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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

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 07-01-2011 and ending 06-30-2012

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

C Name of organization
WELLSPAN SPECIALTY SERVICES
DBA WELLSPAN SURGERY & REHAB HOSPITAL

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
PO BOX 2767

City or town, state or country, and ZIP + 4
YORK, PA 17405

D Employer identification number
23-2899911

E Telephone number
(717)851-3055

G Gross receipts $ 2,446,053

F Name and address of principal officer
Bruce Bartels
PO Box 2767
York,PA 174052767

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW WELLSPAN ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1997 | **M** State of legal domicile PA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
WellSpan Specialty Services operates a hospital which supports the journey to optimal health and independence by providing exceptional orthopedic and spine surgery and acute rehabilitative care in a healing environment and coordinated through a comprehensive system of care

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	10
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	9
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	22
6	Total number of volunteers (estimate if necessary)	**6**	42
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)	36,402	199,571
9	Program service revenue (Part VIII, line 2g)		2,215,523
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)		2,837
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		28,122
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	36,402	2,446,053
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)		0
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)		5,140,457
16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	9,498	5,466,265
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	9,498	10,606,722
19	Revenue less expenses Subtract line 18 from line 12	26,904	-8,160,669

Revenue

Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	89,105,295	78,513,308
21	Total liabilities (Part X, line 26)	63,363,381	86,637,575
22	Net assets or fund balances Subtract line 21 from line 20	25,741,914	-8,124,267

Net Assets or Fund Balances

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

****** | 2013-05-13
Signature of officer | Date

Michael F O'Connor CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed ▶☐	Preparer's taxpayer identification number (see instructions)
DAVID TRIMNER			

Firm's name (or yours if self-employed), address, and ZIP + 4
BDO USA LLP
8405 Greensboro Drive
McLean, VA 22102

EIN ▶

Phone no ▶ (703) 893-0600

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

WellSpan Specialty Services operates WellSpan Surgery and Rehabilitation Hospital (WSRH) WSRH's mission is supporting the journey to optimal health and independence by providing exceptional orthopedic, spine and acute rehabilitative care in a healing environment and coordinated through a comprehensive system of care Services are provided to patients without regard for an individual's ability to pay WellSpan Specialty Services also provides home health, hospice, and other health care and personal care to residents of York County, Pennsylvania and the surrounding region through its subsidiaries, VNA Home Health Services and VNA Community Services Each supported organization qualifies for exemption from income tax under Section 501(c)(3) pursuant to Section 509(a)(1)or 509(a)(2) of the Internal Revenue Code of 1986, as amended

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 organization's program service accomplishments for each of its three largest program services, as measured 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 $ 8,108,941 including grants of $) (Revenue $ 2,215,523)

WellSpan Surgery and Rehabilitation Hospital, a 73-bed hospital, located on the Apple Hill Health Campus, opened on April 23, 2012 WSRH provided a specialized treatment environment for patients requiring orthopedic and spine surgery and created a seamless continuum of care for patients following their discharge from an acute care environment Our modern, patient-centered facility offered advanced orthopedic, spine and neurosurgical treatment, and inpatient rehabilitation for those who needed extra attention before returning to their homes and resuming their lives See Attached Federal Supplemental Information WellSpan Health - 2012 Community Benefit Report

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

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

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

4e **Total program service expenses** ▶ $ 8,108,941

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 instructions)?	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		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which 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 temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	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, Part 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, Part 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*	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.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	**35a**	Yes	
b	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*	**35b**		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**	0		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	**1c**			No
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**	22		
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**			No
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 or securities 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**			No
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**			No
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**			No
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**	0		
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	**7e**			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	**7f**			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	**7g**			No
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	**7h**			No
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	**8**			No
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	**9a**			No
b	Did the organization make a distribution to a donor, donor advisor, or related person?	**9b**			No
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**			No
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.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state	**13a**			No
b	Enter the aggregate 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 aggregate 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**			No

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	10		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	9		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5			No
6	Did the organization have members or stockholders?	6		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	8a		Yes	
b	Each committee with authority to act on behalf of the governing body?	8b		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9			No

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

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		No
11a	Has the organization provided a complete 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 the Form 990			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	Yes	
b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes	
13	Did the organization have a written whistleblower policy?	13	Yes	
14	Did the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	Yes	
b	Other officers or key employees of the organization	15b	Yes	
	If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		No
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take 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 ▶ PA

