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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
Beebe Medical Center Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address) 424 Savannah Road

Room/suite

City or town, state or country, and ZIP + 4
Lewes, DE 19958

D Employer identification number
51-0067938

E Telephone number
(302)645-3300

G Gross receipts $ 279,132,888

F Name and address of principal officer
JEFFREY FRIED
424 SAVANNAH ROAD
LEWES, DE 19958

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: ▶ HTTP //WWW BEEBEMED ORG

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

L Year of formation 1916

M State of legal domicile DE

Part I Summary

1 Briefly describe the organization's mission or most significant activities
SEE ATTACHMENT 1 IN SCHEDULE O

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	24
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	17
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	1,837
6	Total number of volunteers (estimate if necessary)	6	648
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b	Net unrelated business taxable income from Form 990-T, line 34	7b	

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	6,409,556	1,466,711
9	Program service revenue (Part VIII, line 2g)	241,637,981	254,548,011
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	8,891,743	1,444,922
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,677,210	2,798,875
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	259,616,490	260,258,519
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	611,738	592,208
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)	114,130,680	118,697,336
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	129,607,203	132,242,664
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	244,349,621	251,532,208
19	Revenue less expenses Subtract line 18 from line 12	15,266,869	8,726,311

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	268,794,364	285,289,708
21	Total liabilities (Part X, line 26)	160,074,618	164,884,128
22	Net assets or fund balances Subtract line 21 from line 20	108,719,746	120,405,580

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature of officer — Date: 2012-05-15

Paul J Pernice 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
Firm's name ▶ PricewaterhouseCoopers LLP				Firm's EIN ▶
Firm's address ▶ 2001 MARKET ST SUITE 1700 PHILADELPHIA, PA 19103				Phone no ▶ (267) 330-3000

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

Part III **Statement of Program Service Accomplishments**

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

1 Briefly describe the organization's mission

BEEBE MEDICAL CENTER'S CHARITABLE MISSION IS TO ENCOURAGE HEALTHY LIVING, PREVENT ILLNESS AND RESTORE OPTIMAL HEALTH WITH THE PEOPLE RESIDING, WORKING AND VISITING IN THE COMMUNITIES WE SERVE BEEBE MEDICAL CENTER PROVIDES HEALTHCARE SERVICES REGARDLESS OF RACE, CREED, NATIONAL ORIGIN, HANDICAP, AGE OR ABILITY TO PAY

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 $ 213,614,845 including grants of $ 559,309) (Revenue $ 252,408,874)

General Medical Surgical Patient care Beebe Medical Center experienced 8,794 discharges in 2011 resulting in 36,833 patient days of which 5,162 discharges and 24,775 patient days were covered under the Medicare program The Medicaid program covered 1,178 discharges and 3,738 patient days Additional volumes achieved in 2011 include 50,403 emergency visits, 11,780 operating room cases of which 168 were open heart surgeries, 5,148 cardiac catheterization procedures, and 106,017 outpatient imaging procedures Total Self-Pay patient days were 1,079 and Self-Pay discharges were 274 in 2011

4b (Code) (Expenses $ 2,479,950 including grants of $) (Revenue $ 2,139,137)

Beebe Home Health program covers eastern Sussex County In 2011 BHHA admitted 1,047 new patients and had an active case load of 1,999 patients There was a total of 13,507 visits during the year

4c (Code) (Expenses $ 1,806,826 including grants of $ 32,899) (Revenue $ 326,505)

Beebe School of Nursing had 26 students enrolled as freshmen and 30 students enrolled in their second year of nursing

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

(Expenses $ 1,788,767 including grants of $) (Revenue $ 300,312)

4e **Total program service expenses** ▶ $ 219,690,388

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	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		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**	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**	Yes	
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**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**	Yes	
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	248		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	1,837		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			3a		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g		
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	24		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	17		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3			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			No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b			No
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		No

Section C. Disclosure

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

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 ▶

JOHN MCNEMAR
424 SAVANNAH ROAD
LEWES, DE 19958
(302) 645-3534

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)** . . . . . ▶								4,265,076	0	393,268

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 ▶ 87

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
DELAWARE ANESTHESIA ASSOCIATES 424 SAVANNAH ROAD LEWES, DE 19958	ANESTHESIA SERVICES	1,781,497
AMN HEALTHCARE HIGH BLUFF DRIVE SAN DIEGO, CA 92130	NURS CONTRACT LABOR	1,639,304
MTM TECHNOLOGIES PO BOX 27986 NEW YORK, NY 10087	INFO SYSTEM CONSULT	1,568,881
MCKESSON TECHNOLOGIES PO BOX 98347 CHICAGO, IL 60693	INFO SYSTEM CONSULT	1,408,417
PHILIPS MEDICAL SYSTEMS PO BOX 100355 ATLANTA, GA 30384	BIOMED EQUIP MAINT	2,240,353
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 ▶ 59		

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	94,788				
	e Government grants (contributions) 1e	1,331,509				
	f All other contributions, gifts, grants, and similar amounts not included above 1f	40,414				
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f		1,466,711			
Program Service Revenue		Business Code				
	2a GENERAL MEDICAL SURGICAL	900099	252,408,874	252,408,874		
	b HOME HEALTH	621610	2,139,137	2,139,137		
	c					
	d					
	e					
	f All other program service revenue					
	g **Total.** Add lines 2a–2f		254,548,011			
	3 Investment income (including dividends, interest and other similar amounts)		1,289,491			1,289,491
	4 Income from investment of tax-exempt bond proceeds		70,680			70,680
	5 Royalties		0			
		(i) Real	(ii) Personal			
	6a Gross Rents	302,472				
	b Less rental expenses					
	c Rental income or (loss)	302,472				
	d Net rental income or (loss)		302,472			302,472
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory	18,579,755	379,365			
	b Less cost or other basis and sales expenses	18,684,687	189,682			
	c Gain or (loss)	-104,932	189,683			
	d Net gain or (loss)		84,751			84,751
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		0			
	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		0			
	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		0			
	Miscellaneous Revenue	Business Code				
	11a CAFETERIA	900099	949,644			949,644
	b PREMIER DISTRIBUTION	900099	471,715			471,715
	c SCHOOL OF NURSING	900099	326,505	326,505		
	d All other revenue		748,539	300,312		448,227
	e **Total.** Add lines 11a–11d		2,496,403			
	12 **Total revenue.** See Instructions		260,258,519	255,174,828		3,616,980

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	559,309	559,309		
2	Grants and other assistance to individuals in the U S See Part IV, line 22	32,899	32,899		
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	3,070,008	852,282	2,217,726	0
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	83,896,208	76,753,815	7,142,393	0
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	5,070,679	4,594,935	475,744	0
9	Other employee benefits	20,460,062	18,540,413	1,919,649	0
10	Payroll taxes	6,200,379	5,569,749	630,630	0
a	Fees for services (non-employees) Management	0			
b	Legal	1,343,518	18,983	1,324,535	0
c	Accounting	240,896	0	240,896	0
d	Lobbying	0			
e	Professional fundraising services *See Part IV, line 17*	0			
f	Investment management fees	230,360	0	230,360	0
g	Other	18,313,032	15,564,431	2,748,601	0
12	Advertising and promotion	1,140,006	35,526	1,104,480	0
13	Office expenses	56,478,272	55,623,618	854,654	0
14	Information technology	5,423,948	1,021,463	4,402,485	0
15	Royalties	0			
16	Occupancy	6,529,689	6,331,649	198,040	0
17	Travel	130,280	122,483	7,797	0
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	325,286	219,732	105,554	0
20	Interest	2,401,712	2,401,712	0	0
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	17,164,865	12,450,834	4,714,031	0
23	Insurance	940,309	940,309	0	0
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	BAD DEBT	12,831,828	12,831,828	0	0
b	LAND WRITE-DOWN	2,105,621	0	2,105,621	0
c	MAINTENANCE	5,025,742	4,725,919	299,823	0
d	EMPLOYEE RECRUITMENT	669,399	868	668,531	0
e	DUES	381,053	95,077	285,976	0
f	All other expenses	566,848	402,554	164,294	0
25	**Total functional expenses.** Add lines 1 through 24f	251,532,208	219,690,388	31,841,820	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		12,303,283	2	20,004,154
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		28,437,834	4	30,932,176
	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		840,000	7	840,000
	8	Inventories for sale or use		5,824,103	8	5,866,899
	9	Prepaid expenses and deferred charges		1,350,732	9	2,467,073
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 268,815,512			
	b	Less accumulated depreciation	10b 144,994,561	134,928,088	10c	123,820,951
	11	Investments—publicly traded securities		65,442,343	11	66,973,883
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		3,104,085	14	3,104,085
	15	Other assets See Part IV, line 11		16,563,896	15	31,280,487
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		268,794,364	16	285,289,708
Liabilities	17	Accounts payable and accrued expenses		43,589,578	17	39,168,676
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		59,525,000	20	56,630,000
	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			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		56,960,040	25	69,085,452
	26	**Total liabilities.** Add lines 17 through 25		160,074,618	26	164,884,128
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		102,346,300	27	109,715,458
	28	Temporarily restricted net assets		5,121,461	28	9,365,635
	29	Permanently restricted net assets		1,251,985	29	1,324,487
		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		108,719,746	33	120,405,580
	34	Total liabilities and net assets/fund balances		268,794,364	34	285,289,708

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	260,258,519
2	Total expenses (must equal Part IX, column (A), line 25)	2	251,532,208
3	Revenue less expenses Subtract line 2 from line 1	3	8,726,311
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	108,719,746
5	Other changes in net assets or fund balances (explain in Schedule O)	5	2,959,523
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	120,405,580

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
Beebe Medical Center Inc

Employer identification number
51-0067938

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).

Additional Data

Software ID:
Software Version:
EIN: 51-0067938
Name: Beebe Medical Center Inc

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			
JEFFREY FRIED PRESIDENT & CEO	40.0	X		X				506,505	0	92,636
ROBERT J WHITE DIRECTOR	2.0	X						0	0	0
JAMES P MARVEL JR MD DIRECTOR	2.0	X						0	0	0
JANET B MCCARTY CHAIRPERSON	2.0	X		X				0	0	0
PAUL H MYLANDER TREASURER	2.0	X		X				0	0	0
JAMES D BARR DIRECTOR	2.0	X						0	0	0
STEPHEN D BERLIN MD DIRECTOR	2.0	X						68,229	0	0
WILLIAM L BERRY DIRECTOR	2.0	X						0	0	0
EUGENE D BOOKHAMMER DIRECTOR	2.0	X						0	0	0
WILLIAM SWAIN LEE VICE CHAIRPERSON	2.0	X		X				0	0	0
JOSEPH W BOOTH DIRECTOR	2.0	X						0	0	0
THOMAS L KING DIRECTOR	2.0	X						0	0	0
STEPHEN M FANTO MD DIRECTOR	2.0	X						0	0	0
HALSEY G KNAPP DIRECTOR	2.0	X						0	0	0
JOSEPH R HUDSON DIRECTOR	2.0	X						0	0	0
ROBERT H MOORE DIRECTOR	2.0	X						0	0	0
ESTHELDA R PARKER-SELBY DIRECTOR	2.0	X						0	0	0
MICHAEL L WILGUS DIRECTOR	2.0	X						0	0	0
PAUL T COWAN JR DO DIRECTOR	2.0	X						0	0	0
JAMES BEEBE JR MD DIRECTOR	2.0	X						0	0	0
PATRICIA SHREEVE DIRECTOR	2.0	X						0	0	0
JACQUELYN O WILSON EDD DIRECTOR	2.0	X						0	0	0
PAUL PEET DIRECTOR	2.0	X						76,750	0	0
ANIS K SALIBA DIRECTOR	2.0	X						0	0	0
JAMES W BARTLE VP CFO	40.0			X				295,180	0	51,177

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			
DONNA STRELETZKY VP OPERATIONS	40 0				X			204,701	0	13,333
BARBARA VUGRINEC VP INFORMATION SYSTEM	40 0				X			220,877	0	36,200
WALLACE HUDSON JR VP CORPORATE AFFAIRS	40 0				X			194,562	0	35,642
ANDREJ STRAUSS VP MEDICAL AFFAIRS	40 0				X			193,125	0	0
CATHERINE HALEN VP HUMAN RESOURCES	40 0				X			189,198	0	29,356
THOMAS STEINER VP CHIEF OPERATING OFFICER	40 0				X			239,114	0	39,399
AASIM SEHBAI MD PHYSICIAN	40 0					X		670,079	0	24,183
SRIHARI PERI MD PHYSICIAN	40 0					X		707,360	0	28,929
BRIAN C McCARTHY PHYSICIAN ASSISTANT	40 0					X		227,143	0	19,352
KELLY FELIX PHYSICIAN ASSISTANT	40 0					X		191,700	0	11,551
MUHAMMAD ARIF MD PHYSICIAN	40 0					X		280,553	0	11,510

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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
Beebe Medical Center Inc	51-0067938

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

A Check ☐ if the filing organization belongs to an affiliated group
B Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

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

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		343
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV		No	
j	Total lines 1c through 1i			343
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		No	

