Certificates of deposit	-	6,060,388	-	6,060,388
United States government obligations	-	4,513,756	-	4,513,756
Mutual funds, equity funds:				
International funds	8,051,903	-	-	8,051,903
Large cap growth funds	4,866,464	-	-	4,866,464
Large cap value funds	4,662,674	-	-	4,662,674
Large cap blend funds	5,065,164	-	-	5,065,164
Other	9,080,617	-	-	9,080,617
Mutual funds, fixed income funds				
Bond funds	13,379,832	-	-	13,379,832
Financial institution funds	5,038,152	-	-	5,038,152
Large cap value funds	1,805,157	-	-	1,805,157
Other	70,689	-	-	70,689
Corporate bonds	-	14,892,744	-	14,892,744
Alternative Investments	-	-	2,637,895	2,637,895
Investment and assets whose use is limited total	125,120,689	25,466,888	2,637,895	153,225,472
Beneficial interest in perpetual trusts	-	-	50,731	50,731
Derivative financial instruments	-	-	521,228	521,228
Total	$ 125,120,689	$ 25,466,888	$ 3,209,854	$ 153,797,431

	2010			
	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Cash and cash equivalents	$ 17,311,598	$ -	$ -	$ 17,311,598
Certificates of deposit	-	28,421,637		28,421,637
United States government obligations	-	14,377,486	-	14,377,486
Mutual funds, equity funds:				
International funds	1,198,908	-	-	1,198,908
Large cap growth funds	900,679	-	-	900,679
Large cap value funds	903,130	-	-	903,130
Large cap blend funds	5,150,439	-	-	5,150,439
Other	5,513,812	-	-	5,513,812
Mutual funds, fixed income funds:				
Bond funds	5,572,524	-	-	5,572,524
Financial institution funds	577,639	-	-	577,639
Large cap value funds	1,902,801	-	-	1,902,801
Other	50,897	-	-	50,897
Corporate bonds	-	11,046,196	-	11,046,196
Investment and assets whose use is limited total	39,082,427	53,845,319	-	92,927,746
Beneficial interest in perpetual trusts	-	-	46,198	46,198
Total	$ 39,082,427	$ 53,845,319	$ 46,198	$ 92,973,944
Liability,				
Derivative financial instruments	$ -	$ -	$ -	$ 508,973

The change in net unrealized gains and losses on investments is included in revenues in excess of expenses.

The following information is related to the alternative investments discusses the nature and risk of the investments and whether they have redemption restrictions as of June 30, 2011.

	Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
The Weatherlow Offshore Fund I L.P	$ 2,637,895	Quarterly	65 days

The Weatherlow Offshore Fund I L.P. is a Delaware limited liability company. The investment objective is to invest predominantly in limited partnerships and pooled investment vehicles, including long-short growth, value, technology, energy, financial, and healthcare hedge funds.

The following is a reconciliation of the beginning and ending balances of the fair value measurements of the Corporation's beneficial interest in perpetual trust and derivative financial instruments:

	Alternate Investment	Beneficial Interest in Perpetual Trust	Derivative Financial Instruments
Balances at June 30, 2009	$ -	$ 42,142	$ (525,303)
Valuation gain	-	4,056	16,330
Balances at June 30, 2010	-	46,198	(508,973)
Purchases	2,500,000	-	-
Valuation gain	137,895	4,533	1,030,201
Balances at June 30, 2011	$ 2,637,895	$ 50,731	$ 521,228

Financial Instruments

The carrying amounts reported in the accompanying consolidated statement of financial position for cash and cash equivalents, patient accounts receivable, and estimated third-party payor settlements approximate their related fair values, due to short term nature.

Marketable mutual funds equity securities and fixed income funds, and common stock are valued at fair value based upon quoted market prices in active markets for those securities, which are considered level 1 inputs. United States government obligations and corporate bonds are valued at fair value based upon quoted prices for similar securities, which are considered level 2 inputs. Certificates of deposit are at cost, which approximates the fair value based on similar instruments. Alternative investments were measured using Level 3 inputs. For measurement purposes, it was determined that the reported net asset value was relevant for use as an input to the fair value measurement. The values were arrived at by the investment manager based on the fair value of the underlying investments, which were determined by various proprietary models which includes securities pricing, cash flow models and other similar techniques.

The carrying value of pledges receivable approximates their fair value based on expected future cash flows discounted at a rate of approximately 3.3%.

The fair value of the Corporation's fixed rate long-term debt was estimated using quoted market prices or discounted cash flows analyses based on the Corporation's incremental borrowing rate for debt instruments with comparable maturities. The fair value of the Corporation's long-term debt was approximately $147,763,000 at June 30, 2011 and $74,678,000 at June 30, 2010.

The Corporation measures its derivative financial instruments at fair value based on proprietary models of an independent third party valuation specialist. The fair value takes into consideration the prevailing interest rate environment and the specific terms and conditions of the derivative financial instruments. The fair value was estimated using the zero-coupon discounting method and considers the credit risk of the Corporation and the counterparty. This method calculates the future payments required by the derivative financial instruments, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement payment on the derivative financial instruments. The value represents the estimated exit price the Corporation would pay to terminate the agreements.

5. Pledges Receivable

A pledge campaign has been undertaken to raise funds in connection with building projects at the Medical Center. Pledges related to this campaign have been recorded as temporarily restricted contributions. Other pledges are received on an annual basis for the use in operations and purchase of equipment for the Medical Center.

Pledges receivable are recorded as follows as of June 30, 2011 and 2010:

	2011	2010
Campaign pledges before unamortized discount and allowance for uncollectible pledges	$ 2,902,317	$ 3,406,149
Less unamortized discount	168,485	221,959
Subtotal	2,733,832	3,184,190
Less allowance for uncollectible pledges	226,253	135,764
Net unconditional promises to give	$ 2,507,579	$ 3,048,426
Amounts due in		
Less than one year	$ 1,230,270	$ 1,447,341
One to five years	1,277,309	1,601,085
Total	$ 2,507,579	$ 3,048,426

The discount rate used was approximately 3.3% at June 30, 2011 and 2010.