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

DAVID RIZZUTO
3350 WHITEFORD ROAD
YORK, PA 174029081
(717) 851-3055

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, or 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 organizations compensated any current or former officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Matthew Doran Vice Chair	1 00	X		X				0	0	0
(2) Patrick McGannon Director	1 00	X						0	0	0
(3) Steve Merrick Secretary/Treas	1 00	X		X				0	0	0
(4) Robert Brandt Chairman	1 00	X		X				0	0	0
(5) Dr Judith A Bassett Director	1 00	X						0	0	0
(6) Bruce Bartels CEO-WellSpan H	1 00	X		X				0	4,307,133	635,755
(7) Peter Brubaker Director	1 00	X						0	0	0
(8) Paul Minnich Director	1 00	X						0	0	0
(9) Michael Barley Director	1 00	X						0	0	0
(10) Wanda Major Director	1 00	X						0	0	0
(11) Julia Hopple VNA President	40 00			X				161,590	0	123,379
(12) Barbara Yarrish VP- Operations	40 00			X				0	196,896	47,193
(13) Richard Seim President	1 00			X				0	520,134	309,883
(14) Michael F O'Connor CFO-WellSpan H	1 00			X				0	545,763	347,807
(15) Rosa Hickey Director Pat Care	40 00					X		173,670	0	47,087
(16) Joseph Edgar Former Secretary/Treasurer	0 00						X	0	211,742	48,068

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 (do not check more than one box, unless person is both an officer and a director/trustee)						(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			
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								335,260	5,781,668	1,559,172

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

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 0

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	144,717			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	54,854			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		199,571			
Program Service Revenue			Business Code				
	2a	W/O - Free Care	621500	-65,032	-65,032		
	b	W/O - Bad Debt	621500	-89,468	-89,468		
	c	Net Patient Revenue	621500	2,370,023	2,370,023		
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		2,215,523			
	3	Investment income (including dividends, interest and other similar amounts)		2,837			2,837
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			
			(i) Real	(ii) Personal			
	6a	Gross rents					
	b	Less rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss)		0			
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory					
	b	Less cost or other basis and sales expenses					
	c	Gain or (loss)					
	d	Net gain or (loss)		0			
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	Other Revenue	900099	1,550			1,550
	b	Hospital Gift Shop	446199	1,857			1,857
	c	Hospital Cafeteria	722210	24,715			24,715
	d	All other revenue					
	e	**Total.** Add lines 11a–11d		28,122			
	12	**Total revenue.** See Instructions		2,446,053	2,215,523		30,959

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)

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

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 United States See Part IV, line 21	0			
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States 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	284,969		284,969	
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	3,669,961	3,066,761	603,200	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	191,493	127,731	63,762	
9	Other employee benefits	696,369	558,586	137,783	
10	Payroll taxes	297,665	220,811	76,854	
11	Fees for services (non-employees)				
a	Management	543,999		543,999	
b	Legal	775		775	
c	Accounting	184,074		184,074	
d	Lobbying	0			
e	Professional fundraising *See Part IV, line 17*	0			
f	Investment management fees	0			
g	Other	637,633	637,633		
12	Advertising and promotion	367,011	9,491	357,520	
13	Office expenses	74,942	9,018	65,924	
14	Information technology	0			
15	Royalties	0			
16	Occupancy	133,224	32,793	100,431	
17	Travel	25,376	11,719	13,657	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	30,516	18,755	11,761	
20	Interest	908,377	908,377		
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	1,085,729	1,085,729		
23	Insurance	72,321	72,321		
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	Real Estate Taxes	20,111	20,111		
b	Repair & Maintenence	59,013	59,013		
c	Utilities	126,569	126,569		
d	Medical Supplies	1,158,718	1,123,503	35,215	
e					
f	All other expenses	37,877	20,020	17,857	
25	**Total functional expenses.** Add lines 1 through 24f	10,606,722	8,108,941	2,497,781	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		300	1	1,000
	2	Savings and temporary cash investments		250,000	2	403,299
	3	Pledges and grants receivable, net			3	0
	4	Accounts receivable, net			4	1,939,683
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	0
	7	Notes and loans receivable, net			7	0
	8	Inventories for sale or use			8	521,035
	9	Prepaid expenses and deferred charges			9	655
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 76,330,529			
	b	Less accumulated depreciation	10b 1,073,291	35,133,208	10c	75,257,238
	11	Investments—publicly traded securities		29,006,605	11	0
	12	Investments—other securities See Part IV, line 11		21,360,238	12	0
	13	Investments—program-related See Part IV, line 11			13	0
	14	Intangible assets			14	0
	15	Other assets See Part IV, line 11		3,354,944	15	390,398
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		89,105,295	16	78,513,308
Liabilities	17	Accounts payable and accrued expenses		11,561,511	17	5,955,787
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		50,210,839	20	46,691,636
	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	33,769,727
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		1,591,031	25	220,425
	26	**Total liabilities.** Add lines 17 through 25		63,363,381	26	86,637,575
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		19,272,222	27	-8,360,240
	28	Temporarily restricted net assets		1,011,993	28	235,973
	29	Permanently restricted net assets		5,457,699	29	
		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		25,741,914	33	-8,124,267
	34	Total liabilities and net assets/fund balances		89,105,295	34	78,513,308