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

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

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

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) non-deductible lobbying and political expenditures **(do not include amounts of political expenses for which the section 527(f) tax was paid).**		
a	Current year	2a	
b	Carryover from last year	2b	
c	Total	2c	
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
SCHEDULE C, PART II-B, LINE 1G		THE PRESIDENT OF BEEBE MEDICAL CENTER HAS QUARTERLY BREAKFAST MEETINGS WITH STATE AND LOCAL POLITICIANS

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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
Beebe Medical Center Inc

Employer identification number
51-0067938

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	36,498,710	61,285,071	73,575,651		
b Contributions	1,401,000	4,000,000	2,006,685		
c Investment earnings or losses	1,917,505	9,572,221	-13,373,799		
d Grants or scholarships					
e Other expenditures for facilities and programs	264,704	37,995,956	662,343		
f Administrative expenses	203,822	362,626	261,123		
g End of year balance	39,348,689	36,498,710	61,285,071		

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

- a Board designated or quasi-endowment ▶ 98 000 %
- b Permanent endowment ▶ 1 000 %
- c Term endowment ▶ 1 000 %

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		10,670,646		10,670,646
b Buildings		136,690,959	60,404,762	76,286,197
c Leasehold improvements		1,525,745	251,749	1,273,996
d Equipment		114,341,129	84,338,050	30,003,079
e Other		5,587,033		5,587,033
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				123,820,951

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
See Additional Data Table	
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	31,280,487

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
ACC POST RETIREMENT BENEFIT	30,747,489
DEFERRED COMPENSATION OBLIG	1,845,617
NET CAPITAL LEASE OBLIGATIONS	601,110
ACCRUED PENSION LIABILITY	12,224,400
ACCRUED MEDICAL MALPRACTICE	3,142,913
ACC WORKERS COMP LIABILITY	3,514,193
ASBESTOS REMOVAL OBLIGATION	2,695,574
LITIGATION SETTLEMENT	13,660,000
UNAMORTIZED BOND PREMIUM	654,156
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	69,085,452

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	

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

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

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

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

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
SCHEDULE D, PART V, LINE 4		BEEBE MEDICAL CENTER USES ITS ENDOWMENT FUNDS FOR CAPITAL ASSET ACQUISITIONS AND TO SUPPORT THE OPERATIONS OF THE MEDICAL CENTER

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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
Beebe Medical Center Inc

Employer identification number
51-0067938

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a .	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☑ 200% ☐ Other ____ %	3a	Yes	
b	Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☑ 400% ☐ Other ____ %	3b	Yes	
c	If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		No
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		
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)			13,076,594	7,153,274	5,923,320	2 480 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			27,423,826	26,799,621	624,205	0 260 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			40,500,420	33,952,895	6,547,525	2 740 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			2,029,100	751,115	1,277,985	0 540 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			7,664,532		7,664,532	3 210 %
h Research (from Worksheet 7)			214,639	38,875	175,764	0 070 %
i Cash and in-kind contributions to community groups (from Worksheet 8)			84,202		84,202	0 040 %
j **Total** Other Benefits			9,992,473	789,990	9,202,483	3 860 %
k **Total.** Add lines 7d and 7j			50,492,893	34,742,885	15,750,008	6 600 %

Part II **Community Building Activities** during the tax year, and describe in Part VI how its community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development						
3	Community support						
4	Environmental improvements						
5	Leadership development and training for community members			109,468		109,468	0 050 %
6	Coalition building						
7	Community health improvement advocacy			3,394,671		3,394,671	1 420 %
8	Workforce development						
9	Other						
10	**Total**			3,504,139		3,504,139	1 470 %

Part III **Bad Debt, Medicare, & Collection Practices**

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?	1	Yes		
2	Enter the amount of the organization's bad debt expense (at cost)	2	5,057,963		
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	0		
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	95,179,546		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	130,206,168		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-35,026,622		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9a	Yes		
b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI	9b	Yes		

Part IV **Management Companies and Joint Ventures**

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

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

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	BEEBE MEDICAL CENTER 424 SAVANNAH ROAD LEWES, DE 19958	X	X					X		

Part V **Facility Information** *(continued)*

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

How many non-hospital facilities did the organization operate during the tax year? **13**

Name and address	Type of Facility (Describe)
1 See Additional Data Table	

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

Additional Data

Software ID:
Software Version:
EIN: 51-0067938
Name: Beebe Medical Center Inc

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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? **13** Name and address	Type of Facility (Describe)
GEORGE TOWN IMAGINGLAB 20163 OFFICE CIRLCE GEORGETOWN,DE 19947	IMAGING CENTER & LAB DRAWS
BEEBE LAB EXPRESS 32060 LONG NECK ROAD MILLSBORO,DE 19966	LAB DRAWS, WOUND CARE
MILLSBORO LABREHAB 232 MITCHELL STREET MILLSBORO,DE 19966	IMAGING CENTER, LAB DRAWS REHABILITATION THERAPY
MILLVILLE IMAGINGLAB 205 ATLANTIC AVENUE MILLVILLE,DE 19967	IMAGING CENTER, LAB DRAWS REHABILITATION THERAPY
MILLVILLE ED 205 ATLANTIC AVENUE MILLVILLE,DE 19967	EMERGENCY CENTER
MILTON LAB EXPRESS 614 MULBERRY STREET MILTON,DE 19968	LAB
BEEBE OUTPATIENT SERVICE CENTER 18941 JOHN J WILLIAMS HIGHWAY REHOBOTH BEACH,DE 19971	OUTPATIENT SURGERY, IMAGING LAB, REHABILITATION
TUNNELL CANCER CENTER 18947 JOHN J WILLIAMS HIGHWAY REHOBOTH BEACH,DE 19971	CANCER CENTER, SLEEP LAB
BEEBE HOME HEALTH 20232 ENNIS ROAD GEORGETOWN,DE 19947	HOME HEALTH AGENCY
BEEBE SCHOOL OF NURSING 420 MARKET STREET LEWES,DE 19958	CERTIFIED NURSING SCHOOL
GULL HOUSE 38149 TERRACE ROAD REHOBOTH BEACH,DE 19971	ADULT DAY CARE
BEEBE ENDOSCOPY CENTER 33633 SAVANNAH ROAD LEWES,DE 19958	ENDOSCOPY CENTER
DELAWARE SLEEP DISORDER CENTER 200 HYGEIA DRIVE 2300 NEWARK,DE 19713	SLEEP LAB

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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
Beebe Medical Center Inc

Employer identification number
51-0067938

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) BEEBE MEDICAL FOUNDATION902 SAVANNAH ROAD LEWES,DE 19958	51-0319455	501(c)(3)	559,309		fmv		GENERAL SUPPORT

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
(1) NURSING SCHOLARSHIPS	8	32,889		fmv	

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

Identifier	Return Reference	Explanation
SCHEDULE I, PART I, LINE 2		SCHOLARSHIP FUNDS ARE USED TO SUPPORT THE DAILY OPERATIONS OF BEEBE SCHOOL OF NURSING, A DIVISION OF BEEBE MEDICAL CENTER ONE INDIVIDUAL RECEIVED MORE THAN $5,000 IN BEEBE SCHOOL OF NURSING SCHOLARSHIP FUNDS AS OF OCTOBER 2011, THE BEEBE SCHOOL OF NURSING HAS CHANGED ITS NAME TO THE MARGARET H ROLLINS SCHOOL OF NURSING AT BEEBE MEDICAL CENTER

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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
Beebe Medical Center Inc

Employer identification number
51-0067938

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**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**	Yes	
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) JEFFREY FRIED	(i)	438,904	0	67,601	64,700	27,936	599,141	0
	(ii)	0	0	0	0	0	0	0
(2) JAMES W BARTLE	(i)	255,914	0	39,266	35,755	15,422	346,357	0
	(ii)	0	0	0	0	0	0	0
(3) DONNA STRELETZKY	(i)	165,099	17,850	21,752	0	13,333	218,034	0
	(ii)	0	0	0	0	0	0	0
(4) BARBARA VUGRINEC	(i)	189,400	18,810	12,667	13,998	22,202	257,077	0
	(ii)	0	0	0	0	0	0	0
(5) WALLACE HUDSON JR	(i)	171,499	15,397	7,666	18,291	17,351	230,204	0
	(ii)	0	0	0	0	0	0	0
(6) ANDREJ STRAUSS	(i)	0	0	193,125	0	0	193,125	0
	(ii)	0	0	0	0	0	0	0
(7) AASIM SEHBAI MD	(i)	397,486	214,415	58,178	0	24,183	694,262	0
	(ii)	0	0	0	0	0	0	0
(8) SRIHARI PERI MD	(i)	490,982	169,825	46,553	0	28,929	736,289	0
	(ii)	0	0	0	0	0	0	0
(9) BRIAN C McCARTHY	(i)	217,589	600	8,954	0	19,352	246,495	0
	(ii)	0	0	0	0	0	0	0
(10) KELLY FELIX	(i)	183,781	600	7,319	0	11,551	203,251	0
	(ii)	0	0	0	0	0	0	0
(11) CATHERINE HALEN	(i)	163,230	19,201	6,767	16,500	12,856	218,554	0
	(ii)	0	0	0	0	0	0	0
(12) THOMAS STEINER	(i)	223,810	0	15,304	16,500	22,899	278,513	0
	(ii)	0	0	0	0	0	0	0
(13) MUHAMMAD ARIF MD	(i)	250,391	30,000	162	0	11,510	292,063	0
	(ii)	0	0	0	0	0	0	0
(14)								
(15)								
(16)								

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
SCHEDULE J, PAGE 1, LINE 4B		Voluntary participation is open to all Executive staff members or employed physicians who are designated by the Committee of the Board of Directors Participants elect to reduce the amount of compensation which would otherwise be earned and payable in the following plan year in whole dollar amounts or in 1% increments up to 100% to be deposited into a trust account Participants become vested at the time specified in their deferral election Title to the trust remains with Beebe Medical Center until requirements are fulfilled SCHEDULE J, PART I, LINE 7 Executives and management team members are eligible for bonuses if they meet specific organizational objectives including quality and safety issues, patient satisfaction scores, and certain financial goals For Vice presidents, 60% of their eligible incentive is based upon organization - wide goals and 40% is based upon individual goals For the CEO, 100% of the eligible incentive is based upon organization - wide or team goals Certain physicians are eligible for an incentive based on the physician's individual practice number of worked RVU's

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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
Beebe Medical Center Inc

Employer identification number
51-0067938

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	DELAWARE HEALTH FACILITIES AUTH SERIES 2005A	51-0272458	246388NU2	09-21-2005	24,127,494	SCHEDULE K SUPPLEMENTAL INFORMATIO		X		X		X
B	DELAWARE HEALTH FACILITIES AUTH SERIES 2004A	51-0272458	246388NC2	07-16-2004	29,997,057	SCHEDULE K SUPPLEMENTAL INFORMATIO		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	2,730,000	10,350,000		
2	Amount of bonds legally defeased				
3	Total proceeds of issue	25,711,456	29,997,057		
4	Gross proceeds in reserve funds	1,708,907	64,721		
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	160,663	243,578		
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	24,002,576			
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2010	2004		

		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						
2	Are there any lease arrangements that may result in private business use of bond-financed property?	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							
b	Are there any research agreements that may result in private business use of bond-financed property?	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?	X							
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 ▶		0 960 %						
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶								
6	Total of lines 4 and 5		0 960 %						
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	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	LEHMAN BROTHERS		LEHMAN BROTHERS					
c	Term of GIC	20		20					
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X		X					
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 I, LINE A, COLUMN (F)		DESCRIPTION OF PURPOSE BEEBE MEDICAL CENTER - MAIN CAMPUS EXPANSION, RENOVATION & EQUIPMENT *EXPAND EMERGENCY DEPARTMENT FROM 18 TO 36 BEDS AND RENOVATE EXISTING EMERGENCY DEPARTMENT AREA, PLUS EQUIPMENT *RELOCATE AND EXPAND (FROM 12 TO 20 BEDS) THE CRITICAL CARE UNIT, PLUS EQUIPMENT *ADD A 42-BED MEDICAL/SURGICAL UNIT, PLUS EQUIPMENT *RENOVATIONS TO ADD DUAL-CAPABLE ANGIOGRAPHY SUITE AND RENOVATIONS TO THE CARDIAC REHAB SUITE, PLUS EQUIPMENT BEEBE HEALTH CAMPUS - EXPANSION AND EQUIPMENT *CONSTRUCTION AND EQUIPPING OF A RADIATION ONCOLOGY CENTER *CONSTRUCTION AND EQUIPPING A MEDICAL ONCOLOGY FACILITY SCHEDULE K, PART I, LINE B, COLUMN (F) DESCRIPTION OF PURPOSE REFUNDING BOND ISSUE TO FINANCE THE CURRENT REFUNDING OF THE DELAWARE HEALTH FACILITIES AUTHORITY'S $37,475,000 REVENUE BONDS, BEEBE MEDICAL CENTER PROJECT, SERIES 1994 OF WHICH $28,855,000 WERE OUTSTANDING AS OF JUNE 1, 2004, THE FIRST CALL DATE SCHEDULE K, PART II, LINE 3, COLUMN (A) THE DIFFERENCE BETWEEN TOTAL PROCEEDS AND THE ISSUE PRICE REPORTED IN PART I IS INVESTMENT PROCEEDS