6. Property and Equipment

Property and equipment and accumulated depreciation and amortization as of June 30, 2011 and 2010 are as follows:

	2011	2010
Land and land improvements	$ 3,415,715	$ 3,083,243
Buildings	119,790,494	83,731,368
Equipment	100,859,814	91,084,336
Leasehold improvements	5,191,066	4,007,789
Equipment held under capital lease	2,004,362	1,085,264
Total	231,261,451	182,992,000
Less accumulated depreciation and amortization	130,559,877	119,540,964
Total	100,701,574	63,451,036
Construction in progress	24,663,882	37,661,508
Property and equipment, net	$ 125,365,456	$ 101,112,544

Amortization of equipment held under capital lease was $212,737 in 2011 and $161,199 in 2010. Accumulated amortization was $940,093 at June 30, 2011 and $727,356 at June 30, 2010.

Depreciation expense was $11,374,462 in 2011 and $10,105,129 in 2010.

Construction contracts of approximately $64,152,000 exist for various projects. At June 30, 2011, the remaining commitment on these contracts was approximately $46,420,000.

7. Pension Plan

The Medical Center maintains a noncontributory defined benefit pension plan covering substantially all employees.

The following table sets forth the change in benefit obligation, the fair value of plan assets, and the amounts recognized in the consolidated statement of financial position at June 30, 2011 and 2010:

	2011	2010
Change in projected benefit obligation:		
Projected benefit obligation, beginning of year	$ 103,776,763	$ 92,530,212
Service cost	4,340,290	3,833,252
Interest cost	5,891,248	5,480,637
Actuarial loss	2,526,514	4,565,058
Benefits paid	(2,987,653)	(2,632,396)
Projected benefit obligation, end of year	113,547,162	103,776,763

	2011	2010
Change in plan assets		
Fair value of plan assets, beginning of year	$ 80,155,935	$ 65,648,880
Actual return on plan assets (net of expense)	17,196,877	9,139,451
Employer contributions	8,000,000	8,000,000
Benefits paid	(2,987,653)	(2,632,396)
Administrative expenses	-	-
Fair value of plan assets, end of year	102,365,159	80,155,935
Funded status at end of year	$ (11,182,003)	$ (23,620,828)
Accumulated benefit obligation	$ 92,102,331	$ 82,062,079
Reconciliation of amounts recognized in the consolidated statement of financial position accrued pension cost	$ 11,182,003	$ 23,620,828

The following table sets forth the components of net periodic costs in 2011 and 2010:

	2011	2010
Service cost	$ 4,340,290	$ 3,833,252
Interest cost	5,891,248	5,480,637
Expected return on plan assets	(6,779,592)	(6,114,323)
Amortization of unrecognized prior service cost	-	98,993
Amortization of actuarial loss	1,528,133	1,190,348
Net periodic pension cost	$ 4,980,079	$ 4,488,907

A net loss of $28,959,790 represents the unrecognized component of net periodic pension cost included in unrestricted net assets at June 30, 2011. A net loss of $38,378,694 represents the unrecognized components of net periodic pension cost included in unrestricted net assets at June 30, 2010.

An estimated amortization of net loss of $1,579,043 is expected to be recognized in net periodic pension cost in the next fiscal year.

The weighted-average assumptions used in the measurement of the Medical Center's benefit obligation at June 30, 2011 and 2010 are as follows:

	2011	2010
Discount rate	5.75 %	5.75 %
Rate of compensation increase	4.00 %	4.00 %

The weighted-average assumptions used in the measurement of the Medical Center's net periodic benefit cost for the years ended June 30, 2011 and 2010 are as follows:

	2011	2010
Discount rate	5.75 %	6 00 %
Rate of compensation increase	4.00 %	4 00 %
Expected long-term return on plan assets	7.50 %	7.50 %

The expected long-term return on assets was developed using the Building Block Method covered under Actuarial Standard of Practice No. 27. Under this approach, the weighted average return is developed based on applying historical average total returns by asset class to the plan's current asset allocation. The calculation of the Weighted Average Expected Long-Term Rate of Return uses the 50-year historical market performance data over the period from 1956-2005. The 50-year period was selected as a reasonable estimate of the runout period of expected future benefit payments.

When determining an appropriate risk tolerance, the Medical Center examines the financial ability to accept risk within the investment program and its willingness to accept return volatility. Based on these factors, the Medical Center established a range of investment percentages, by asset type, to which the mix of assets should be generally maintained. When necessary, the Medical Center will rebalance its investment portfolio within its target allocation.

The composition of plan assets at June 30, 2011 is set forth in the following table:

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and cash equivalents	$ 5,623,320	$ -	$ -	$ 5,623,320
Mutual funds, fixed income:				
Bond fund	16,497,614	-	-	16,497,614
Mutual funds, equity				
International funds	16,285,902	-	-	16,285,902
Small cap value funds	8,919,779	-	-	8,919,779
Mid cap growth funds	5,755,830	-	-	5,755,830
Emerging markets	3,972,809	-	-	3,972,809
Real estate	2,224,581	-	-	2,224,581
Corporate NHIT	5,722,536	-	-	5,722,536
Guaranteed investment contract	-	-	3,389,870	3,389,870
Separate account – equity index fund	-	29,823,572	-	29,823,572
Hedge fund	-	-	4,149,346	4,149,346
	$ 65,002,371	$ 29,823,572	$ 7,539,216	$ 102,365,159

The composition of plan assets at June 30, 2010 is set forth in the following table:

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and cash equivalents	$ 15,030,288	$ -	$ -	$ 15,030,288
Mutual funds, fixed income.				
Bond fund	19,458,451	-	-	19,458,451
Mutual funds, equity				
International funds	8,025,278	-	-	8,025,278
Small cap value funds	3,965,486	-	-	3,965,486
Mid cap growth funds	2,506,559	-	-	2,506,559
Emerging markets	1,525,902	-	-	1,525,902
Real estate	1,008,394	-	-	1,008,394
Guaranteed investment contract	-	-	6,069,143	6,069,143
Separate account – equity index fund	-	22,566,434	-	22,566,434
	$ 51,520,358	$ 22,566,434	$ 6,069,143	$ 80,155,935

The following information is related to the hedge fund discusses the nature and risk of the investments and whether they have redemption restrictions as of June 30, 2011.

	Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
The Weatherlow Offshore Fund I L.P.	$ 4,149,346	Quarterly	65 days

The Weatherlow Offshore Fund I L.P. is a Delaware limited liability company. The investment objective of the hedge fund is to invest predominantly in limited partnerships and pooled investment vehicles, including long-short growth, value, technology, energy, financial, and healthcare hedge funds. The investment object of the separate account is to provide the same rate of return of an equity market index by investing primarily in stocks.