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	2,446,053
2	Total expenses (must equal Part IX, column (A), line 25)	2	10,606,722
3	Revenue less expenses Subtract line 2 from line 1	3	-8,160,669
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	25,741,914
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-25,705,512
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	-8,124,267

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		No

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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

2011

Open to Public Inspection

Name of the organization
WELLSPAN SPECIALTY SERVICES
DBA WELLSPAN SURGERY & REHAB HOSPITAL

Employer identification number
23-2899911

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 **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 IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
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 2011 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2010 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2011.** 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—2010.** 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—2011.** 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—2010.** 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 IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2011** (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from **2010** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2011.** 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—2010.** 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 explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

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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, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
WELLSPAN SPECIALTY SERVICES
DBA WELLSPAN SURGERY & REHAB HOSPITAL

Employer identification number
23-2899911

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	6,469,692	5,660,130	5,272,295		
b Contributions	199,571	36,402	5,000		
c Investment earnings or losses	-438,878	773,160	382,835		
d Grants or scholarships					
e Other expenditures for facilities and programs	5,994,412				
f Administrative expenses					
g End of year balance	235,973	6,469,692	5,660,130		

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

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings		53,439,528	426,274	53,013,254
c Leasehold improvements				
d Equipment		22,076,451	647,017	21,429,434
e Other		814,550		814,550
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				75,257,238

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

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

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

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

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

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

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
AP Intercompany	220,425
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	220,425

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	2,446,053
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	10,606,722
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	-8,160,669
4	Net unrealized gains (losses) on investments	4	-438,878
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-25,266,634
9	Total adjustments (net) Add lines 4 - 8	9	-25,705,512
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-33,866,181

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	2,223,530
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	2,223,530
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	222,523		
c	Add lines **4a** and **4b**			4c	222,523
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	2,446,053

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

1	Total expenses and losses per audited financial statements			1	10,583,770
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	10,583,770
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	22,952		
c	Add lines **4a** and **4b**			4c	22,952
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	10,606,722

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
Part X	Part X FIN48 Footnote	In June 2006, the Financial Accounting Standards Board (FASB) issued Interpretation NO 48, Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement NO 109, Accounting for Income Taxes (FIN 48), which creates a single model to address uncertainty in tax positions and clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements Under the requirements of FIN 48, tax-exempt organizations could now be required to record an obligation as the result of a tax position they have historically taken or various tax exposure items Prior to FIN 48, the determination of when to record a liability for tax exposure was based on whether a liability was considered probable and reasonably estimable in accordance with SFAS No 5, Accounting for Contingencies On July 1, 2007, the parent company, WellSpan Health, adopted FIN 48 WellSpan Health determined that it does not have any uncertain tax positions through June 30, 2012
Part XIII, Line 4b	Part XIII, Line 4b Other revenue amounts included on 990 but not included in F/S	Revenue netted against expenses $22952
Part XII, Line 4b	Part XII, Line 4b Other revenue amounts included on 990 but not included in F/S	Restricted Contributions $199571 Revenue netted against Expenses $22952
Part XI, Line 8	Part XI, Line 8 Other Changes in Net Assets or Fund Balances	Transfer of assets to affiliate $ -25266634
Part V, Line 4	Part V, Line 4 Intended uses of the endowment fund	The funds were used to improve the health and welfare of the residents of York and Adams counties of Pennsylvania