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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

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Name of the organization
Beebe Medical Center Inc

Employer identification number
51-0067938

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) DELAWARE ANESTHESIA ASSOCIATES	SEE PART V	2,275,000	ANESTHESIA SERVICES		No
(2) DELAWARE ANESTHESIA ASSOCIATES	SEE PART V	128,942	BMC REIMBURSED FOR EMPLOYEE		No
(3) SUSSEX EMERGENCY ASSOCIATES	SEE PART V	193,021	SEE PART V		No
(4) SALIBA FAMILY LLC	SEE PART V	185,860	SEE PART V		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
SCHEDULE L, PART IV		FOR THE TRANSACTIONS WITH DELAWARE ANESTHESIA ASSOCIATES, STEPHEN M FANTO, MD, A DIRECTOR OF BEEBE MEDICAL CENTER, IS A PARTNER IN THIS ENTITY FOR THE TRANSACTIONS WITH SUSSEX EMERGENCY ASSOCIATES, THE SPOUSE OF PATRICIA SHREEVE, A DIRECTOR OF BEEBE MEDICAL CENTER, IS AN OWNER OF THIS ENTITY IN ADDITION, PAUL T COWAN, JR , DO, A DIRECTOR OF BEEBE MEDICAL CENTER, IS AN OWNER OF THIS ENTITY SUSSEX EMERGENCY ASSOCIATES IS UNDER CONTRACT WITH BEEBE MEDICAL CENTER TO PROVIDE EMERGENCY ROOM PHYSICIAN SERVICES FOR THE TRANSACTIONS WITH SALIBA FAMILY LLC, ANIS SALIBA, MD, A BEEBE MEDICAL CENTER BOARD MEMBER, IS A MEMBER OF THE LLC BEEBE MEDICAL CENTER RENTS OFFICE SPACE FROM THE LLC

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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
Beebe Medical Center Inc

Employer identification number
51-0067938

Identifier	Return Reference	Explanation
SUPPLEMENTAL INFORMATION		FORM 990, PART VI, SECTION A, LINE 2 TWO DIRECTORS OF BEEBE MEDICAL CENTER AND ONE BEEBE MEDICAL FOUNDATION BOARD MEMBER ALSO SERVE AS SHAREHOLDERS AND DIRECTORS OF A LOCAL BANK FORM 990, PART VI, SECTION A, LINE 4 Beebe Medical Center amended Section 8 06 of its Bylaws to now read MEDICAL STAFF AND COMMITTEE MEMBERS A NOTWITHSTANDING SECTIONS 8 01 THROUGH 8 05, THIS SECTION 8 06 SHALL GOVERN THE INDEMNIFICATION OF THE MEMBERS OF THE MEDICAL STAFF, DEPARTMENT HEADS, AND MEMBERS OF DULY CONSTITUTED COMMITTEES OF THE MEDICAL STAFF TO THE EXTENT COVERED BY THE CORPORATION'S APPLICABLE LIABILITY INSURANCE, THE CORPORATION SHALL INDEMNIFY (INCLUDING PAYMENT OF ATTORNEYS' FEES AND OTHER EXPENSES) AND HOLD HARMLESS PAST, PRESENT AND FUTURE MEMBERS OF THE MEDICAL STAFF, DEPARTMENT HEADS, AND MEMBERS OF DULY CONSTITUTED COMMITTEES OF THE MEDICAL STAFF FOR ANY WRONGFUL ACT BY ANY SUCH PERSON IN HIS OR HER CAPACITY AS SUCH, AND FOR ANY MATTER CLAIMED AGAINST ANY SUCH PERSON SOLELY BY REASON OF HIS OR HER STATUS AS SUCH NOTHWITHSTANDING ANY OTHER PARAGRAPH OF THIS SECTION 8 06, THIS SECTION 8 06 EXCLUDES INDEMNIFICATION AND DEFENSE IN CONNECTION WITH A CLAIM ARISING OUT OF THE PRACTICE OF MEDICINE FORM 990, PART VI, SECTION B, LINE 11A THE FORM 990 IS REVIEWED INTERNALLY BY MANAGEMENT OF BEEBE MEDICAL CENTER, INC THE RETURN IS REVIEWED BY A THIRD PARTY ACCOUNTING FIRM, PRICEWATERHOUSECOOPERS LLP A COPY OF THE FORM 990 WAS PROVIDED TO THE GOVERNING BODY BEFORE IT WAS FILED FORM 990, PART VI, SECTION B, LINE 12C BEEBE MEDICAL CENTER REQUIRES ANNUAL COMPLETION OF A CONFLICT OF INTEREST STATEMENT FOR ALL BOARD MEMBERS, EXECUTIVES, AND MANAGEMENT TEAM MEMBERS NON-MANAGEMENT TEAM MEMBERS ARE REQUIRED TO SUBMIT A CONFLICT OF INTEREST STATEMENT UPON HIRE CONFLICT OF INTEREST STATEMENTS ARE REVIEWED BY THE BOARD FOR THE EXISTENCE OF ANY ADVERSE INTEREST FORM 990, PART VI, SECTION B, LINES 15A AND 15B THE EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES GOVERNS AND CONTROLS EXECUTIVE COMPENSATION PAY IS DETERMINED BY COMPARING like positions TO OTHER TAX-EXEMPT HEALTH SYSTEMS SIMILAR TO BEEBE MEDICAL CENTER IN SIZE AND COMPLEXITY LOCATED REGIONALLY AND THROUGHOUT THE UNITED STATES PAY IS POSITIONED AT a range around THE 50TH PERCENTILE OF BEEBE MEDICAL CENTER'S PEER GROUP, on a national basis THE EXECUTIVE COMMITTEE UTILIZES A CONSULTANT FOR EXECUTIVE COMPENSATION ADVICE MINUTES OF MEETINGS ARE MAINTAINED TO DOCUMENT DELIBERATION AND DECISIONS form 990, part vi, section c, line 19 THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE UPON REQUEST FORM 990, PART XI, LINE 5 EQUITY LOSSES IN SUBSIDIARIES $(7,008,978) UNREALIZED GAINS ON INVESTMENTS 656,055 INCREASE IN THE INTEREST IN FOUNDATION NET ASSETS 4,734,424 CHANGE IN BENEFIT PLAN LIABILITIES 4,486,136 NET ASSETS RELEASED FROM RESTRICTIONS FOR OTHER PURPOSES (50,336) INCREASE IN VALUE OF REMAINDER TRUST 99,993 INCREASE IN VALUE OF PERPETUAL TRUST 42,229 ---------- $ 2,959,523 ==========

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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
Beebe Medical Center Inc

Employer identification number
51-0067938

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
(1) SOUTHERN DELAWARE SURGERY CENTER 18941 JOHN J WILLIAMS HIGHWAY REHOBETH, DE 19971 57-1188197	O/P SURGERY	DE	0	0	NA

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) BEEBE PHYSICIAN NETWORK INC PO BOX 760 LEWES, DE 19958 21-2011066	PHYS SUPPORT	DE	501(C)(3)	9	BEEBE MEDCTR	Yes	
(2) BEEBE MEDICAL FOUNDATION 902 SAVANNAH ROAD LEWES, DE 19958 51-0319455	FUNDRAISING	DE	501(C)(3)	11-TYPE I	BEEBE MEDCTR	Yes	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) 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		No
f Sale of assets to other organization(s)	1f		No
g Purchase of assets from other organization(s)	1g		No
h Exchange of assets	1h		No
i Lease of facilities, equipment, or other assets to other organization(s)	1i		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		No
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		No
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		No
r Other transfer of cash or property from other organization(s)	1r		No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) BEEBE PHYSICIAN NETWORK INC	B	6,100,000	FMV
(2) BEEBE MEDICAL FOUNDATION	B	559,309	FMV
(3) BEEBE MEDICAL FOUNDATION	C	94,788	FMV
(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
SCHEDULE R, PART I		IDENTIFICATION OF DISREGARDED ENTITIES SOUTHERN DELAWARE SURGERY CENTER WAS INACTIVE DURING THE YEARS ENDED JUNE 30, 2010 AND JUNE 30, 2011

Beebe Medical Center, Inc.

Consolidated Financial Statements and Supplemental Schedules
June 30, 2011 and 2010

Beebe Medical Center, Inc.
Index
June 30, 2011 and 2010

pwc

Report of Independent Auditors

Board of Directors
Beebe Medical Center, Inc

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

As discussed in Note 2 to the financial statements, the Company is a defendant in a significant litigation matter that is probable of having an adverse financial impact on the 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 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operation and cash flows of the individual companies Accordingly, we do not express an opinion on the financial position, results of operations and cash flows of the individual companies However, 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

PricewaterhouseCoopers LLP

November 30, 2011

PricewaterhouseCoopers LLP, Two Commerce Square, Suite 1700, 2001 Market Street, Philadelphia, PA 19103-7042 T: (267) 330 3000, F: (267) 330 3300, www.pwc.com/us

Beebe Medical Center, Inc.
Consolidated Balance Sheets
June 30, 2011 and 2010

	2011	2010
Assets		
Current assets		
Cash and cash equivalents	$ 20,904,087	$ 12,578,492
Assets limited as to use - current portion		
Letter of Credit collateral fund	18,462,090	19,857,721
Patient accounts receivable, net of estimated uncollectibles of $8,687,000 in 2011 and $7,670,000 in 2010	31,823,733	29,377,825
Prepaid expenses and other current assets	9,068,075	8,777,858
Total current assets	80,257,985	70,591,896
Assets limited as to use		
Board designated funds	43,258,294	39,575,081
Other board designated assets	1,857,905	-
Restricted under bond agreements		
Debt service reserve fund	4,837,586	4,786,143
Collateral funds	6,054,717	5,928,975
Donor restricted funds	5,641,053	4,532,162
Donor restricted pledges receivable, net	3,697,642	632,078
Total assets limited as to use	65,347,197	55,454,439
Property and equipment, net	124,238,086	135,423,053
Beneficial interest in perpetual trusts, net	343,418	301,190
Assets held in charitable remainder trusts, net	1,008,009	908,016
Other assets	15,752,207	8,259,843
Total assets	$ 286,946,902	$ 270,938,437
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	$ 30,200,204	$ 32,575,049
Estimated third-party payor settlements	10,078,696	7,643,845
Current portion of long-term debt	2,913,421	3,006,853
Long-term variable rate debt classified as current	16,805,000	17,125,000
Total current liabilities	59,997,321	60,350,747
Accrued pension and post-retirement benefit cost	42,971,889	42,707,884
Other liabilities	25,840,282	18,733,950
Obligations under capital leases, less current portion	616,830	601,110
Long-term debt, less current portion	37,115,000	39,825,000
Total liabilities	166,541,322	162,218,691
Net assets		
Unrestricted	109,715,458	102,346,300
Temporarily restricted	9,365,635	5,121,461
Permanently restricted	1,324,487	1,251,985
Total net assets	120,405,580	108,719,746
Total liabilities and net assets	$ 286,946,902	$ 270,938,437

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

Beebe Medical Center, Inc.
Consolidated Statements of Operations and Changes in Net Assets
Years Ended June 30, 2011 and 2010

	2011	2010
Unrestricted net assets		
Unrestricted revenues and other support		
Net patient service revenue	$ 262,108,200	$ 248,832,421
Other revenues	4,318,759	3,718,205
Net assets released from restrictions used for operations	307,343	95,522
Total unrestricted revenues and other support	266,734,302	252,646,148
Expenses		
Salaries and benefits, physician fees, and contract labor	144,427,168	136,238,250
Medical, surgical, and patient-related supplies and services	51,515,788	49,434,590
Repairs, maintenance and utilities	11,049,716	10,485,787
Insurance	1,284,162	2,419,731
Depreciation and amortization	17,261,030	16,720,060
Interest	2,401,712	2,555,131
Provision for bad debts	13,205,113	10,913,232
Other	25,106,308	28,494,270
Total expenses	266,250,997	257,261,051
Income (loss) from operations	483,305	(4,614,903)
Nonoperating gains (losses)		
Contributions	153,237	211,952
Investment income and net realized gains	1,252,932	8,796,014
Swap interest and change in swap agreement valuation	-	(746,148)
Loss on bond redemption	-	(216,212)
Total nonoperating gains	1,406,169	8,045,606
Excess of revenues and gains over expenses	1,889,474	3,430,703
Other changes in unrestricted net assets		
Net assets released from restrictions used for fixed asset purchases	-	1,256,342
Net unrealized gains on investments	993,548	1,162,143
Change in benefit plans liability	4,486,136	(8,457,182)
Transfer (to) permanently restricted net assets	-	(25,000)
Increase (decrease) in unrestricted net assets	7,369,158	(2,632,994)

Beebe Medical Center, Inc.
Consolidated Statements of Operations and Changes in Net Assets (continued)
Years Ended June 30, 2011 and 2010