The following is a reconciliation of the beginning and ending balances of the fair value measurements of the Corporation's guaranteed investment contract and hedge fund:

	Corporation's Guaranteed Investment Contract	Hedge Fund	Total
Balances at June 30, 2009	$ 8,639,510	$ -	$ 8,639,510
Actual return on plan assets	62,029	-	62,029
Purchases, sales and settlements	(2,632,396)	-	(2,632,396)
Balances at June 30, 2010	$ 6,069,143	-	6,069,143
Actual return on plan assets	$ 308,380	$ 149,346	$ 457,726
Purchases, sales and settlements	(2,987,653)	-	(2,987,653)
Transfers in/out	-	4,000,000	4,000,000
Balances at June 30, 2011	$ 3,389,870	$ 4,149,346	$ 7,539,216

Cash and cash equivalents and mutual funds are valued at fair value based upon quoted market prices in active markets. Separate account is valued at the based upon the fair value of their underlying assets derived principally from or corroborated by observable market data by correlation or other means. The guaranteed investment contract is valued based on unobservable inputs using valuation methodologies to determine fair value to include discounted cash flows based on current yields of similar instruments with comparable durations with consideration of the credit-worthiness of the issuer. The estimated fair values of the hedge fund accounted for at fair value, for which no quoted market prices are readily available, are determined based upon information provided by the fund managers. Such information is generally based on the pro rata interest in the net assets of the underlying investments which approximates fair value. There have been no changes in the methodologies used at June 30, 2011 and 2010.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Medical Center expects to contribute $8,000,000 to its pension plan in 2012.

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

Years ending June 30:	
2012	$ 3,013,261
2013	3,238,628
2014	3,578,285
2015	3,965,437
2016	4,424,171
2017 - 2021	31,150,835

8. Revenue Bonds and Note Payable

The Medical Center's revenue bonds and note payable at June 30, 2011 and 2010 are as follows:

	2011	2010
Centre County Hospital Authority Hospital Revenue Bonds, Series 2011	$ 70,230,000	$ -
Centre County Hospital Authority Hospital Revenue Bonds, Series 2009	70,000,000	70,000,000
Note payable	955,375	1,801,247
Total	141,185,375	71,801,247
Net unamortized bond premium (discount), net	92,681	(238,870)
Less current maturities	880,015	845,715
Long-term	$ 140,398,041	$ 70,716,662

Scheduled principal repayments on revenue bonds and note payable as of June 30, 2011 are as follows:

Years ending June 30:	
2012	$ 880,015
2013	1,545,360
2014	1,515,000
2015	1,570,000
2016	1,625,000
Thereafter	134,050,000
Total	$ 141,185,375

Centre County Hospital Authority Revenue Bonds, Series 2011

In April 2011, the Centre County Hospital Authority (the "Authority") issued $70,230,000 of tax exempt Hospital Revenue Bonds (the "2011 Bonds") on behalf of the Medical Center. The proceeds of the 2011 Bonds were used to finance certain capital projects of the Medical Center. The 2011 Bonds are due in varying annual installments starting November 2012 through November 2046 with interest rates ranging from 2.5% to 7%.

Payments of principal and interest on the Series 2011 Bonds are secured by the gross revenues of the Obligated Group together with a lien on, and security interest in all property and equipment of the Obligated Group. At present, the Medical Center and the Physician Group are the only members of the Obligated Group. The Series 2011 Bonds also require the Obligated Group to meet certain financial ratios. The Obligated Group was in compliance with the ratios at June 30, 2011.

Centre County Hospital Authority Revenue Bonds, Series 2009

In March 2009, the Authority issued $70,000,000 of tax exempt Hospital Revenue Bonds (the "2009 Bonds") on behalf of the Medical Center. The proceeds of the 2009 Bonds were used to finance certain capital projects of the Medical Center. The 2009 Bonds are due in varying annual installments starting November 2012 through November 2044 with interest rates ranging from 4% to 6.25%.

Payments of principal and interest on the Series 2009 Bonds are secured by the gross revenues of the Obligated Group together with a lien on, and security interest in all property and equipment of the Obligated Group. At present, the Medical Center and Physician Group are the only members of the Obligated Group. The Series 2009 Bonds also require the Obligated Group to meet certain financial ratios. The Obligated Group was in compliance with the ratios at June 30, 2011.

In June 2009, July 2009, and July 2010, the Medical Center entered into interest rate swap agreements for the 2009 Bonds in order to manage and reduce net interest costs. Under the terms of the agreements, the Medical Center agreed to swap fixed interest rate payments for variable interest rate payments (Note 10).

Note Payable

In June 2005, the Medical Center entered into an unsecured note agreement with a bank to construct an additional operating room, open MRI, and Breast Cancer facilities and to purchase related equipment in the amount of $5,500,000, with fixed interest at 3.95%, per annum. The note is payable in monthly installments of $75,204, maturing July 2012.

9. Obligations Under Capital Leases

The Corporation's obligations under the terms of capital lease arrangements at June 30, 2011 and 2010 are summarized as follows:

	2011	2010
Capital lease obligation interest at 1.91%; collateralized by equipment; monthly payments of $10,239 with the final Payment January 2016	$ 534,700	$ -
Capital lease obligation, interest at 2.1%; collateralized by equipment, monthly payments of $5,352 with the final payment April 2015	237,338	296,168
Capital lease obligation, interest at 7%; collateralized by equipment; monthly payments of $13,647 with the final payment due in June 2012	170,377	316,614
Capital lease obligation, interest at 2.4%; collateralized by equipment; monthly payments of $813 with the final payment April 2013	16,752	26,817

Capital lease obligation, interest at 1.3%; collateralized by equipment; monthly payments of $329 with the final payment due July 2015	11,571	12,689
Total	970,738	652,288
Less current maturities	341,350	217,145
Long-term	$ 629,388	$ 435,143

The following is a schedule, by year, of the future minimum lease payments together with the present value of the net minimum lease payments:

Years ending June 30:	
2012	$ 364,568
2013	212,821
2014	191,042
2015	176,717
2016	71,674
Total minimum lease payments	1,016,822
Less amounts representing interest	46,084
Present value of net minimum lease payments	$ 970,738