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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

2011

Open to Public Inspection

Name of the organization
WELLSPAN SPECIALTY SERVICES
DBA WELLSPAN SURGERY & REHAB HOSPITAL

Employer identification number
23-2899911

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? 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	Did the organization use FPG to determine eligibility for providing *discounted* care? 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 did 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 policy provide 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 charity care expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit reportduring 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 Charity Care and Certain Other Community Benefits at Cost

Charity Care 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 Charity care at cost (from Worksheet 1)		3	191,844		191,844	1 810 %
b Medicaid (from Worksheet 3, column a)		7	437,529	148,292	289,237	2 730 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs		10	629,373	148,292	481,081	4 540 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j **Total** Other Benefits						
k **Total.** Add lines 7d and 7j		10	629,373	148,292	481,081	4 540 %

Part II Community Building Activities Complete this table if the organization conducted any community building activities.

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense	2	263,930		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	20,850		
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	967,076		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	4,352,692		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-3,385,616		
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	Did the organization have a written debt collection policy during the tax year?		9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI		9b	Yes	

Part IV Management Companies and Joint Ventures (see instructions)

	(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 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)
0	WS Surgery & Rehab Hospital 55 Monument Road York, PA 17403	X	X							Orthopedic and Neurosurgery & Rehab

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

WS Surgery & Rehab Hospital

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 1

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 0000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 0000% If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☑ Asset level			
	c ☑ Medical indigency			
	d ☑ Insurance status			
	e ☑ Uninsured discount			
	f ☑ Medicaid/Medicare			
	g ☑ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☑ The policy was posted at all times on the hospital facility's web site			
	b ☑ The policy was attached to all billing invoices			
	c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☑ The policy was posted in the hospital facility's admissions offices			
	e ☑ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon request			
	g ☐ Other (describe in Part VI)			

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments or arrests			
	e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments			
	e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☐ Notified patients of the financial assistance policy upon admission			
	b ☐ Notified patients of the financial assistance policy prior to discharge			
	c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**18**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☑ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**20**		No
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?	**21**		No
If "Yes," explain in Part VI			

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 from largest to smallest)

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

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

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions 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, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
	Part VI - States Where Community Benefit Report Filed	PA

Identifier	ReturnReference	Explanation
	Part VI - Affilated Health Care System Roles and Promotion	WellSpan Health is an integrated health system serving the Adams-York county region As a community-based, not-for-profit organization, WellSpan is dedicated to improving the health and well-being of the people it serves WellSpan will assume a leadership role and develop partnerships with other organizations to improve access to coordinated, high-quality, cost-effective health care services, educate the health care providers of tomorrow, promote healthy lifestyles and lifelong wellness, and make its local communities healthier, more desirable places to live, work, and play WellSpan Surgery and Rehabilitation Hospital works with other parts of the system to provide a comprehensive approach to meeting community needs WellSpan Health includes Gettysburg Hospital, York Hospital, WellSpan Surgery and Rehabilitation Hospital, Apple Hill Surgical Center, VNA Home Health, WellSpan Medical Group, South Central Preferred, WellSpan Pharmacy, Gettysburg Hospital Foundation, York Health Foundation, York Provider Network and Healthy York Network/Healthy Community Pharmacy WellSpan Surgery and Rehabilitation Hospital's community benefit report is contained in a report prepared by their parent organization, WellSpan Health See Attached Federal Supplemental Information WellSpan Health - 2012 Community Benefit Report

Identifier	ReturnReference	Explanation
	Part VI - Explanation Of How Organization Furthers Its Exempt Purpose	Our involvement and support of a county health coalition - Healthy York County Coalition - has engaged more than 200 community members in community health improvement initiatives As a charitable, community-based healthcare organization, we are committed to improving the lives and well-being of the people and communities we serve This dedication is evident in our organizational mission statement - "Working as one to improve health through exceptional care for all, lifelong wellness, and healthier communities " By partnering with individuals and other organizations, supporting their endeavors, sharing our knowledge and expertise, and learning from one another, together we are creating a healthier community In addition to community benefit items outlined in Schedule H, we actively engage community members as organizational partners to reinvest in the health of our community by providing Board and committee leadership opportunities, encouraging patient feedback that improves care through advisory groups, and, engaging diverse stakeholders on community-based taskforces that address complex community health issues Both in the hospital and across our health system, community members actively volunteer their time to support activities and initiatives, and generously donate funds to the organization