	2011	2010
Temporarily restricted net assets		
Contributions	3,975,242	574,007
Change in value of remainder trusts	99,993	39,419
Net investment income and realized and unrealized gains (losses) on investments	501,899	416,987
Net assets released from restrictions used for fixed asset purchases	-	(1,256,342)
Net assets released from restrictions used for operations	(307,343)	(95,522)
Net assets released from restrictions used for other	(67,846)	(10,298)
Transfer from permanently restricted net assets	42,229	17,760
Increase (decrease) in temporarily restricted net assets	4,244,174	(313,989)
Permanently restricted net assets		
Contributions	53,421	74,044
Change in value of beneficial interest in perpetual trust	42,229	17,760
Transfer from unrestricted net assets	-	25,000
Transfer (to) temporarily restricted net assets	(42,229)	(17,760)
Net realized and unrealized gains on investments	19,081	10,474
Increase in permanently restricted net assets	72,502	109,518
Increase (decrease) in net assets	11,685,834	(2,837,465)
Net assets		
Beginning of year	108,719,746	111,557,211
End of year	$ 120,405,580	$ 108,719,746

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

Beebe Medical Center, Inc.
Consolidated Statements of Cash Flows
Years Ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities		
Increase (decrease) in net assets	$ 11,685,834	$ (2,837,465)
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Change in benefit plans liability	(4,486,136)	8,457,182
Depreciation and amortization	17,261,030	16,720,060
Restricted contributions	(4,028,663)	(648,051)
(Increase) decrease in values of remainder trusts and beneficial interest in perpetual trust	(142,222)	(57,179)
Provision for bad debts	13,205,113	10,913,232
(Gain) loss on disposition of fixed assets	(189,683)	(4,271)
Change in swap valuation	-	(205,914)
Loss on redemption of bonds	-	216,212
Write-down of land value	2,105,621	-
Net realized, unrealized (gains) losses, and other than temporary impairment losses on investments	(2,767,460)	(10,385,618)
Changes in operating assets and liabilities		
Patients accounts receivable	(15,651,021)	(12,394,423)
Prepaid expenses and other current assets	(290,217)	(1,827,162)
Accounts payable and other accrued expenses	11,038,703	14,127,982
Estimated third-party payor settlements	2,434,851	923,538
Other assets	(6,792,676)	(3,663,879)
Net cash provided by operating activities	23,383,074	19,334,244
Cash flows from investing activities		
Purchase of property and equipment	(12,117,078)	(16,578,528)
Proceeds from sale of fixed assets	10,410	21,400
Increase in swap collateral fund	-	(2,188,557)
(Purchase) sale of investments and assets limited to use, net	(806,198)	17,554,541
Net cash used in investing activities	(12,912,866)	(1,191,144)
Cash flows from financing activities		
Proceeds from restricted contributions	963,099	1,594,655
Redemption of long-term debt	-	(18,650,000)
Payment of long-term debt	(2,895,000)	(2,755,000)
Additions (payment) of capital lease obligations, net	(212,712)	294,846
Net cash used in financing activities	(2,144,613)	(19,515,499)
Net increase (decrease) in cash and cash equivalents	8,325,595	(1,372,399)
Cash and cash equivalents		
Beginning of year	12,578,492	13,950,891
End of year	$ 20,904,087	$ 12,578,492
Noncash investing activities		
Purchase of property and equipment through accounts payable	$ 1,958,701	$ 3,559,729
Noncash financing activities		
Assets acquired by incurring capital lease obligations	$ 253,970	$ 726,522

Total interest paid, including capital lease interest and excluding swap interest, in 2011 and 2010, was approximately $2,224,000 and $2,350,000, respectively

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

1. Summary of Significant Accounting Policies

Organization and Basis of Presentation

Beebe Medical Center, Inc (the "Medical Center" or "Beebe") is a not-for-profit, tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code and is incorporated in Delaware The Medical Center, located in Lewes, Delaware, is the sole member of or controls the following affiliates Beebe Physician Network, Inc ("BPN") and Beebe Medical Foundation (the "Foundation"), collectively, "the System" The System generally treats patients from Sussex County, Delaware and surrounding areas Expenses of the System have primarily been incurred in connection with the delivery of health care services to the community

The Foundation is a not-for-profit, tax-exempt corporation, which engages in fundraising activities for the benefit of the Medical Center

BPN is a not-for-profit tax-exempt corporation that operates a physician network providing integrated physician services in coordination with the Medical Center BPN operates a hospitalist program and thirteen specialty practices, employing 31 physicians as of June 30, 2011

The consolidated financial statements of Beebe Medical Center, Inc include the Medical Center, the Foundation and BPN All significant inter-company transactions and accounts have been eliminated

Subsequent events have been evaluated through November 30, 2011

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes Actual results could differ from those estimates

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with original maturities of three months or less, excluding amounts limited as to use by board designation or donor restrictions or other arrangements under trust agreements

Investments

Investments in equity and debt securities with readily determinable fair values are measured at fair value Fair values are based on quoted market prices Investment income on assets limited as to use under bond indenture agreement is recorded as other revenue All other investment income and realized gains and losses on investments are recorded as nonoperating gains and losses, or as a change to temporarily or permanently restricted net assets, if such income is restricted by the donor Unrealized gains and losses on all investments are excluded from the excess of revenues and gains over expenses and reported as a separate component of changes in net assets, except when market value of a security has declined below cost and is deemed to be other than temporary, impairment has occurred and this is included in excess of revenues and gains over expenses The hedge fund investment in a limited liability company is carried at cost as of June 30, 2011 and 2010

Assets Limited as to Use
Assets limited as to use by the Board of Directors (the "Board") are resources that have been designated by the Board for specific purposes Assets limited as to use under the bond indenture agreement are held by a trustee in a project fund to be used to fund construction expenditures or in a debt service reserve fund Amounts required to meet current liabilities of the Medical Center under the bond indenture have been classified as current assets in the Consolidated Balance Sheets The bond indenture agreement requires the Medical Center to maintain, under certain conditions, the debt service reserve fund in amounts defined by the agreement Assets limited as to use externally restricted by donors are held until the donor restrictions have been met

Property and Equipment
Property and equipment acquisitions are recorded at cost Useful lives are determined using the American Hospital Association's "Estimated Useful Lives of Depreciable Hospital Assets" guide Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method over the following estimated useful lives buildings and improvements, 5 to 40 years, fixed equipment, 5 to 25 years, and major moveable equipment, 3 to 20 years Interest costs associated with the construction of certain capital assets is capitalized and amortized over the life of the asset being depreciated

Beneficial Interest in Perpetual Trust and Assets Held in Charitable Trusts
Beneficial interest in perpetual trust represents the Medical Center's beneficial interest in a perpetual trust, which is administered by an independent trustee Because the trust is perpetual and the original corpus cannot be violated, it is reported as permanently restricted net assets The Medical Center and the Foundation have also entered into charitable remainder trust arrangements with donors, the terms of which generally provide for an annual distribution to a donor beneficiary for their lifetime, after which the assets are distributed to the Medical Center or the Foundation Assets held in charitable trusts have been recorded net of estimated present value of expected future cash flows to be paid to the beneficiary

Other Assets
Included in other assets are deferred bond issuance costs, which are stated net of amortization, and goodwill The bond issuance costs consist of original issue discount, underwriter's commission, and deferred financing costs, and are being amortized over the life of the bond issues, using the bonds outstanding method During fiscal year 2011, the System adopted new accounting guidance that requires goodwill be tested for impairment at least annually This test will be performed more frequently if there are triggering events The impact of adoption was to reduce amortization expense by approximately $384,000 The goodwill balance as of June 30, 2011 and 2010 is $3,104,085 There was no impairment as a result of the test The impairment test was performed as of June 30, 2011

Medical Malpractice Insurance
The System is insured for medical malpractice incidents through a claims-made policy The provision for estimated medical malpractice claims includes actuarially determined estimates of the ultimate costs for both reported claims and incurred but not reported claims

Excess of Revenues and Gains over Expenses and Changes in Unrestricted Net Assets
The Consolidated Statements of Operations and Changes in Unrestricted Net Assets include the excess of revenues and gains over expenses Changes in unrestricted net assets excluded from excess of revenues and gains over expenses and losses, consistent with industry practice, include net unrealized gains and losses on investments to the extent such losses are considered temporary, contributions for long-lived assets, discontinued operations, and changes to the pension and postretirement liabilities

Temporarily and Permanently Restricted Net Assets
Temporarily restricted net assets are those whose use by the System has been limited by donors to fund the acquisition of specific property and equipment expansion projects Permanently restricted net assets consist of assets that have been restricted by a donor to be maintained in perpetuity Changes in restricted net assets include investment gains, contributions and net assets released from restrictions for fixed asset purchases

Donor-Restricted Gifts
Unconditional promises to give cash and other assets to the System 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 statement of operations and changes in net assets as net assets released from restrictions

Reclassifications
Certain prior-year balances have been reclassified to conform to the current presentation

Fair Value Measurements
During fiscal year 2009, the System adopted Accounting Standards Codification 820, *Fair Value Measurements and Disclosures* ("ASC 820") for financial assets and liabilities ASC 820 defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements Although the adoption of ASC 820 did not change the System's valuation of assets or liabilities, the System is now required to provide additional disclosures as part of their financial statements

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date ASC 820 also establishes a fair value hierarchy that classifies the inputs to valuation techniques used to measure fair value into one of the following three levels

Level 1 Unadjusted quoted prices in active markets for identical assets, exchange traded securities and mutual funds with quoted prices or liabilities

Level 2 Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active

Level 3 Unobservable inputs derived from extrapolation or interpolation that cannot be substantiated by market data including other investment manager specific inputs such as projected cash flows

The carrying amounts reported on the consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate their fair value The fair value of assets limited as to use and investments are included in Note 6 The fair value of long-term obligations is calculated based upon yields available in the quoted market for bonds or debt of similar quality The carrying amount and the estimated fair value of the Medical Center's long-term obligations are included in Note 10

Revision of 2010 Financial Statements
During 2011, the Hospital determined that the previously reported 2010 increase in Accounts payable and other accrued expenses and Purchase of property and equipment in the statement of cash flows were overstated by approximately $1,400,000 This error had no impact on 2010 Excess of revenue and gains over expenses or Increase in net assets However, in the previously issued 2010 statement of cash flows, it overstated cash provided by operating activities and cash used in investing activities by $1,400,000 The Hospital does not believe the previously issued financial statements were materially misstated, however, the 2010 financial statements presented herein have been revised to properly state the affected line items

2. Litigation

On December 16, 2009, Dr Bradley, a former staff privileged pediatrician in Lewes was arrested and charged with the sexual abuse of more than 100 minor patients More than 200 civil suits thus far have been filed against the Medical Center in this matter alleging a failure to report Dr Bradley to applicable authorities On April 6, 2011, the plaintiff's Motion for Class Certification was granted The Medical Center is currently engaged in a court-ordered mediation program with the plaintiffs and our insurers whose purpose is to determine the possibility of a settlement that is satisfactory to all parties involved On May 4, 2010, the System's primary liability carrier, Arch Specialty Insurance Company, filed a declaratory judgment action to determine whether the allegations against the Medical Center fall within policy exclusions Similar motions were filed by Endurance American Insurance Company and St Paul Insurance Company Adjudication of the issues raised by these motions has been stayed pending the outcome of the on-going mediation and the outcome of determination of liability

Although litigation of the class action and the related mediation is ongoing, management has determined that Beebe will suffer an adverse impact related to this matter that is probable and estimable, and accordingly, a liability for this contingency totaling $13 7 million has been recorded Of this amount, $5 7 million was charged to Operating Expense in fiscal year 2010 and $8 million was recorded in 2011 as an other asset (receivable) based on an agreement reached between the Medical Center and one of its insurers, that provides for $8 million of coverage related this matter The $13 7 million liability for this contingency excludes any amount that could be recoverable through the Medical Center's remaining insurance coverage which will be determined through either the mediation or litigation and cannot be estimated at this time Given the uncertainty associated with this matter, management is not able to determine a range of total potential loss In addition, if the mediation is not successful at reaching a settlement, the Medical Center could suffer losses in excess of amounts accrued which could have a material adverse effect on its operations

Uninsured legal fees related to the Bradley matter cannot be estimated In accordance with accounting policy these fees are being expensed as incurred

3. Charity Care

The System provides care to patients who meet certain criteria under its charity care policy at amounts less than its established rates Because the System does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue

The System maintains records to identify and monitor the level of charity care it provides These records include the amount of charges forgone for services and supplies furnished under its charity care policy, and the estimated cost of those services and supplies

The following information measures the level of charity care provided during the years ended June 30, 2011 and 2010

	2011	2010
Charges forgone, based on established rates	$ 13,221,229	$ 15,684,040
Estimated costs and expenses incurred to provide charity care	$ 5,923,320	$ 6,881,103

4. Net Patient Service Revenue

The System has agreements with third-party payors that provide for payments to the System at amounts different from its established rates A summary of the payment arrangements of the third-party payors with which the System transacts a significant volume of business follows