10. Derivative Financial Instruments

The Medical Center entered into an interest rate swap agreement (the "2009 Agreement") in connection with the 2009 Bonds on June 12, 2009, in order to manage and reduce net interest costs of the 2009 Bonds. The 2009 Agreement has a notional value of $25,000,000 and terminates on June 15, 2029. The 2009 Agreement is a contract to exchange fixed rate for variable rate payments over the term of the 2009 Agreement without the exchange of the underlying notional amount. As such, it requires the Medical Center to pay a fixed rate while receiving variable interest rates based on the spread between the USD-SIFMA Municipal Swap Index and 67% of the 3 month LIBOR plus 0.5925%. The fair value of the 2009 Agreement, which is the amount the Medical Center would receive or pay, respectively, to terminate the 2009 Agreement, was $9,750 at June 30, 2011 and $(396,686) at June 30, 2010 and was based upon information supplied by an independent third party valuation of the 2009 Agreement. No termination payments would be required if the 2009 Agreement is held to maturity. Because hedge accounting was not elected, gains or losses resulting from the change in fair value of the 2009 Agreement is recognized in revenues in excess of expenses.

The Medical Center entered into an interest rate swap agreement (the "2010 Agreement") in connection with the 2009 Bonds on July 13, 2009, in order to manage and reduce the net interest costs of the 2009 Bonds. The 2010 Agreement has a notional value of $25,000,000 and terminates on June 15, 2029. The 2010 Agreement is a contract to exchange fixed rate for variable rate payments over the term of the agreement without the exchange of the underlying notional amount. As such, it requires the Medical Center to pay a fixed rate while receiving variable interest rates based on the spread between the USD-SIFMA Municipal Swap Index and 67% of the 3 month LIBOR plus 0.69%. The fair value of the 2010 Agreement, which is the amount the Medical Center would receive or pay, respectively, to terminate the 2010 Agreement, was $277,474 at June 30, 2011 and $(112,287) at June 30, 2010 and was based upon information supplied by an independent third party valuation of the 2010 Agreement. No termination payments would be required if the 2010 Agreement is held to maturity. Because hedge accounting was not elected, gains or losses resulting from the change in fair value of the 2010 Agreement is recognized in revenues in excess of expenses.

The Medical Center entered into an interest rate swap agreement (the "2011 Agreement") in connection with the 2009 Bonds on July 21, 2010, in order to manage and reduce the net interest costs of the 2009 Bonds. The 2011 Agreement has a notional value of $20,000,000 and terminates on July 23, 2030. The 2011 Agreement is a contract to exchange fixed rate for variable rate payments over the term of the agreement without the exchange of the underlying notional amount. As such, it requires the Medical Center to pay a fixed rate while receiving variable interest rates based on the spread between the USD-SIFMA Municipal Swap Index and 67% of the 3 month LIBOR plus 0.75%. The fair value of the 2011 Agreement, which is the amount the Medical Center would receive or pay, respectively, to terminate the 2011 Agreement was $234,004 at June 30, 2011 and was based upon information supplied by an independent third party valuation of the 2011 Agreement. No termination payments would be required if the 2011 Agreement is held to maturity. Because hedge accounting was not elected, gains or losses resulting from the change in fair value of the 2011 Agreement is recognized in revenues in excess of expenses.

The notional amount of the swap agreements are used to measure the interest to be paid or received and does not represent the amount of the exposure to credit loss. Exposure to credit loss is limited to the receivable amount, if any, which may be generated as a result of the swap agreements. Management believes that losses related to credit risk are remote. The net cash paid or received under the swap agreements are recognized as an adjustment to interest expense. The Medical Center does not utilize the interest rate swap agreements or other financial instruments for trading or other speculative purposes.

11. Medical Malpractice Claims Coverage

The medical malpractice insurance coverages for the Medical Center, the Surgical Center, and Physician Group are provided under the provisions of various insurance arrangements, as follows:

Primary coverage - Primary coverage is provided under the terms of an insurance contract which covers losses, if any, which are reported during the period the contract is in force, "claims-made coverage," subject to the per occurrence and aggregate limits of such contract with an initial effective date of July 1, 1976.

MCARE Fund coverage – The Pennsylvania Medical Care Availability and Reduction of Error Fund ("MCARE Fund") provides coverage in accordance with the Pennsylvania law governing the MCARE Fund. Pursuant to the per occurrence and aggregate limits set forth in the controlling Pennsylvania statutes, the MCARE Fund provides coverage for losses in excess of the primary coverage that was in effect on the date of the incident. The cost of MCARE Fund coverage is recognized as expense in the period incurred. Increases in annual surcharges and concerns over the MCARE Fund's ability to manage and pay claims continue to result in proposals to reform or restructure the MCARE Fund. MCARE Fund coverage is currently scheduled to be compressed in 2012, unless the State Insurance Commissioner determines that additional primary insurance capacity is not available at that time, and to be eliminated three years after such reduction. The Medical Center, Surgical Center, and Physician Group will be required to purchase higher primary insurance limits to take the place of the MCARE Fund coverage if it is compressed. Depending upon the ultimate resolution of this matter, the Medical Center, Surgical Center, and Physician Group may incur additional insurance costs.

Excess coverage - The Medical Center, Surgical Center, and Physician Group have an excess liability insurance contract that insures against losses in excess of the above coverages reported during the period of policy coverage.

The primary and excess coverages are provided by Community Hospital Alternative For Risk Transfer ("CHART"). CHART was formed as a reciprocal risk retention group to provide liability insurance, reinsurance, and risk management services for its subscribers. The Medical Center is a subscriber in CHART and retains a 3% interest. This investment totaling $181,000 as of June 30, 2011 and 2010 is included in other assets in the accompanying consolidated statement of financial position.

A portion of the annual primary coverage premium through the 2009 policy year is retrospectively determined based on the actual costs incurred by CHART on behalf of the Medical Center, Surgical Center, and Physician Group. As of June 30, 2011, premiums totaling $558,557 are subject to retrospective determination. The Medical Center, Surgical Center, and Physician Group can be assessed additional premiums up to this amount. The obligation to pay additional premiums is secured by a letter of credit in this amount. Unused premiums are refundable to the Medical Center, Surgical Center, and Physician Group. Beginning with the 2010 policy, this practice has been eliminated and a $10,000 deductible per claim has been instituted.