Identifier	ReturnReference	Explanation
	Part VI - Community Information	To the casual observer, our service area could be described as one community The combined population of York and Adams counties is over 545,000 people This population is expected to increase by 4% or 21,000 people over the next five years The York/Adams population is growing older While the 18-44 age group comprises the largest segment of the population, this group will experience nominal growth through 2017 Most growth will occur in the 45-64 (4% or 6,300 people) and the 65+ (18% or 14,000 people) age groups This shift is occurring as the baby boom generation ages, as people live longer due to healthy lifestyles and medical advances, and as retirees move from the Baltimore/Washington metro area to Southern York and Adams counties to find a safer, lower cost lifestyle Although the overall population growth projected for the York/Adams area over the next five years is moderate, the changing demographic profile of the population will result in elevated incidence rates for both acute and chronic disorders that present themselves ever increasingly as the population ages York County is situated in south-central Pennsylvania The County is bordered by Adams and Cumberland Counties to the west and north respectively and the Susquehanna River and Lancaster County to the east Northeast of the River lies Dauphin County and the southern border is the Mason-Dixon line which forms the border with Maryland and its northernmost counties of Carroll,Baltimore and Harford York County is approximately 911 square miles or 583,040 acres and is comprised of 72 municipalities, 35 townships, 36 boroughs and one (1) city Generally and historically, employment rates are better than state and national averages but the composition of the workforce contains more manufacturing, production and tourism related business An assessment of general health status is gathered as part of Community Health Assessments The percent of adults in York County rating their health as fair or poor was 14 0% Our in-depth knowledge of the community, gathered through community health assessments and focused studies during the past 15 years, however, show that our service area is not made up of one community but of many, with social and health factors that are significantly impacting its health The number of uninsured has remained stable at approximately 6 5% but continues to be a major barrier to access to oral health, medical care and pharmaceuticals, and the incidence of chronic disease in on the rise

Identifier	ReturnReference	Explanation
	Part VI - Patient Education of Eligibility for Assistance	Our organization has been working to improve access to care - based on the community health assessment's prioritization of medical, dental and oral health access as high A key element of our strategy in addressing this need is to reach beyond simply informing patients about our patient assistance policies and proactively identify and help patients connect to the public programs, community programs as well as our own It includes sponsorship of Healthy York Network (HYN), which provides case managers to support patient's enrollment in both public programs or in HYN, which utilizes the charity care guidelines of health care proverbs for discounts It includes identifying special resources for at risk populations in the African American and Latino communities and providing Lay Community Health Workers to help assist people in enrollment processes Finally, though an initiative to ensure all people who qualify for charity care or financial assistance are aware of it, we've updated our website with information, simplified our enrollment processes, improved education and availability of financial support resources at high visibility sites of care, simplified the letters sent to patients who are late in paying their bill and have collaborated with our local Federally Qualified Health Center for early identification and qualification of patients