Medicare and Medicaid
Inpatient acute care services rendered to and defined capital costs related to Medicare program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors Outpatient payments are primarily based on a combination of prospectively determined ambulatory payment classifications ("APC's") and fee schedules Nursing education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology subject to certain limitations The Medical Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare fiscal intermediary The Medicare cost reports have been audited and settled by the Medicare fiscal intermediary through June 30, 2007

Delaware Health and Social Services has contracted with managed care companies for the provision of health care services to Medicaid beneficiaries One managed care company has, in turn, contracted with the System for the provision of physician, acute inpatient and outpatient services under which the System is generally paid based upon inpatient case rates, subject to outlier payments, outpatient percentage of charges, emergency fee schedule and physician services fee schedule The other managed care company reimburses all inpatient and outpatient services as a percentage of charges

In the opinion of management, adequate provision has been made for any adjustments that may result from final settlement of Medicare and Medicaid cost reports Net patient service revenue increased approximately $90,670 and $60,520 in 2011 and 2010, respectively, as a result of favorable adjustments to estimates previously recorded applicable to prior-year third-party cost reports

Revenues from the Medicare and Medicaid programs accounted for approximately 38% and 10%, respectively, of the System's net patient service revenues from continuing operations for the year ended June 30, 2011, and 38% and 10%, respectively, for the year ended June 30, 2010 Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation The System believes that it is in compliance with all applicable laws and regulations System management is not aware of any pending or threatened investigations involving allegations of wrongdoing Compliance with such laws and regulations is always subject to future government review and interpretations as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs

Commercial Insurance
The System has contracted with Blue Cross of Delaware, commercial insurers, carriers, and health maintenance organizations The basis for payment to the System for covered inpatient, outpatient and physician services under these agreements includes discounted charges or fee schedules for certain outpatient services and physician services subject to co-pay and deductible provisions of policies

5. Other Operating Revenue

Other operating revenue consists mainly of income received from the operation of an employee cafeteria and deli, an adult daycare center, tuition for the school of nursing, property rentals, wellness clinics at local high schools, distributions from group purchasing organizations and interest income on debt service reserve funds

6. Investments

The composition of investments classified as assets limited as to use, including current portion, at June 30, 2011 and 2010, is set forth in the following table Investments are stated at fair value, unless otherwise noted

	2011	2010
Cash and cash equivalents	$ 28,471,881	$ 38,648,562
U S Government obligations	698,450	7,650,362
Marketable equity securities	17,960,029	10,161,389
Alternative assets at cost	919,745	1,668,777
Mutual funds - fixed income	27,020,009	14,161,017
Mutual funds - equities	3,183,626	2,389,975
Total assets limited as to use	$ 78,253,740	$ 74,680,082

Investments classified as assets limited as to use are presented in the accompanying consolidated balance sheets under the following classifications

	2011	2010
Assets limited as to use - current		
Debt Service Reserve Fund	$ -	$ -
Letter of Credit collateral fund	18,462,090	19,857,721
Assets limited as to use - non current		
Internally designated by Board of Directors	43,258,344	39,575,081
Restricted under bond agreements		
Debt Service Reserve Fund	4,837,586	4,786,143
Collateral funds	6,054,717	5,928,975
Donor restricted funds	5,641,053	4,532,162
Total assets limited as to use	$ 78,253,790	$ 74,680,082

The fair value hierarchy of assets limited as to use and investments at June 30, 2011, classified by valuation technique are as follows

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 28,471,880	$ -	$ -	$ 28,471,880
U S government obligations	698,450	-	-	698,450
Domestic and foreign equities	17,960,029	-	-	17,960,029
Mutual funds	30,203,635	-		30,203,635
Beneficial interest in perpetual trusts, net	327,821	15,597	-	343,418
Assets held in charitable remainder trusts, net	35,281	552,728	420,000	1,008,009
Total assets limited as to use	$ 77,697,096	$ 568,325	$ 420,000	$ 78,685,421

The fair value hierarchy of assets limited as to use and investments at June 30, 2010, classified by valuation technique are as follows

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 38,648,562	$ -	$ -	$ 38,648,562
U S government obligations	7,650,362	-	-	7,650,362
Domestic and foreign equities	10,161,389	-	-	10,161,389
Mutual funds	16,550,992	-		16,550,992
Beneficial interest in perpetual trusts, net	288,357	12,833	-	301,190
Assets held in charitable remainder trusts, net	34,229	453,787	420,000	908,016
Total assets limited as to use	$ 73,333,891	$ 466,620	$ 420,000	$ 74,220,511

The following is a comparative roll-forward of the level 3 Swap agreement liability

	2011	2010
Beginning balance	$ -	$ 5,190,645
Change in swap valuation	-	(205,914)
Swap termination	-	(4,984,731)
Ending balance	$ -	$ -

The following is a comparative roll-forward of the level 3 assets held in charitable remainder trusts

	2011	2010
Beginning balance	$ 420,000	$ 420,000
Changes in trust	-	-
Ending balance	$ 420,000	$ 420,000

Investment income and gains (losses) for assets limited as to use and cash equivalents comprise the following

	2011	2010
Other revenue		
Investment income (loss)	$ 70,680	$ (18,755)
Nonoperating gains		
Investment income	$ 1,564,182	$ 1,578,912
Net realized gains (losses) on sales of investments	(104,932)	7,217,102
Other than temporary losses on investments	(206,318)	-
	$ 1,252,932	$ 8,796,014
Other changes in unrestricted net assets		
Net unrealized gains (losses) on investments	$ 993,548	$ 1,162,143
Other changes in restricted net assets		
Realized and unrealized gains (losses) on investments	$ 520,980	$ 427,461

Alternative assets consist of shares in an offshore Hedge Fund (the "Fund") organized as a Limited Liability Corporation The Fund is recorded on the Medical Center's balance sheet at lower of cost or market at June 30, 2011 and 2010 based on the Medical Center's percentage ownership amounting to less than 5% The Medical Center would assess for impairment if a triggering event occurs

7. Property and Equipment

A summary of property and equipment at June 30, 2011 and 2010 follows

	2011	2010
Property and equipment		
Land	$ 10,670,646	$ 14,634,172
Land improvements	1,263,828	1,254,640
Building and fixed equipment	146,602,582	145,967,499
Moveable equipment	105,399,032	101,370,114
Construction in progress	5,587,033	3,545,815
Total property and equipment	269,523,121	266,772,240
Less Accumulated depreciation	145,285,035	131,349,187
Property and equipment, net	$ 124,238,086	$ 135,423,053

Fixed and moveable equipment capitalized under leases amounted to $5,154,596 and 7,365,291 at June 30, 2011 and 2010, respectively Accumulated depreciation on capital leases was $4,544,351 and $6,719,918 June 30, 2011 and 2010, respectively Depreciation expense for the years ended June 30, 2011 and 2010 was $17,257,404 and $16,309,770, respectively Beebe capitalized interest expense of $54,943 and $42,850 for the years ended June 30, 2011and 2010, respectively These amounts are net of capitalized interest income

8. Endowments

In 2009, the System adopted ASC 958-205 *Not-for-Profit Entities Presentation of Financial Statements* ("ASC 958-205") The standard provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization and disclosures about an organization's endowment

The System's endowment consists of approximately fifteen individual donor-restricted endowment funds and two board designated endowment funds for a variety of purposes The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments The net assets associated with endowment funds including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor restrictions

The System's interpretation of the State of Delaware enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") requires a not-for-profit organization to classify a portion of donor-restricted endowment fund of perpetual endurance as permanently restricted net assets The amount classified as permanently restricted is the amount of the fund that must be retained permanently in accordance with explicit donor stipulations or the organization's board determines must be retained permanently consistent with the relevant law The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the System in a manner consistent with the standard of prudence prescribed by UPMIFA

In accordance with UPMIFA, the System considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds

a The duration and preservation of the fund

b The purpose of the organization and the donor-restricted endowment fund

c General economic conditions

d The possible effect of inflation and deflation

e The expected total return from income and appreciation of investments

f Other resources of the organization

g Investment policies of the organization

Endowment funds are categorized in the following net asset classes as of June 30

	2011		2010	
	Donor-Restricted Endowment Funds	Board Designated Endowment Funds	Donor-Restricted Endowment Funds	Board Designated Endowment Funds
Unrestricted	$ -	$ 1,781,752	$ -	$ 1,487,702
Temporarily Restricted	525,357	-	333,583	-
Permanently Restricted	1,324,487	-	1,251,985	-
Total Endowment Funds	$ 1,849,844	$ 1,781,752	$ 1,585,568	$ 1,487,702

Changes in endowment funds by net asset classification for the year ended June 30, 2011 are summarized as follows

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 1,487,702	$ 333,583	$ 1,251,985	$ 3,073,270
Donations	35,138	-	53,421	88,559
Endowment match	12,697	-	-	12,697
Disbursed for restricted purposes	(37,310)	(12,170)	-	(49,480)
Investment return				
Investment income	107,612	22,731	5,633	135,976
Net appreciation (realized and unrealized)	274,049	59,119	56,456	389,624
Administrative expense	(15,022)	(3,249)	(779)	(19,050)
Total investment return	366,639	78,601	61,310	506,550
Transfer to temporarily restricted	(85,600)	127,829	(42,229)	-
Internal transfers to (from) endowments	2,486	(2,486)	-	-
Endowment net assets, end of year	$ 1,781,752	$ 525,357	$ 1,324,487	$ 3,631,596

Changes in endowment funds by net asset classification for the year ended June 30, 2010 are summarized as follows

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 1,229,422	$ 231,916	$ 1,142,467	$ 2,603,805
Donations	88,025	-	99,044	187,069
Disbursed for restricted purposes	52,414	-	-	52,414
Investment return	-	(4,000)	-	(4,000)
Investment income				
Net appreciation (realized and unrealized)	91,080	15,501	4,914	111,495
Administrative expense	99,636	13,692	23,958	137,286
Total investment return	(11,878)	(2,283)	(638)	(14,799)
	178,838	26,910	28,234	233,982
Transfer to temporarily restricted	(63,489)	81,249	(17,760)	-
Internal transfers to (from) endowments	2,492	(2,492)	-	-
Endowment net assets, end of year	$ 1,487,702	$ 333,583	$ 1,251,985	$ 3,073,270

Description of Amounts classified as Permanently Restricted Net Assets and Permanently Restricted Net Assets (Endowments Only)

	2011	2010
Temporarily restricted net assets		
Restricted for program support	$ 525,357	$ 333,583
Total endowment assets classified as temporarily restricted net assets	$ 525,357	$ 333,583
Permanently restricted net assets		
Restricted for nursing scholarships	$ -	$ 138,841
Restricted for program support	1,324,487	1,113,144
Total endowment assets classified as permanently restricted net assets	$ 1,324,487	$ 1,251,985

Endowments with Eroded Corpus

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $2,486 as of June 30, 2011 and $2,492 as of June 30, 2010

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor specified period as well as board-designated funds Under this policy the endowment assets are invested in a manner that is intended to produce results that meet or exceed investment returns of a blended portfolio of 60% equity/40% fixed income as measured by the S&P 500 for equities and the Barclay's Capital Intermediate Government/Credit Bond Index for fixed income The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 8% annually Actual returns in any give year may vary from this amount

Strategies Employed for Achieving Objectives
To satisfy its long term rate of return objectives, the Foundation relies on a total return strategy in which the investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) The Foundation targets a diversified asset allocation that places a greater emphasis on equity based investments to achieve its long term return objectives with prudent risk constraints

9. Retirement Plans

The System has a noncontributory defined benefit pension plan covering substantially all of its employees The benefits are based on years of service and the employees' compensation The System's measurement date is June 30 The System makes contributions to the plan based upon actuarially determined amounts intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future In addition, the System sponsors a defined benefit health care plan that provides postretirement health care benefits to employees with at least 10 years of continuous service (working 1,000 hours in each year) and at least 55 years of age

The following table shows the components of net periodic benefit costs for fiscal years ended June 30, 2011 and June 30, 2010

	Pension Benefits		Other Benefits	
	2011	2010	2011	2010
Components of net periodic benefit costs				
Service cost	$ 2,711,602	$ 2,078,999	$ 1,618,662	$ 1,239,146
Interest cost	2,610,422	2,367,975	1,433,985	1,242,511
Expected return on assets	(2,412,106)	(1,988,766)	-	-
Subtotal	2,909,918	2,458,208	3,052,647	2,481,657
Amortization of				
Net losses	1,738,191	1,344,603	887,736	593,294
Net prior service cost	174,992	177,677	-	-
Total amortization	1,913,183	1,522,280	887,736	593,294
Net periodic benefit cost	$ 4,823,101	$ 3,980,488	$ 3,940,383	$ 3,074,951

The following table presents a reconciliation of the beginning and ending balances of the plan projected benefit obligations and the fair value of plan assets