At June 30, 2011, the Medical Center, Surgical Center, and Physician Group believe, based upon the endorsements provided by CHART that, for the policy periods 2007, 2008, and 2009, it will receive a refund on its premium. The Medical Center, Surgical Center, and Physician Group cannot determine the amount of any additional premiums it may be assessed nor any premium refunds it may ultimately be entitled to and has, therefore, expensed the billed premiums ratably over the term of the 2010 policy

The Medical Center, Surgical Center, and Physician Group believe they have adequate insurance coverage for all asserted claims and they have no knowledge of unasserted claims that would exceed its insurance coverage

12. Net Patient Service Revenues

The Medical Center, the Surgical Center, and Physician Group have agreements with third-party payors that provide for payments at amounts different from their established rates. A significant portion of the net patient service revenues is derived from these third-party payor programs. A summary of the principal payment arrangements with major third-party payors follows:

- Medicare – Inpatient acute care and nonacute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. Outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. The classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Medical Center and Surgical Center. The Medical Center's Medicare cost reports have been settled by the Medicare fiscal intermediary through June 30, 2007.

- Medical Assistance – Inpatient acute care services and nonacute services rendered to Medical Assistance program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services are paid based on a published fee schedule.

- Blue Cross – Inpatient and outpatient services rendered to Blue Cross subscribers are reimbursed at prospectively determined rates.

The Medical Center, the Surgical Center, and Physician Group may, from time to time, also enter into payment agreements with certain insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges, or prospectively determined rates.

13. Temporarily and Permanently Restricted Net Assets

Temporarily Restricted Net Assets

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

	2011	2010
Use in operations	$ 833,111	$ 1,071,891
Purchase of property and equipment	5,302,194	7,736,745
Total	$ 6,135,305	$ 8,808,636

Permanently Restricted Net Assets

Permanently restricted net assets are available for the following purposes as of June 30, 2011 and 2010:

	2011	2010
Investments to be held in perpetuity, the income from which is expendable:		
For the purchase of equipment	$ 140,360	$ 140,360
To support health care services	165,575	139,441
Total	$ 305,935	$ 279,801

14. Functional Expenses

The Corporation provides general acute care and related services to individuals within its geographic region. Expenses related to providing these services for the years ended June 30, 2011 and 2010 are approximately as follows:

	2011	2010
	(In Thousands)	
Health care and other related services	$ 217,629	$ 164,036
General and administrative	30,054	23,919
Fundraising	467	495
Total expenses	$ 248,150	$ 188,450

15. Rental Commitments

The Medical Center, Surgical Center, and Physician Group lease equipment and facilities under operating leases expiring at various dates through 2051. Total rental expense for all operating leases was $3,259,253 in 2011 and $1,008,499 in 2010 (see Note 16 for related party portions).

The following is a schedule, by year, of future minimum lease payments under operating leases as of June 30, 2011, that have initial or remaining lease terms in excess of one year.

Years ending June 30:	
2012	$ 1,963,352
2013	1,727,664
2014	1,483,864
2015	1,231,074
2016	1,143,723
Thereafter	9,416,551
Total	$ 16,966,228

16. Related Party Transactions

The Medical Center holds an approximate 24% ownership in a limited partnership at June 30, 2011 and 2010. The Medical Center recognizes its proportionate share of the limited partnership's operating results as a component of other operating revenue. The investment in the partnership, included in other assets, was $658,804 at June 30, 2011 and $579,809 at June 30, 2010. The Medical Center leases office and medical space from the partnership for a rental amount based on the operating expenses of the partnership. This lease expires in 2021 and is renewable for seven five-year periods. Rental expense was $649,098 in 2011 and $631,986 in 2010.

Summary financial information for the limited partnership is as follows for the years ended December 31, 2010 and 2009 (unaudited):

	2010	2009
Assets:		
Current assets	$ 799,257	$ 803,115
Property and equipment, net	10,249,144	10,687,071
Deferred financing costs	145,811	164,038
Total assets	$ 11,194,212	$ 11,654,224
Liabilities and Partners' Equity:		
Current liabilities	$ 1,342,550	$ 1,342,500
Long-term debt	7,135,504	7,921,229
Total liabilities	8,478,054	9,263,729
Partners' equity	2,716,158	2,390,495
Total liabilities and partners' equity	$ 11,194,212	$ 11,654,224
Gross Rental Income	$ 1,472,000	$ 1,469,763
Net Income	$ 457,663	$ 407,965

17. Contingencies

The Corporation is subject to lawsuits and claims arising out of its business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the consolidated statement of financial position of the Corporation or consolidated results of operations

The health care industry is subject to numerous laws and regulations by federal, state, and local governments. Compliance with these laws and regulations is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by health care providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed. Management is not aware of any material incidents of noncompliance; however, the possible future financial effects of this matter on the Medical Center, Surgical Center, and Health Services, if any, are not presently determinable.

The Corporation owns property constructed prior to the passage of the Clean Air Act that contains encapsulated asbestos material. Current law requires that this asbestos be removed in an environmentally safe manner prior to demolition or renovation of the property. The Corporation has not recognized the asset retirement obligation for asbestos removal in its financial statements because it currently has no plans to demolish or renovate this property and as such, cannot reasonably estimate the fair value of the obligation. If plans change with respect to the use of the property and sufficient information becomes available to estimate the liability it will be recognized at that time.

18. Significant Group Concentrations of Credit Risk

The Medical Center, the Surgical Center, and the Physician Group grant credit without collateral to their patients, most of whom are local residents and are insured under third-party payor arrangements, primarily with Medicare, Medical Assistance, Blue Cross, and various commercial insurance companies.

The Corporation maintains substantially all of its cash and cash equivalent balances with financial institutions. Cash and cash equivalents on deposit with any one financial institution is insured to $250,000.

Approximately 50% of the Medical Center's employees are covered by a collective bargaining agreement, which expires on June 30, 2013.