Identifier	ReturnReference	Explanation
	Part VI - Needs Assessment	Our organization engages community partners in conducting a comprehensive Community Health Needs Assessment (CHNA) every three years Our focus is to understand the health status a nd behaviors of those residing in York County, prioritize results and identify community n eeds, and respond to those needs through the implementation of evidence-based strategies In the recent 2012 Assessment, 1004 York County adults were interviewed and served as a sa mple of the patients with whom our organization daily interacts These individuals are geo graphically distributed cross 48 zip codes and represent the diversity - age, gender, race /ethnicity, educational background, and socioeconomic status - of the community our organi zation serves The 2012 CHNA process was led by a Community Health Assessment Planning C ommittee, a multidisciplinary collaborative comprised of at least twelve agencies interest ed in the health needs of the community, including "Two acute care facilities "One integra ted health care delivery system"Two county-level health coalitions"A local Federally Quali fied Health Center (FQHC)"The local city health bureau"A local behavioral health counselin g agency"Two local United Way branches"Area colleges and universities"A non-profit communi ty foundationHistorically, Planning Committee members contribute in-kind staff hours to th e Community Health Assessment process, utilize data to integrate priority interventions in to their respective organizational plans, and assist with disseminating results to the com munity at-large Except for the Healthy York County Coalition and participating colleges a nd universities, member organizations also financially support the community health assess ment process, including a contractual agreement with an opinion research department at a l ocal college to collect and analyze data, and generate necessary reports Health coalition staff time spent during the assessment process and in monitoring this contract is conside red an in-kind contribution When initially convened, Planning Committee members determined deliverables to be included in a Request for Applications (RFA) to fund an entity that wo uld conduct the assessment, analyze results, and summarize the findings Responsibility fo r recent community health assessments was shared between both the Healthy York County Coal ition and its sister coalition in Adams County, Healthy Adams County , to maximize economi es of scale and identify shared priorities across the region However, separate reports ar e generated to demonstrate respective community priorities and to meet regulatory requirem ents The CHNA typically engages two components - primary data collection through implemen tation of the Behavioral Risk Factor Surveillance System (BRFSS) and secondary data collec tion available through online state or national level resources Members of the Planning C ommittee partnered with the funded community health assessment entity to finalize BRFSS qu estions and approve the identified sample size For the 2012 CHNA, the Planning Committee elected to correlate community health results with potential disparities (e g age, geogra phic area, poverty, race/ethnicity) to obtain additional detail about community needs Pre vious health assessments have included qualitative data obtained through focus group resul ts on key topics (e g behavioral health, substance abuse) In 2012, Planning Committee me mbers elected to disseminate CHNA results and establish priorities for the community at-la rge and in their respective organizations at a local Health Summit held in June 2012 CHNA findings were also distributed through smaller organizational forums and in press release s Health Summits have demonstrated efficacy to convene a larger group of interested parti es including community-based organizations (YMCA/YWCA), faith communities, healthcare ins urers and providers, law enforcement agencies, local school districts, social service orga nizations, and, the general public to brainstorm about how to effect community change that improves health status and encourages positive health behaviors As with past assessments , the lead researcher for the 2012 CHNA served as the keynote speaker and presented the ov erall results A combination of general and breakout sessions were then employed to identi fy priorities and associated programmatic opportunities The 2012 CHNA provided the most r obust data, to date, and has enabled our organization to better integrate its results into our annual organizational and entity-level planning processes Our system-wide Community Benefit Council, comprised of representation from both acute care facilities, and service line and corporate leadership, reviewed the CHNA results and identified four key prioritie s for the organization, including each of our three hospitals adult overweight/obesity, a voidance of healthcare because of cost, depression, and, tobacco use CHNA results continu e to be shared at varying levels of our organizati

Identifier	ReturnReference	Explanation
	Part VI - Needs Assessment	on and are foundational to the creation of entity-level objectives and associated evaluati on indicators in our community health implementation strategy Since our CHNA was not fina lized and made available to the public until fiscal year 2013, the implementation strategy was not developed until fiscal year 2013 and therefore will be attached to our 2012 retur n

Identifier	ReturnReference	Explanation
	Part III, Line 9b - Provisions On Collection Practices For Qualified Patients	Guidelines for suggested minimum number of phone attempts and letters to be sent before the account is turned over to an outside collection agency are included in the Patient Administrative Services Policy Upon final PARO (Payment Assistance Rank Ordering) scoring, if a patient qualifies for presumtive charity, their account would not be forwarded to any third party collections It shall be the policy of Patient Administrative Services to recommend accounts to Bad Debt on a timely basis Inpatient/Outpatient accounts will go to bad debt automatically after the account has been in the financial class Pending Bad Debt for 30 days All accounts must follow the approved limits for refunds and write offs, as established in Policy PF-102, before being transferred The primary agencies will work the accounts for 6 months or until they feel it is uncollectable and return the account The accounts are forwarded to secondary agencies from the primary agencies Closed and Return Reports The financial class is changed to Bad Debt Other after the Closed and Return Reports are received from the Secondary Agency The agencies must get written approval from the manager in the relatively rare instance of legal action being taken to collect the debt

Identifier	ReturnReference	Explanation
	Part III, Line 8 - Explanation Of Shortfall As Community Benefit	WSRH maintains records to identify and monitor the level of charity care and community service it provides These records include the amount of charges forgone based on established rates for services and supplies furnished under its charity care and community service policies and the estimated cost of these services Payments from Medicaire are generally less than York Hospital's costs of providing the service