	Pension Benefits		Other Benefits	
	2011	2010	2011	2010
Changes in projected benefit obligations				
Benefit obligation at beginning of year	$ 48,054,934	$ 38,175,036	$ 26,349,522	$ 19,226,186
Service cost	2,711,602	2,078,999	1,618,662	1,239,146
Interest cost	2,610,422	2,367,975	1,433,985	1,242,511
Plan participants' contributions	-	-	250,536	210,102
Net actuarial (gain) loss	(487,327)	6,314,436	2,740,456	5,053,797
Benefit payments from fund	(997,369)	(881,512)	(912,554)	(744,398)
Retiree Drug Subsidy	-	-	84,882	122,178
Benefit obligation at end of year	$ 51,892,262	$ 48,054,934	$ 31,565,489	$ 26,349,522

	Pension Benefits		Other Benefits	
	2011	2010	2011	2010
Changes in plan assets				
Fair value of plan assets at beginning of year	$ 30,878,572	$ 25,709,841	$ -	$ -
Employer contributions	3,468,000	3,266,000	662,018	534,296
Plan participants' contributions	-	-	250,536	210,102
Benefit payments from fund	(997,369)	(881,512)	(912,554)	(744,398)
Actual return on assets	6,350,452	2,784,243	-	-
Fair value of plan assets at end of year	$ 39,699,655	$ 30,878,572	$ -	$ -

The following table summarizes the funded status of the plans

	Pension Benefits		Other Benefits	
	2011	2010	2011	2010
Funded status				
Projected benefit obligation	$ (51,892,262)	$ (48,054,934)	$ (31,565,489)	$ (26,349,522)
Plan assets at fair value	39,699,655	30,878,572	-	-
Net balance sheet liability	$ (12,192,607)	$ (17,176,362)	$ (31,565,489)	$ (26,349,522)

Items included in unrestricted net assets represent amounts that have not been recognized in net periodic pension expense The components recognized in unrestricted net assets include

	Pension Benefits		Other Benefits	
	2011	2010	2011	2010
Net actuarial losses	$ 11,849,900	$ 18,013,764	$ 13,586,075	$ 11,733,355
Net prior service cost	953,117	1,128,109	-	-
Amount recognized in unrestricted net assets	$ 12,803,017	$ 19,141,873	$ 13,586,075	$ 11,733,355

At June 30, 2011, amounts in unrestricted net assets that are expected to be recognized as components of net periodic pension expense during fiscal year 2012 are as follows

	Pension Benefits	Other Benefits
Amortization of net losses	$ 891,000	$ 1,022,000
Amortization of net prior service cost	175,000	-

The accumulated benefit obligation for the pension plan was $46,975,847 and $43,226,536 as of the measurement date for the current and prior year, respectively

On December 19, 2008, the Board approved a resolution, effective December 31, 2008, to improve pension benefits by (i) providing a minimum monthly benefit for all employees equal to $100 per month, (ii) increasing the accrued benefit for certain employees by a stated dollar amount

Assumptions used in the accounting for benefit obligations were

	Pension Benefits		Other Benefits	
	2011	2010	2011	2010
Weighted-average assumptions as of the measurement date				
Discount rate	5 60 %	5 50 %	5 60 %	5 50 %
Rate of increase in future compensation levels	5 50 %	5 50 %	0 00 %	0 00 %

Assumptions used in the accounting for net periodic benefit cost were

	Pension Benefits		Other Benefits	
	2011	2010	2011	2010
Weighted-average assumptions as of the measurement date				
Discount rate	5 50 %	6 25 %	5 50 %	6 25 %
Rate of increase in future compensation levels	5 50 %	5 50 %	0 00 %	0 00 %
Expected long-term rate of return on assets	7 50 %	7 50 %	0 00 %	0 00 %

For measurement purposes, an 8% initial trend rate and a 5% ultimate trend rate of increase in the per capita cost of covered health care benefits was assumed for 2011 The ultimate trend rate will be reached in 2017

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan A one-percentage-point change in the assumed health care cost trend rate would have the following effects

	One-Percentage-Point	
	Increase	Decrease
Effect on total of service and interest cost components in fiscal year 2011	$ 712,038	$ (569,015)
Effect on postretirement benefit obligation as of the measurement date	$ 5,451,226	$ (4,463,004)

The investment objectives of the Plan are to maintain the purchasing power of the assets and future contributions, to maintain the ability to pay all benefits and expense obligations when due, to maximize returns within prudent levels of risk, and to control the cost of administering the Plan and managing investments The Plan's target asset allocation is based on a long-term perspective The equity target is 60% and the fixed income target is 40% of portfolio assets Certain types of investments are generally prohibited (e g , private placements, commodities, real estate, derivatives and options, short and margin transactions) Professional investment managers manage the Plan's investment, and investment objectives include stability, capital preservation, and diversification, rate of return, investment quality, liquidity, and turnover Investment managers report monthly to the Finance Committee In selecting the expected long-term rate of return on

assets, the System considered the asset allocation policy and the expected returns likely to be earned over the life of the Plan

The pension benefit asset allocation was as follows at June 30

	Pension Benefits		Other Benefits	
	2011	2010	2011	2010
Plan asset allocation				
Equity securities	59 90 %	54 10 %	-	-
Debt securities	38 10	42 90	-	-
Cash and cash equivalents	2 00	3 00	-	-
	100 00 %	100 00 %	-	-

The table below presents the fair values of the pension assets by level within the fair value hierarchy as of June 30, 2011

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 801,095	$ -	$ -	$ 801,095
U S government obligations	7,204,276	-	-	7,204,276
Fixed Income	6,414,476	-	-	6,414,476
Domestic and foreign equities	23,779,555	-		23,779,555
Mutual funds	1,500,253	-	-	1,500,253
Total assets limited as to use	$ 39,699,655	$ -	$ -	$ 39,699,655

Expected employer contributions for the pension benefit plan for fiscal year 2012 is $3,393,000
The current portion of postretirement plan liability was $1,079,161 and $818,000 for June 30, 2011 and 2010, respectively

Estimated future benefit payments for the next five fiscal years are as follows

Cash flows (estimated benefit payments reflecting future service)		Other Benefits	
	Pension Benefits	**Net Employer Payments**	**Medicare Subsidy Receipts**
Fiscal year			
2012	$ 1,439,448	$ 1,212,161	$ 133,000
2013	1,652,112	1,347,161	158,000
2014	1,840,613	1,509,161	185,000
2015	1,995,142	1,694,161	208,000
2016	2,155,052	1,893,161	234,000
2017-2021	15,885,070	12,813,805	1,754,000

10. Long-Term Debt

As a result of the arrest of Dr Bradley discussed in Note 2, Plaintiffs' attorneys filed multiple civil suits against the Medical Center This caused the Rating Agencies to take actions, one of which downgraded the Medical Center's bond rating to CCC This downgrade was a listed event of default under certain agreements with the Letter of Credit provider that supported the Variable Rate Demand Revenue Bonds (Beebe Medical Center Project) Series 2005B In order to protect its capital structure, the Medical Center took the following actions in May 2010

- Exercised its option to redeem the Series 2005B Variable Rate Demand Notes (principal amount outstanding $18,650,000), thereby avoiding the Letter of Credit provider exercising certain remedies which would give rise to cross defaults with other outstanding debt of the Medical Center

- Posted $19 8 Million collateral, with sufficient collateral margin to cover the Letter of Credit supporting the Variable Rate Demand Revenue Bonds (Beebe Medical Center Project) Series 2002, to protect against acceleration of these bonds and/or the declaration of an event of default in the future

In addition, the rating downgrade to CCC constituted a termination event under the Swap Agreement with JPMorgan, the counterparty Upon JPMorgan notification of termination of the Swap Agreement in May 2010, the Medical Center was required to make a termination payment of $4,984,731

Standard & Poor's Rating Services has raised its rating to B- from CCC due to the progress made in resolving major litigation against the hospital and Beebe's maintenance of adequate financial metrics

A summary of long-term debt and capital lease obligations at June 30, 2011 and 2010 follows

	2011	2010
Delaware Health Facilities Authority Variable Rate Demand Revenue Bonds, Series 2002	$ 16,805,000	$ 17,125,000
Delaware Health Facilities Authority Refunding Revenue Bonds, Series 2004A	19,105,000	21,015,000
Delaware Health Facilities Authority Revenue Bonds, Series 2005A	20,720,000	21,385,000
Obligations under capital leases, at imputed interest rates of 4 37% to 9 0%, collateralized by leased equipment	820,251	1,032,963
Total long-term debt	57,450,251	60,557,963
Less Current portion	2,913,421	3,006,853
Less Long-term variable rate debt classified as current	16,805,000	17,125,000
Total long-term debt, less current portion	$ 37,731,830	$ 40,426,110

On September 19, 2005, the Delaware Health Facilities Authority (the "Authority") and the Medical Center completed the issuance of Beebe Medical Center Revenue Bonds Series 2005A (the "2005A Bonds") with a principal value of $23,450,000 and Beebe Medical Center Variable Rate Demand Revenue Bonds Series 2005B (the "2005B Bonds") with a principal value of $20,000,000 The Series 2005A Bonds and 2005B Bonds (the "Bonds") were issued to (1) finance a portion of the cost of expansion and renovation projects of the Medical Center, (2) fund capitalized interest on the Bonds during the construction period of the project, (3) fund a deposit to the Debt Service Reserve Fund on the 2005A Bonds, and (4) pay a portion of the transaction costs of the Bonds

The 2005A Bonds bear interest at rates ranging from 4 0% to 5 0% at June 30, 2011, in accordance with the Loan Agreements The 2005A Bonds that mature in June 2024 are subject to mandatory sinking fund redemption prior to maturity commencing June 1, 2018 in amounts ranging from $905,000 to $1,215,000 and the 2005A Bonds that mature in June 2030 are subject to mandatory sinking fund redemption prior to maturity commencing June 1, 2025 in amounts ranging from $1,275,000 to $1,630,000 as set forth in the Bond Indenture Agreement at 100% of the principal amount plus accrued interest at the date of redemption

The 2005A Bonds are subject to optional redemption prior to maturity, at the direction of the Medical Center, as a whole or in part by lot, on or after June 1, 2015 at a price of 100% of principal amount plus accrued interest

The 2005B Bonds bore interest at a weekly variable rate in accordance with the Loan Agreements and Remarketing Agreements At June 30, 2009 and through May 21, 2010, the 2005B Bonds were collateralized by a letter of credit issued by PNC Bank National Association ("PNC Bank") which was to expire September 21, 2012 The 2005B Bonds were to mature June 1, 2030, and were subject to mandatory sinking fund redemption prior to maturity commencing June 1, 2007 in amounts ranging from $230,000 to $1,265,000 as set forth in the Bond Indenture Agreement at 100% of the principal amount plus accrued interest at the date of redemption

The 2005B Bonds were subject to optional redemption prior to maturity, at the direction of the Medical Center, as a whole or in part at a price of 100% of principal plus accrued interest to the redemption date In May 2010 the Medical Center exercised its option to redeem all of the 2005B Bonds and to terminate the letter of credit

On July 19, 2004, the Authority and the Medical Center completed the issuance of Beebe Medical Center Refunding Revenue Bonds Series 2004A (the "2004A Bonds") with a principal value of $29,455,000 primarily to refund the Delaware Health Facilities Authority Revenue Bonds ("Beebe Medical Center Project"), Series 1994 (the "Series 1994 Bonds")

The 2004A Bonds bear interest at rates ranging from 5 0% to 5 5% at June 30, 2011, in accordance with the Loan Agreements The 2004A Bonds mature in June 2024 and are subject to mandatory sinking fund redemption prior to maturity commencing June 1, 2017 in amounts ranging from $825,000 to $1,200,000 as set forth in the Bond Indenture Agreement at 100% of the principal amount plus accrued interest at the date of redemption

The 2004A Bonds are subject to optional redemption prior to maturity, at the direction of the Medical Center, as a whole or in part by lot, on or after June 1, 2014 at a price of 100% of principal amount plus accrued interest

On March 1, 2002, the Authority and the Medical Center completed the issuance of Beebe Medical Center Project Variable Rate Demand Revenue Bonds Series 2002 (the "2002 Bonds") with a principal value of $18,000,000 to finance a portion of construction and renovation costs and related transaction costs of the 2002 Bonds

The 2002 Bonds bear interest at a variable rate, which was 0 2% at June 30, 2011 The 2002 Bonds are supported by a Letter of Credit issued by PNC Bank, which expires February 28, 2015 The Letter of Credit agreement contains a subjective covenant which, if declared by the lender to have been violated, could cause an acceleration of the 2002 Bonds As a result, these bonds are classified as current in the consolidated balance sheets In May 2010, the Medical Center provided PNC Bank with collateral for the Letter of Credit, which has a balance of $18,462,090 at June 30, 2011, classified as a current asset in the consolidated balance sheets The 2002 Bonds mature in October 2032 and are subject to mandatory sinking fund redemption prior to maturity commencing June 1, 2008 in amounts ranging from $280,000 to $1,295,000 as set forth in the Bond Indenture at 100% of the principal amount plus accrued interest at the date of redemption The 2002 Bonds are subject to optional redemption prior to maturity, at the direction of the Medical Center, as a whole or in part, at a price of 100%

The Medical Center has granted the Authority a security interest in certain real and personal property and granted the Trustee (The Bank of New York Trust) a security interest in its gross revenue The payments required by the Medical Center are assigned and pledged by the Authority to the Trustee to secure the payment of the Bonds