ParenteBeard

Independent Auditors' Report on Supplementary Information

Board of Trustees
Mount Nittany Medical Center

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information presented on pages 34 through 39 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

ParenteBeard LLC

State College, Pennsylvania
September 15, 2011

Mount Nittany Health System and Affiliates

Consolidating Schedule, Statement of Financial Position
June 30, 2011

	Mount Nittany Health Services	Mount Nittany Medical Center	Mount Nittany Surgical Center, Inc.	The Foundation for Mount Nittany Medical Center	Mount Nittany Physician Group	Consolidation Eliminations	Consolidation Consolidated
Assets							
Current Assets							
Cash and cash equivalents	$ 57,479	$ 16,800,065	$ 225	$ 2,444,656	$ 3,139,654	$ -	$ 22,442,079
Short-term investments	-	20,904,182	-	5,653,288	-	-	26,557,470
Accounts receivable							
Patients (net of estimated allowance for doubtful collections of $13,702,000)	-	23,961,874	1,172,625	-	5,306,866	-	30,441,365
Other	-	3,756,739	-	-	215,528	-	3,972,267
Inventories of drugs and supplies	-	5,681,662	388,077	-	43,695	-	6,113,434
Prepaid expenses and other current assets	-	3,273,893	23,205	-	882,735	-	4,179,833
Total current assets	57,479	74,378,415	1,584,132	8,097,944	9,588,478	-	93,706,448
Long-Term Investments	-	52,712,613	-	2,114,926	-	-	54,827,539
Assets Whose Use is Limited							
Under trust indenture, held by trustee	-	70,520,763	-	-	-	-	70,520,763
Worker's compensation self-insurance, held by trustee	-	1,319,700	-	-	-	-	1,319,700
Pledges Receivable	-	-	-	2,507,579	-	-	2,507,579
Property and Equipment, Net	-	119,081,389	2,424,612	4,304	3,855,151	-	125,365,456
Beneficial Interest in Perpetual Trust	-	-	-	50,731	-	-	50,731
Deferred Financing Costs, Net	-	4,410,611	-	-	-	-	4,410,611
Goodwill		-	-	-	1,209 867	-	1,209,867
Derivative Financial Instrument	-	521,228	-	-	-	-	521,228
Other Assets, Net	-	1,224,218	-	-	8,975,082	-	10,199,300
Interest in Net Assets of Foundation for Mount Nittany Medical Center	-	8,739,305	-	-	-	(8,739,305)	-
Due from affiliates	-	-	29,847,351	-	-	(29,847,351)	-
Total assets	$ 57,479	$ 332,908,242	$ 33,856,095	$ 12,775,484	$ 23,628,578	$ (38,586,656)	$ 364,639,222

See notes to consolidated financial statements

Mount Nittany Health System and Affiliates

Consolidating Schedule, Statement of Financial Position
June 30, 2011

	Mount Nittany Health Services	Mount Nittany Medical Center	Mount Nittany Surgical Center, Inc	The Foundation for Mount Nittany Medical Center	Mount Nittany Physician Group	Consolidated Eliminations	Consolidated Consolidated
Liabilities and Net Assets							
Current Liabilities							
Current maturities of long-term debt							
Long-term debt	$ -	$ 880,015	$ -	$ -	$ -	$ -	$ 880,015
Obligations under capital leases	-	341,350	-	-	-	-	341,350
Accounts payable	-	8,638,346	177,048	-	1,840,931	-	10,656,325
Blue Cross current financing advance	-	475,663	-	-	-	-	475,663
Estimated third-party payor settlements	-	3,898,231	1,601,119	-	-	-	5,499,350
Accrued expenses							
Employee paid time off	-	4,783,310	133,143	16,711	2,159,492	-	7,092,656
Payroll and withholdings	-	1,328,951	15,207	2,163	1,055,507	-	2,401,828
Interest	-	1,197,410	-	-	-	-	1,197,410
Other	-	6,964,762	-	-	8,847	-	6,973,609
Deferred compensation, current	-	110,644	-	-	585,720	-	696,364
Current portion of charitable gift annuity liability	-	-	-	15,051	-	-	15,051
Refundable advance from Mount Nittany Medical Center	-	-	-	182,680	-	(182,680)	-
Total current liabilities	-	28,618,682	1,926,517	216,605	5,650,497	(182,680)	36,229,621
Long-Term Debt							
Long-Term debt	-	140,398,041	-	-	-	-	140,398,041
Obligations under capital leases	-	629,388	-	-	-	-	629,388
Deferred Revenue	-	327,363	-	-	-	-	327,363
Charitable Gift Annuity Liability	-	-	-	60,914	-	-	60,914
Accrued Pension Costs	-	11,182,003	-	-	-	-	11,182,003
Accrued Medical Malpractice and Workers' Compensation Costs	-	1,683,882	-	-	230,423	-	1,914,305
Deferred Compensation	-	198,606	-	-	-	-	198,606
Due to Affiliates	-	25,903,151	-	3,941,340	2,860	(29,847,351)	-
Total liabilities	-	208,941,116	1,926,517	4,218,859	5,883,780	(30,030,031)	190,940,241
Net Assets							
Unrestricted	57,479	117,525,886	31,929,578	2,342,083	17,744,798	(2,342,083)	167,257,741
Temporarily restricted	-	6,135,305		5,908,607		(5,908,607)	6,135,305
Permanently restricted	-	305,935		305,935		(305,935)	305,935
Total net assets	57,479	123,967,126	31,929,578	8,556,625	17,744,798	(8,556,625)	173,698,981
Total liabilities and net assets	$ 57,479	$ 332,908,242	$ 33,856,095	$ 12,775,484	$ 23,628,578	$ (38,586,656)	$ 364,639,222