Identifier	ReturnReference	Explanation
	Part III, Line 4 - Bad Debt Expense	WSRH provides an allowance for doubtful accounts for estimated losses resulting from the unwillingness or inability of patients to make payments for services The allowance is determined by analyzing specific accounts and historical data and trends Patient accounts receivable are charged off against the allowance for doubtful accounts, when management determines that recovery is unlikely, and WSRH ceases collection efforts Losses have been consistent with management's expectations in all material respects

Identifier	ReturnReference	Explanation
	Part I, Line 6a - Related Organization Community Benefit Report	Community Benefit Information is included in the Community Benefit Report for WellSpan Health

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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

2011

Open to Public Inspection

Name of the organization
WELLSPAN SPECIALTY SERVICES
DBA WELLSPAN SURGERY & REHAB HOSPITAL

Employer identification number
23-2899911

Part I Questions Regarding Compensation

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

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space 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) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual

(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) Rosa Hickey	(i) (ii)	147,171	23,580	2,919	12,973	34,114	220,757	
(2) Richard Seim	(i) (ii)	386,356	118,470	15,308	273,142	36,741	830,017	118,470
(3) Michael F O'Connor	(i) (ii)	415,093	122,430	8,240	306,582	41,225	893,570	122,430
(4) Julia Hopple	(i) (ii)	126,432	20,504	14,654	96,071	27,308	284,969	
(5) Joseph Edgar	(i) (ii)	178,838	28,502	4,402	15,817	32,251	259,810	
(6) Bruce Bartels	(i) (ii)	733,794	221,916	3,351,423	543,822	91,933	4,942,888	216,810
(7) Barbara Yarrish	(i) (ii)	169,669	27,227		14,708	32,485	244,089	

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
Sch J, Part I, Line 1a	Part I, Line 1a Relevant information in regards to selections on 1a	Bruce Bartels, WellSpan CEO, received additional compensation to cover the tax on personal use of his company vehicle

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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.**

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2011

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DBA WELLSPAN SURGERY & REHAB HOSPITAL

Employer identification number
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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	See Schedule O											

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds defeased				
3	Total proceeds of issue				
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds				
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds				
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion				

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

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?								
2	Are there any lease arrangements that may result in private business use of bond-financed property?								

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?								
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?								
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶								
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								
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?								

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?								
2	Is the bond issue a variable rate issue?								
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?								
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?								
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?								
6	Did the bond issue qualify for an exception to rebate?								

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations . . . . . ☑ Yes ☐ No

Part VI Supplemental Information

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

Identifier	Return Reference	Explanation

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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

2011

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DBA WELLSPAN SURGERY & REHAB HOSPITAL

Employer identification number
23-2899911

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) Andstadt Communications	CEO Doran	731,861	Marketing & Print WSH Affi		No
(2) Barley Snyder LLC	Partner Minnich	354,276	Legal Services WSH Affil		No

Part V **Supplemental Information**

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

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

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Employer identification number
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Identifier	Return Reference	Explanation
	Schedule K - Tax-Exempt Bonds	$412,230,0000 of Revenue Bonds for WellSpan Health Obligated Group, Series 2008A, 2008B, 2008C and 2008D were issued 11/12/2008 by General Authority of Southcentral Pennsylvania WellSpan Health, the parent organization, allocated portions of the proceeds of this tax-exempt bond issue to York Hospital (22-2517863), Gettysburg Hospital (23-1352220), WellSpan Properties (22-2842252), and WellSpan Specialty Services (23-2899911) In order to remain consistent with the reporting on Form 8038, all outstanding liabilities associated with this tax-exempt bond issue are reported on the WellSpan Health (22-2517863) Schedule K As of 6/30/12, the allocation of the Debt Capital program was as follows York Hospital $243,740,554 (63 07%), WellSpan Properties $60,749,589 (15 72%), WellSpan Health $2,490,198 (64%), WellSpan Specialty Services $47,392,814 (12 26%) and Gettysburg Hospital $32,106,845 (8 31%) These amounts are reported on the respective balance sheets (Part X Line 20)for each of these entities The 11/12/2008 issue included reissuance of all unspent proceeds from the refunded 2007 bond issue