The agreements require the Medical Center to meet various financial and nonfinancial covenants with the most restrictive requiring the Medical Center to maintain 100 days of operating cash and to generate "net income available for debt service," as defined therein, of 110% of maximum annual debt service The Medical Center was in compliance with such covenants at June 30, 2011 and 2010

Scheduled principal repayments on long-term debt and capital lease obligations are as follows

	Series 2002 Bonds	Series 2004 Bonds	Series 2005A Bonds	Capital Lease Obligations
Year Ending June 30,				
2012	$ 330,000	$ 2,015,000	$ 695,000	$ 244,086
2013	350,000	2,120,000	720,000	225,295
2014	370,000	2,230,000	755,000	225,295
2015	385,000	2,355,000	795,000	211,792
2016	515,000	2,360,000	835,000	10,544
Thereafter	14,855,000	8,025,000	16,920,000	-
	$ 16,805,000	$ 19,105,000	$ 20,720,000	917,012
Less Amount representing interest under capital lease obligations				96,761
Capital lease obligation principal				$ 820,251

The fair value of the Medical Center's long-term debt, exclusive of obligations under capital leases, was approximately $49,201,000 and $48,502,000 at June 30, 2011 and 2010, respectively Fair value of the long-term debt is based on current traded value, excluding accrued interest

The Medical Center has $4,000,000 of available credit from a bank At June 30, 2011, $1,500,000 has been used as a letter of credit for the Medical Center's malpractice insurance program, and $2,445,000 has been used as a letter of credit for the Medical Center's workers' compensation insurance program The Letters of Credit are collateralized by specific investments held by the Medical Center The fair value of these investments at June 30, 2011 amounts to $6,054,717 These irrevocable stand-by letters of credit expire and automatically renew each year on April 30 (malpractice program) and June 30 (workers' compensation)

The Medical Center entered into an interest rate Swap agreement (the "Swap") on June 4, 2007, with an expiration date of June 1, 2032 The Swap was entered into for the purpose of fixing interest rates on the Series 2002 and 2005B variable rate bonds, thus reducing exposure to interest rate fluctuations The amount exchanged was based on the notional amount of the variable rate bonds whereby the Medical Center paid the counterparty interest at a fixed rate (3 695%) and the counterparty paid the Medical Center at a variable rate based on 70% of London Inter-Bank Offer Rate ("LIBOR") The Swap did not qualify for hedge accounting in accordance with ASC 815 *Derivatives and Hedging*, and accordingly changes in fair value are accounted for as a component of excess of revenues over expenses Under this agreement, net interest expense relating to the derivative financial instrument was $0 for the year ended June 30, 2011 and $952,062 for the year ended June 30, 2010

The Swap was terminated by the counterparty, JPMorgan, in May 2010, at which time the $4,984,731 fair value of the Swap liability was paid to JPMorgan

11. Malpractice Insurance

Prior to April 30, 2003, the Princeton Insurance Company provided the System professional liability insurance coverage under a claims-made policy Effective April 30, 2003, the System carried professional liability insurance in the amounts of $1,000,000 each claim and $3,000,000 annual aggregate through American International, with excess coverage up to $20,000,000 The System was subject to a $100,000 per claim and $1,000,000 annual aggregate deductible under this policy Effective April 30, 2009, the System carried claims-made professional liability insurance in the amount of $1,000,000 each claim and $3,000,000 annual aggregate through Arch Insurance Group The System is subject to a $500,000 per claim and $1,500,000 annual aggregate deductible under this policy The System carried umbrella coverage up to $10,000,000 per occurrence and in the aggregate with Arch Insurance Group and an additional excess coverage up to $20,000,000 with Endurance American Insurance Company Effective April 30, 2010, the System carries claims-made professional liability insurance in the amount of $1,000,000 each claim and $3,000,000 annual aggregate through Arch Insurance Group The System is subject to a $500,000 per claim and $1,500,000 annual aggregate deductible under this policy The System carries umbrella coverage up to $10,000,000 per occurrence and in the aggregate with Arch Insurance Group and an additional excess coverage up to $20,000,000 ($10,000,000 with OneBeacon Professional Insurance and $10,000,000 with Darwin Select Insurance Company) The umbrella and excess policies provide coverage for malpractice and general liability, auto, employment practices, workers' compensation and a helipad The System's estimated undiscounted liability of $3,035,000 and $3,515,000 as of June 30, 2011 and 2010, respectively, for future payments of its unasserted medical malpractice claims is included in other noncurrent liabilities, net of current portion of $456,000 and $624,000 for June 30, 2011 and 2010, respectively, in the accompanying consolidated balance sheets The liability is recorded gross of a receivable of $667,000 as of June 30, 2011

12. Workers' Compensation Insurance

Effective July 1, 2003, the System has workers' compensation coverage with Pennsylvania Manufacturers Association ("PMA") on an occurrence basis The policy provides coverage in accordance with the workers' compensation laws of the State of Delaware and is subject to a self-retention limit of $350,000 per claim and $2,100,000 in the annual aggregate The System has an estimated undiscounted net liability of $2,267,000 and $2,173,000 as of June 30, 2011 and 2010, respectively, for future payment of claims This includes a net current portion of approximately $790,000 and $826,000 for June 30, 2011 and 2010, respectively, in the accompanying consolidated balance sheets The liability is recorded gross of a receivable of $2 2 million as of June 30, 2011

13. Concentrations of Credit Risk

The System grants credit without collateral to patients, most of who are local residents and are insured under third-party agreements The mix of accounts receivable, net, from patients and third-party payors at June 30 was as follows

	2011	2010
Medicare	34 %	35 %
Medicaid	9	9
Commercial	52	52
Patients	5	4
	100 %	100 %

14. Functional Expenses

The System provides general health care services to residents within its geographic location Expenses related to providing these services for 2011 and 2010 are as follows

	2011	2010
Health care services	$ 239,806,448	$ 228,922,879
General and administration	26,444,549	28,338,172
Total expenses	$ 266,250,997	$ 257,261,051

15. Commitments and Contingencies

General Litigation
As discussed in Note 2, the Medical Center has a significant litigation matter

The Medical Center is a defendant in various other civil actions seeking damages for alleged medical malpractice or other civil litigation These actions are being defended by the Medical Center's insurance carriers or counsel selected by the Medical Center Counsel to the Medical Center in those matters and management are of the opinion that failure of the Medical Center to prevail in these various actions will not materially adversely affect the financial position of the Medical Center

Contracts
The Medical Center has entered into a contract for the implementation of an electronic medical record system ("EMR") over a five year period commencing in fiscal 2009 with completion expected in fiscal 2013 The projected cost of the EMR is $26 million including $15 million in capital expenditures and $11 million in operating costs The remaining capital commitment is approximately $4 8 million at June 30, 2011

Other
The Medical Center's billings are likely to be the subject of review by a Recovery Audit Contractor ("RAC") team The RAC program is a CMS-initiated project to recover provider overpayments As part of its continuing regulatory compliance efforts, the Medical Center has conducted selective self-audits of its Medicare coding and billing functions and determined that overpayments have been made by Medicare to the Medical Center As a result, in fiscal 2010 management has voluntarily refunded overpaid amounts aggregating $1,489,430 As a result of continuing its coding and billing self-audits during fiscal 2011, the Medical Center voluntarily refunded overpayments $942,941, which was reserved as of June 30, 2010 In addition, the Medical Center has recorded a $754,108 liability for overpayments at June 30, 2011, which was self-disclosed and paid in October 2012 The possibility exists that the RAC audit team will find additional CMS overpayments dating back to October 1, 2007, presently unknown to the Medical Center As a result, the Medical Center has provided a reserve of $5,253,479 and $5,537,870 at June 30, 2011 and 2010, respectively

16. Asset Retirement Obligations

The following is a reconciliation of the asset retirement obligation

	2011	2010
Asset retirement obligation at beginning of year	$ 2,920,154	$ 2,733,903
Expenses incurred	(29,263)	-
Accretion expense	119,880	186,251
Asset retirement obligation at end of year	$ 3,010,771	$ 2,920,154

17. Related Party Transactions

The Medical Center and each of its affiliates have Boards of Directors that are comprised of community members and 10 physicians in 2011 and 10 physicians in 2010 who are related parties Payments to community members, primarily for property rentals, in 2011 and 2010 were $274,835 and $287,984, respectively, that are included in the Other Expenses line in the accompanying Consolidated Statements of Operations and Changes in Net Assets The System has arrangements with many physicians to compensate them for Medical Director and Leadership responsibilities, Practice Guarantees, Pay-for-Call (Emergency Department) and fees for professional services rendered that are included in the Salaries and Benefits, Physician Fees and Contract Labor expense line During the years ended June 30, 2011 and 2010, amounts paid to related party physicians aggregated $2,871,126 and $2,628,914, respectively Amounts received from a related party physician group were $737,343 and $520,000 during the years ended June 30, 2011 and 2010, respectively At June 30, 2011 amounts receivable from related party physicians aggregated $14,976 and payables to related party physicians were $74,977 At June 30, 2010 amounts receivable from related party physicians aggregated $638,500 and payables to related party physicians were $13,163 These receivables are reflected as Prepaid Expenses and Other Current Assets under Current Assets and the payables are reflected as Accounts Payable and Accrued Expenses under Current Liabilities

Supplemental Schedules

Beebe Medical Center, Inc.
Consolidating Balance Sheet
June 30, 2011

	Beebe Medical Center, Inc.	Beebe Medical Foundation	Beebe Physician Network	Consolidating Entries	Consolidated Totals
Assets					
Current assets					
Cash and cash equivalents	$ 20,004,154	$ 40,705	$ 859,228	$ -	$ 20,904,087
Assets limited as to use - current portion					
Letter of credit collateral fund	18,462,090				18,462,090
Patient accounts receivable, net	30,932,176		891,557		31,823,733
Prepaid expenses and other current assets	8,902,539	6,707	158,829		9,068,075
Total current assets	78,300,959	47,412	1,909,614	-	80,257,985
Assets limited as to use - non current					
Board designated funds	38,426,769	4,831,525			43,258,294
Other board designated assets	1,857,905				1,857,905
Beneficial interest in Foundation unrestricted net assets	4,915,461			(4,915,461)	-
Restricted under bond agreements					
Debt service reserve fund	4,837,586				4,837,586
Collateral funds	6,054,717				6,054,717
Donor restricted funds	32,721	5,608,332			5,641,053
Beneficial interest in Foundation restricted net assets	9,725,974			(9,725,974)	-
Donor restricted pledges receivable, net		3,697,642			3,697,642
Total assets limited as to use	65,851,133	14,137,499	-	(14,641,435)	65,347,197
Property and equipment, net	123,820,951	20,810	396,325	-	124,238,086
Beneficial interest in perpetual trust	343,418				343,418
Assets held in charitable remainder trusts, net	588,009	420,000			1,008,009
Investments in and amounts due from consolidated affiliates	993,401			(993,401)	-
Other assets	15,391,837	45,000	315,370		15,752,207
Total assets	$ 285,289,708	$ 14,670,721	$ 2,621,309	$ (15,634,836)	$ 286,946,902

Beebe Medical Center, Inc.
Consolidating Balance Sheet
June 30, 2011

	Beebe Medical Center, Inc.	Beebe Medical Foundation	Beebe Physician Network	Consolidating Entries	Consolidated Totals
Liabilities and net assets					
Current liabilities					
Accounts payable and accrued expenses	$ 28,870,838	$ 21,828	$ 1,307,538	$ -	$ 30,200,204
Estimated third-party payor settlements	10,078,696				10,078,696
Current portion of long-term debt	2,913,421				2,913,421
Long-term variable rate debt classified as current	16,805,000				16,805,000
Total current liabilities	58,667,955	21,828	1,307,538	-	59,997,321
Noncurrent liabilities					
Accrued pension and post-retirement benefit cost	42,971,889				42,971,889
Due to Medical Center			35,420,262	(35,420,262)	-
Other liabilities	25,512,454	7,458	320,370		25,840,282
Obligations under capital leases, less current portion	616,830				616,830
Long-term debt, less current portion	37,115,000				37,115,000
Total liabilities	164,884,128	29,286	37,048,170	(35,420,262)	166,541,322
Net assets					
Unrestricted	109,715,458	4,915,461	(34,426,861)	29,511,400	109,715,458
Temporarily restricted	9,365,635	8,500,905		(8,500,905)	9,365,635
Permanently restricted	1,324,487	1,225,069		(1,225,069)	1,324,487
Total net assets	120,405,580	14,641,435	(34,426,861)	19,785,426	120,405,580
Total liabilities and net assets	$ 285,289,708	$ 14,670,721	$ 2,621,309	$ (15,634,836)	$ 286,946,902

Beebe Medical Center, Inc.
Consolidating Statement of Operations and Changes in Net Assets
Year Ended June 30, 2011