See notes to consolidated financial statements

Mount Nittany Health System and Affiliates

Consolidating Schedule, Statement of Operations
Year Ended June 30, 2011

	Mount Nittany Health Services	Mount Nittany Medical Center	Mount Nittany Surgical Center, Inc	The Foundation for Mount Nittany Medical Center	Mount Nittany Physician Group	Consolidation Eliminations	Consolidation Consolidated
Unrestricted Revenues, Gains, and Other Support							
Net patient service revenues	$ -	$ 226,300,598	$ 14,985,865	$ -	$ 20,559,836	$ -	$ 261,846,299
Other operating revenues	6,046,682	9,001,397	6,337	-	3,354,891	(14,872,818)	3,536,489
Net assets released from restrictions used in operations	-	124,210	-	124,210	-	(124,210)	124,210
Gain on sale of equipment	-	71,960	-	-	-	-	71,960
Total unrestricted revenues, gains and other support	6,046,682	235,498,165	14,992,202	124,210	23,914,727	(14,997,028)	265,578,958
Expenses							
Supplies and other	5,720,879	84,608,652	7,776,668	539,048	15,972,730	(14,872,818)	99,745,159
Salaries and wages	-	75,835,536	-	-	20,217,051	-	96,052,587
Employee benefits	-	22,503,134	-	-	3,669,509	-	26,172,643
Depreciation and amortization	-	10,973,742	401,445	410	1,247,496	-	12,623,093
Provision for doubtful collections	-	7,452,930	257,493	-	613,808	-	8,324,231
Insurance	-	1,274,291	43,580	-	-	-	1,317,871
Interest	-	3,914,582	-	-	-	-	3,914,582
Total expenses	5,720,879	206,562,867	8,479,186	539,458	41,720,594	(14,872,818)	248,150,166
Operating income (loss)	325,803	28,935,298	6,513,016	(415,248)	(17,805,867)	(124,210)	17,428,792
Other Income							
Investment income,	-	8,556,505	-	287,743	-	-	8,844,248
Change in fair value of derivative financial instruments	-	1,030,201	-	-	-	-	1,030,201
Contributions	-	-	-	154,839	-	-	154,839
Non-operating grant revnue	-	591,982	-	-	-	-	591,982
Change in interest in The Foundation for Mount Nittany Medical Center, Inc	-	(2,454,233)	-	-	-	2,454,233	-
Other income, net	-	7,724,455	-	442,582	-	2,454,233	10,621,270
Revenues in excess of (less than) expenses	325,803	36,659,753	6,513,016	27,334	(17,805,867)	2,330,023	28,050,062
Pension Liability Adjustment	-	9,418,904	-	-	-	-	9,418,904
Net Assets Released from Restrictions to Purchase Property and Equipment	-	4,273,888	-	4,273,888	-	(4,273,887)	4,273,889
Transfer of Unrestricted Net Assets	(268,324)	(31,933,228)	-	(2,357,358)	34,558,910	-	-
Increase in unrestricted net assets	$ 57,479	$ 18,419,317	$ 6,513,016	$ 1,943,864	$ 16,753,043	$ (1,943,864)	$ 41,742,855

See notes to consolidated financial statements

Mount Nittany Health System and Affiliates

Consolidating Schedule, Statement of Financial Position
June 30, 2010

	Mount Nittany Medical Center	Mount Nittany Surgical Center, Inc.	The Foundation for Mount Nittany Medical Center	Mount Nittany Physician Group	Consolidation Eliminations	Consolidation Consolidated
Assets						
Current Assets						
Cash and cash equivalents	$ 18,938,050	$ 225	$ 2,574,528	$ 1,906,276	$ -	$ 23,419,079
Short-term investments	42,540,409	-	3,193,073	-	-	45,733,482
Accounts receivable						
Patients (net of estimated allowance for doubtful collections of $9,674,000)	22,187,028	1,346,462	-	169,470	-	23,702,960
Other	1,038,805	-	-	42,329	-	1,081,134
Inventories of drugs and supplies	4,480,939	408,135	-	9,092	-	4,898,166
Prepaid expenses and other current assets	2,746,062	27,151	-	1,815	-	2,775,028
Total current assets	91,931,293	1,781,973	5,767,601	2,128,982	-	101,609,849
Long-Term Investments	19,779,302	-	2,195,883	-	-	21,975,185
Assets Whose Use is Limited						
Under trust indenture, held by trustee	23,934,438	-	-	-	-	23,934,438
Workers compensation self-insurance, held by trustee	1,284,641	-	-	-	-	1,284,641
Pledges Receivable	-	-	3,048,426	-	-	3,048,426
Property and Equipment, Net	97,942,816	2,579,284	4,714	585,730	-	101,112,544
Beneficial Interest in Perpetual Trust	-	-	46,198	-	-	46,198
Deferred Financing Costs, Net	3,536,116	-	-	-	-	3,536,116
Other Assets, Net	1,110,934	-	-	109,707	-	1,220,641
Interest in Net Assets of Foundation for Mount Nittany Medical Center	9,514,200	-	-	-	(9,514,200)	-
Due from Mount Nittany Medical Center	-	21,760,026	-	-	(21,760,026)	-
Total assets	$ 249,033,740	$ 26,121,283	$ 11,062,822	$ 2,824,419	$ (31,274,226)	$ 257,768,038

See notes to consolidated financial statements

Mount Nittany Health System and Affiliates

Consolidating Schedule, Statement of Financial Position
June 30, 2010

	Mount Nittany Medical Center	Mount Nittany Surgical Center, Inc	The Foundation for Mount Nittany Medical Center	Mount Nittany Physician Group	Consolidation Eliminations	Consolidation Consolidated
Liabilities and Net Assets						
Current Liabilities						
Current maturities of long-term debt						
Long-term debt	$ 845,715	$ -	$ -	$ -	$ -	$ 845,715
Obligations under capital leases	217,145	-	-	-	-	217,145
Accounts payable	8,425,094	325,283	-	2,228	-	8,752,605
Blue Cross current financing advance	475,663	-	-	-	-	475,663
Estimated third-party payor settlements	2,613,598	-	-	-	-	2,613,598
Accrued expenses						
Employee paid time off	4,283,587	-	11,055	76,559	-	4,371,201
Payroll and withholdings	3,603,486	-	1,801	51,041	-	3,656,328
Interest	472,500	-	-	-	-	472,500
Other	3,100,974	379,438	-	21	-	3,480,433
Deferred compensation, current	152,922	-	-	-	-	152,922
Current portion of charitable gift annuity liability		-	19,178	-	-	19,178
Refundable advance from Mount Nittany Medical Center		-	254,243	-	(254,243)	-
Total current liabilities	24,190,684	704,721	286,277	129,849	(254,243)	25,057,288
Long-Term Debt						
Long-term debt	70,716,662	-	-	-	-	70,716,662
Obligations under capital leases	435,143	-	-	-	-	435,143
Deferred Revenue	754,730	-	-	-	-	754,730
Charitable Gift Annuity Liability	-	-	76,843	-	-	76,843
Accrued Pension Costs	23,620,828	-	-	-	-	23,620,828
Accrued Medical Malpractice and Workers' Compensation Costs	1,859,938	-	-	-	-	1,859,938
Deferred Compensation	134,310	-	-	-	-	134,310
Derivative Financial Instrument	508,973	-	-	-	-	508,973
Due to Affiliates	18,617,466	-	-	-	(18,617,466)	-
Due to Mount Nittany Medical Center	-	-	1,439,745	1,702,815	(3,142,560)	-
Total liabilities	140,838,734	704,721	1,802,865	1,832,664	(22,014,269)	123,164,715
Net Assets						
Unrestricted	99,106,569	25,416,562	398,219	991,755	(398,219)	125,514,886
Temporarily restricted	8,808,636	-	8,581,937	-	(8,581,937)	8,808,636
Permanently restricted	279,801	-	279,801	-	(279,801)	279,801
Total net assets	108,195,006	25,416,562	9,259,957	991,755	(9,259,957)	134,603,323
Total assets and liabilities	$ 249,033,740	$ 26,121,283	$ 11,062,822	$ 2,824,419	$ (31,274,226)	$ 257,768,038

See notes to consolidated financial statements

Mount Nittany Health System and Affiliates

Consolidating Schedule, Statement of Operations
Year Ended June 30, 2010

	Mount Nittany Medical Center	Mount Nittany Surgical Center, Inc.	The Foundation for Mount Nittany Medical Center	Mount Nittany Physician Group	Consolidation Eliminations	Consolidation Consolidated
Unrestricted Revenues, Gains, and Other Support						
Net patient service revenues	$ 192,645,164	$ 13,156,627	$ -	$ 1,722,064	$ -	$ 207,523,855
Other operating revenues	3,280,598	35		236,337	(1,238,619)	2,278,351
Net assets released from restrictions used in operations	150,646		150,806	160	(150,806)	150,806
Gain on disposal of property and equipment	750	-	-	-	-	750
Total unrestricted revenues, gains, and other support	196,077,158	13,156,662	150,806	1,958,561	(1,389,425)	209,953,762
Expenses						
Supplies and expenses	65,323,974	7,534,540	369,555	2,563,153	(1,238,619)	74,552,603
Salaries and wages	70,440,750	-	-	1,717,729	-	72,158,479
Employee benefits	20,116,173	-	-	266,339	-	20,382,512
Depreciation and amortization	10,007,598	394,550	410	63,168	-	10,465,726
Provision for doubtful collections	6,451,954	215,900	-	74,444	-	6,742,298
Insurance	1,610,032	43,409	-	-	-	1,653,441
Interest	2,494,597	-	-	-	-	2,494,597
Total expenses	176,445,078	8,188,399	369,965	4,684,833	(1,238,619)	188,449,656
Operating income (loss)	19,632,080	4,968,263	(219,159)	(2,726,272)	(150,806)	21,504,106
Other Income						
Investment loss	3,399,016	-	575,040	-	-	3,974,056
Change in fair value of derivative financial instruments	16,330	-	-	-	-	16,330
Contributions	-	-	90,392	-	-	90,392
Non-operating grant revnue	118,052	-	-	-	-	118,052
Change in interest in The Foundation for Mount Nittany Medical Center, Inc	32,311	-	-	-	(32,311)	-
Other income, net	3,565,709	-	665,432	-	(32,311)	4,198,830
Revenues in excess of (less than) expenses	23,197,789	4,968,263	446,273	(2,726,272)	(183,117)	25,702,936
Pension Liability Adjustment	(250,589)	-	-	-	-	(250,589)
Net Assets Released from Restrictions to Purchase Property and Equipment	180,389	-	180,389	-	(180,389)	180,389
Transfer of Unrestricted Net Assets	(4,203,456)	(100,000)	(263,157)	4,566,613	-	-
Increase in unrestricted net assets	$ 18,924,133	$ 4,868,263	$ 363,505	$ 1,840,341	$ (363,506)	$ 25,632,736

See notes to consolidated financial statements

Additional Data

Software ID:
Software Version:
EIN: 24-0795682
Name: MOUNT NITTANY MEDICAL CENTER

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
RICHARD D ALLATT MD TRUSTEE	2 00	X						0	0	0
CARL A ANDERSON III CHAIR	2 00	X		X				0	0	0
PATRICIA BEST DED TRUSTEE	2 00	X						0	0	0
S DIANE BRANNON PHD TRUSTEE	2 00	X						0	0	0
STEVEN E BROWN DIRECTOR/PRESIDENT & CEO	32 00	X		X				352,006	0	90,574
JONATHON DRANOV MD TRUSTEE	2 00	X						0	40,000	3,060
THOMAS J HARRIS SECRETARY	2 00	X		X				0	0	0
EUGENE KEPHART DED TRUSTEE	2 00	X						0	0	0
PHILIP I PARK TRUSTEE	2 00	X						0	0	0
WAYNE SEBASTIANELLI MD TRUSTEE	2 00	X						25,101	0	0
KAREN P SHUTE TRUSTEE	2 00	X						0	0	0
JAMES B THOMAS PHD VICE CHAIR	2 00	X		X				0	0	0
CHARLES WITMER TRUSTEE	2 00	X						0	0	0
THEODORE ZIFF MD TRUSTEE	2 00	X						0	0	0
THOMAS F BROWN TREASURER	2 00	X		X				0	0	0
RICHARD WISNIEWSKI SR VP OF FINANCE & CFO	32 00			X				314,363	0	50,252
JEFFREY RATNER MD SR VP OF MEDICAL AFFAIRS	40 00				X			327,330	0	51,293
JANET SCHACHTNER SR VP OF PATIENT CARE SERVICES	40 00				X			224,465	0	41,610
THOMAS STOESSEL SR VP OF BUSINESS DEVELOPMENT/PHYSICIAN SERVICES	40 00				X			200,605	0	43,651
GERALD DITTMANN VP OF HUMAN RESOURCES	40 00				X			158,874	0	41,490
KENNETH BIXEL VP OF INFORMATION SERVICES & CIO	40 00				X			157,831	0	34,373
EMILY A PETERSON MD PHYSICIAN	40 00					X		0	300,000	20,572
UPENDRA A THAKER MD PHYSICIAN	40 00					X		0	202,111	12,762
STEPHEN MAHOOD PHYSICIST	40 00					X		184,310	0	28,806
NEAL HOLTER PHYSICIST	40 00					X		177,471	0	27,848

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
CRAIG PURSELL DO PHYSICIAN	40 00					X		0	160,000	14,504
THOMAS MURRAY FORMER PRESIDENT & CEO							X	0	327,081	22,951
DAVID PETERSON FORMER EXEC VP & COO							X	0	268,089	30,500
LANCE ROSE FORMER PRESIDENT & CEO							X	0	14,721	1,126