	Beebe Medical Center, Inc.	Beebe Medical Foundation	Beebe Physician Network	Consolidating Entries	Consolidated Totals
Unrestricted net assets					
Unrestricted revenues and other support					
Net patient service revenue	$ 254,548,011	$ -	$ 7,560,189	$ -	$ 262,108,200
Other revenues	4,285,815		32,944	-	4,318,759
Net assets released from restrictions used for operations	307,343	-			307,343
Total unrestricted revenues and other support	259,141,169	-	7,593,133	-	266,734,302
Expenses					
Salaries and benefits, physician fees, and contract labor	131,798,632	407,724	12,220,812	-	144,427,168
Medical, surgical, and patient-related supplies and services	51,271,219	9,635	234,934		51,515,788
Repairs, maintenance and utilities	10,870,235	12,319	167,162		11,049,716
Insurance	1,124,973		159,189		1,284,162
Depreciation and amortization	17,164,867	9,299	86,864		17,261,030
Interest	2,401,712				2,401,712
Provision for bad debts	12,831,828		373,285		13,205,113
Other	23,279,073	82,178	1,745,057	-	25,106,308
Total expenses	250,742,539	521,155	14,987,303	-	266,250,997
Income (loss) from operations	8,398,630	(521,155)	(7,394,170)	-	483,305
Nonoperating gains (losses)					
Contributions	-	153,237			153,237
Investment income and net realized gains	1,059,131	193,801			1,252,932
Equity (losses) in consolidated affiliates	(7,008,978)			7,008,978	-
Contribution to Foundation	(559,309)	559,309			-
Total nonoperating gains (losses)	(6,509,156)	906,347	-	7,008,978	1,406,169
Excess (deficiency) of revenues, gains and other support over expenses and losses	1,889,474	385,192	(7,394,170)	7,008,978	1,889,474

Beebe Medical Center, Inc.
Consolidating Statement of Operations and Changes in Net Assets
Year Ended June 30, 2011

	Beebe Medical Center, Inc.	Beebe Medical Foundation	Beebe Physician Network	Consolidating Entries	Consolidated Totals
Excess (deficiency) of revenues, gains and other support over expenses and losses (from previous page)	$ 1,889,474	$ 385,192	$ (7,394,170)	$ 7,008,978	$ 1,889,474
Other changes in unrestricted net assets					
Change in interest in Foundation unrestricted net assets	337,493			(337,493)	-
Net unrealized gains on investments	656,055	337,493			993,548
Change in benefit plans liability	4,486,136	-			4,486,136
Increase (decrease) in unrestricted net assets	7,369,158	722,685	(7,394,170)	6,671,485	7,369,158
Temporarily restricted net assets					
Contributions	40,414	3,934,828			3,975,242
Change in value of remainder trusts	99,993				99,993
Net investment income and realized gains on investments		501,899			501,899
Net assets released from restrictions used for operations	(307,343)	-			(307,343)
Net assets released from restrictions used for other	(50,336)	(17,510)			(67,846)
Change in interest in Foundation temporarily restricted net assets	4,324,429			(4,324,429)	-
Transfer from Foundation	94,788	(94,788)			-
Transfer from permanently restricted net assets	42,229	-			42,229
Increase (decrease) in temporarily restricted net assets	4,244,174	4,324,429	-	(4,324,429)	4,244,174

Beebe Medical Center, Inc.
Consolidating Statement of Operations and Changes in Net Assets
Year Ended June 30, 2011

	Beebe Medical Center, Inc.	Beebe Medical Foundation	Beebe Physician Network	Consolidating Entries	Consolidated Totals
Permanently restricted net assets					
Contributions		53,421			53,421
Increase in value of beneficial interest in perpetual trusts	42,229				42,229
Realized and unrealized gains on investments		19,081			19,081
Transfer to temporarily restricted net assets	(42,229)	-			(42,229)
Change in interest in Foundation permanently restricted net assets	72,502	-		(72,502)	-
Increase (decrease) in permanently restricted net assets	72,502	72,502	-	(72,502)	72,502
Increase (decrease) in net assets	11,685,834	5,119,616	(7,394,170)	2,274,554	11,685,834
Net assets					
Beginning of year	108,719,746	9,521,819	(27,032,691)	17,510,872	108,719,746
End of year	$ 120,405,580	$ 14,641,435	$ (34,426,861)	$ 19,785,426	$ 120,405,580

Additional Data

Software ID:
Software Version:
EIN: 51-0067938
Name: Beebe Medical Center Inc

Form 990, Schedule D, Part IX, - Other Assets

(a) Description	**(b)** Book value
NET DEFERRED FINANCING COSTS	741,664
DEFERRED COMPENSATION	697,363
EQUITY IN BEEBE PHYS NETWORK	993,401
FOUND INT NET ASSETS	14,641,435
MISCELLANEOUS RECEIVABLES	1,026,070
TEMPORARILY RESTRICTED FUNDS	588,009
PERMANENTLY RESTRICTED FUNDS	343,418
WORK COMP & MALP INS RECVBLE	2,391,222
LAND HELD FOR FUTURE SALE	1,857,905
DUE FROM INSURANCE SETTLEMENT	8,000,000

Form 990, Schedule D, Part X, - Other Liabilities

1 **(a)** Description of Liability	**(b)** Amount
ACC POST RETIREMENT BENEFIT	30,747,489
DEFERRED COMPENSATION OBLIG	1,845,617
NET CAPITAL LEASE OBLIGATIONS	601,110
ACCRUED PENSION LIABILITY	12,224,400
ACCRUED MEDICAL MALPRACTICE	3,142,913
ACC WORKERS COMP LIABILITY	3,514,193
ASBESTOS REMOVAL OBLIGATION	2,695,574
LITIGATION SETTLEMENT	13,660,000
UNAMORTIZED BOND PREMIUM	654,156

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

4d. Other program services

(Code) (Expenses $ 687,823 including grants of $) (Revenue $)
SCHOOL WELLNESS PROGRAMS

(Code) (Expenses $ 546,442 including grants of $) (Revenue $ 82,452)
COMMUNITY OUTREACH

(Code) (Expenses $ 554,502 including grants of $) (Revenue $ 217,860)
ADULT DAY CARE - GULL HOUSE

Identifier	ReturnReference	Explanation
PART I, LINE 7, COLUMN F		THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A) BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS $12,831,828 PART III, LINE 4 B eebe Medical Center has adopted Healthcare Financial Management Association Statement No 15, Valuation and Financial Statement Presentation of Charity Care and Bad Debts by Institutional Healthcare Providers The organization's audited financial statements do not inclu de a footnote discussing bad debt expense, accounts receivable or allowance for doubtful a ccounts Bad debt expense represents uncollectible balances on patient accounts after dedu cting discounts and payments A cost-to-charge ratio was applied to determine the cost of bad debts PART III, LINE 8 Beebe Medical Center serves the community as a whole It is t he only hospital within 23 miles and is the only tertiary hospital within 40 miles Beebe Medical Center accepts all patients regardless of ability to pay Beebe Medical Center's p rimary service area is rural with a very high Medicare population Medicare represents ove r 55% of hospital business Medicare rates do not keep up with health care costs and with the high percentage of Medicare volumes the Medicare shortfall of $35,026,622 is considere d a community benefit PART III, LINE 9B Beebe Medical Center is a not-for-profit, commun ity-based healthcare facility It is hospital policy that no one will be denied medically necessary hospital services based upon the patient's ability to pay for those services A public notice of the availability of financial aid is visible within the hospital Beebe M edical Center complies with all federal, state, and contractual laws, regulations, and Req uirements Objective The patient or guarantor has the ultimate financial responsibility f or care received from Beebe Medical Center Beebe Medical Center cooperates and assists al l patients in the fulfillment of their financial responsibility This cooperation includes assistance with enrollment in public or private insurance programs, charity-based program s, financial assistance programs, or other third-party payment programs Patients have the responsibility to provide timely and accurate information when seeking consideration unde r the Beebe Medical Center Charity and Financial Aid Policy Procedures 1 Self Pay Patie nt receives services from Beebe Medical Center (BMC) and is registered as a self pay with no insurance coverage a A statement of charges is sent to the patient 5 days from date o f service, listing the summary of charges and insurance on file if applicable b A Financ ial Assistance Program letter is sent 10 days from date of service explaining the hospital financial assistance options, listing the federal poverty levels The letter encourages t he patient to contact Patient Financial Service to see eligibility in the programs offered at BMC 2 Patient applies and submits all relative documentation for the BMC financial a ssistance program application process a Approval for eligibility for the BMC financial a ssistance program is communicated in a letter indicating the coverage period The patient may receive 50% to 100% of financial assistance based on financial information presented All accounts on the hospital books are written off to charity or financial assistance base d on the approval level b Financial assistance expires annually at which time the patien t is asked to update the information on file c The patient receives a laminated card ind icating the application time period and the financial assistance number d The patient is instructed to present the card at each episode of care at registration BMC financial ass istance in entered in the registration in the same manner as insurer coverage 3 Patient returns for services at BMC presenting with the financial assistance card at registration a Self pay is registered as the primary plan and financial assistance is registered as s econdary coverage b A weekly report is generated listing all patients that visited the h ospital with a financial assistance listed in the secondary insurance c The report is re viewed by the hospital financial counselor and the account is written off according to the assistance program of which the patient is eligible i If patient qualifies for the BMC Charity program, BMC Charity write off is 100% of charges Patient receives no further sta tements from Beebe Medical Center ii If patient qualifies for the BMC Financial assistan ce discounted program - account is written off for the percentage of discount that the pat ient qualified for Financial assistance can be granted for up to 50% of charges 1 Patie nt will then receive a bill for the balance on the account 2 Patient statement advises t hem to contact the financial counselor for payment arrangements 3 The new accounts are c ombined with existing payment arrangements and a monthly payment is recalculated based on feedback from the patient on ability to pay PART

Identifier	ReturnReference	Explanation
PART I, LINE 7, COLUMN F		VI, ITEM 2 - NEEDS ASSESSMENT Beebe Medical Center has various methods for assessing the health status of the communities it serves o Community-based Board of Directors o Communi ty Health Committee of the Board of Directors o Non-director members of the Community Heal th Committee, Building and Equipment Committee, and Quality and Safety committee o Consume r Perception Survey o Neighbors' Committee o Patient Family Advisory Council o Press-Ganey patient satisfaction survey o Public data o Community focus groups PART VI, ITEM 3 - PATI ENT EDUCATION OF ELIGIBILITY ASSISTANCE All inpatient self pay patients are presented wit h a financial assistance information package during the hospital stay A letter is sent on the 3rd day after billing, outlining charity eligibility guidelines Self pay accounts in which patient is not eligible to participate in a payment contract are counseled by finan cial assistance representatives Charity and financial assistance policy is published on t he hospital website Statements on accounts have messages informing patients to contact th e hospital if in need of financial assistance Part VI, Item 4 - COMMUNITY INFORMATION Th e Medical Center is located in Sussex County, the southern-most of three Delaware counties , which consists of 938 square miles, or 48% of Delaware's entire land area Because of it s climate and low property taxes, Sussex County has become an attractive retirement commun ity All of the county's growth over the next decade is projected to come from persons mov ing into the county Traditionally, Sussex County has been regarded as a rural agricultura l area In many respects, it remains an agricultural area with 167 persons per square mile compared with the statewide average of 401 persons However, the eastern edge of Sussex C ounty that fronts on the Delaware Bay and Atlantic Ocean has become a major tourist resort and, most recently, a favored retirement area, retail, and hospitality center Eastern an d Southeastern Sussex County, which is Beebe Medical Center's primary service area, is par ticularly attractive due to its proximity to the Atlantic Ocean and Delaware Bay As a res ult, the Medical Center generally experiences a significant increase in patient visits dur ing the summer periods The retirement age group is the fastest growing segment of the pop ulation in the Medical Center's service area due to the many retirement communities that h ave developed in the Sussex County area With the 2000 Census, the Medicare age group comp rised 22% of the population in the Medical Center's primary service area, compared with 18 5% for all of Sussex County The 10-year (1990-2000) national growth rate of persons age 65 and older was at 12%, while in Delaware, the rate was 26% However, in Sussex County, t he 10-year growth rate of persons age 65 and older is 53%, or four times the national aver age and twice the statewide average The population of Sussex County increased 37 8% betwe en 2000 and 2010, growing to 215,900 people in 2010 residing year-round in the hospital's service area The most recent population growth projection for persons older than 65 years for the Medical Center's primary service area is expected to be 24 3% PART VI, ITEM 5 - PROMOTION OF COMMUNITY HEALTH Community building activities include interpretation servic es to support increasing Hispanic population Providing mentors in conjunction with colleg es and high schools in the area for students pursuing nursing/healthcare careers Recruitm ent and retention of physicians in underserved areas relative to community needs assessmen t PART VI, ITEM 6 - AFFILIATED HEALTHCARE SYSTEM Beebe Medical Center is a member of an affiliated health care system that includes Beebe Physician Network (BPN), a not-for-profi t tax-exempt corporation that operates a physician network providing integrated physician services in coordination with the Medical Center Beebe Medical Center is located in a com munity that has been designated as a phy

Identifier	ReturnReference	Explanation
STATE FILING OF COMMUNITY BENEFIT REPORT	990 SCHEDULE H, PART VI	DE,