Identifier	Return Reference	Explanation
	Investments	Income from building construction fund was netted against interest expense and was included in construction in progress under property plant and equipment All other income from investment was transferred to VNA Home Health Services, a subsidiary of WellSpan Specialty Services per court required restriction on income from the funds

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 19	Form 990, Part VI, Line 19 Other Organization Documents Publicly Available	Governing documents, policies, and financial statements are available upon request

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 15b	Form 990, Part VI, Line 15b Compensation Review and Approval Process for Officers and Key Employees	The Compensation Committee of WellSpan Health is responsible for rewarding and reinforcing key executives for the achievement of annual and long-term performance objectives The Compensation Committee shall consist of not more than six (6) persons, of whom two (2) shall be the Chairman and Vice Chairman of the Board of the Corporation, and the remaining members shall be such other persons as may be appointed by the Chairman of the Board of the Corporation, with the approval of the Board of Directors, provided, however, that the Compensation Committee shall not include any persons who are employed by the System The Chairman of the Board of Gettysburg Hospital shall participate The role of the Compensation Committee is to set the Executive Compensation Philosophy for the system and ensure adherence, evaluate performance and establish compensation for the WellSpan President, evaluate team performance of the executive team and establish awards, review and approve senior executive base salary ranges, and oversee employed physician compensation programs The Committee will approve salary ranges for each executive position and review incumbent salaries annually The Committee will be responsible for reviewing the President's salary each year, and if warranted, authorizing an adjustment to maintain competitiveness The President will have the authority to make salary adjustments for subordiate positions The Committee is responsible for approving and authorizing payment of the performance awards The Committee will approve and authorize payment of the President's performance awards Integrated Healthcare Strategies, Inc , based in Minneapolis Minnesota is the external consultant to the committee This consultant focuses exclusively on executive and physician compensation in the health care industry In summary, the executive and physician compensation review process consists of the following 1) Cash compensation reviewed annually 2) Cash compensation reviewed by external consultant biennially 3) external total compensation (cash, incentives, benefits, perquisites) reviewed by external consultant periodically 4) Process is integrated with compensation analysis for other WellSpan positions 5) Committee decisions are documented in minutes maintained in Human Resources

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 12c	Form 990, Part VI, Line 12c Explanation of Monitoring and Enforcement of Conflicts	Officers, directors, and key employees fill out a WellSpan Health Conflict of Interest Disclosure Statement questionaire annually The questionaire is administered by the Internal Audit Department of WellSpan Health, the Parent Company There shall be full disclosure by any Director having a business or personal interest or relationship which may be in conflict with the interests of the Corporation After such disclosure the Director shall abide by the determination of the Board of Directors as to whether a conflict exists, the extent to which, if at all, the Director will be permitted to be present during the Board of Directors' discussion of the matter in which the Director may be interested, and whether the Director will be permitted to participate in such discussion and cast a vote in such matter

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 11	Form 990, Part VI, Line 11 Form 990 Review Process	Management provided an electronic copy of the form 990 to each voting member of the organization's governing body, prior to its filing with the IRS The organization's finance management team provided a presentation to the Audit Committee on the organization's 990 return

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 7b	Form 990, Part VI, Line 7b Describe Decisions of Governing Body Approval by Members or Shareholders	Except as specifically reserved to the member by law, the Articles of Incorporation, or the Bylaws, all rights of member(s) as set forth under the Nonprofit Corporation Law of 1988 are assumed by the Board of Directors The business and affairs of and the responsibility and authority for governing the Corporation shall be vested in the Board of Directors Notwithstanding the foregoing paragraph, the authority of the Board of Directors to exercise the following powers is subject to the ratification of the Board of Directors of WellSpan (a) the adoption of operating, personnel and capital budgets (b) any voluntary dissolution, merger, or consolidation of the Corporation or the sale or transfer of all or substantially all of the Corporation's assets or the creation or acquisition of any subsidiary or affiliate corporation of the Corporation, (c) the borrowing of any sum which has a stated term greater than one year or which is secured by a security interest in the Corporation's assets or revenues or by a mortgage of all or any part of the Corporation's real property, if any, (d) the adoption of a strategic plan for the Corporation, and (e) the adoption, amendment, revocation of these Bylaws or the Articles of Incorporation

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 7a	Form 990, Part VI, Line 7a How Members or Shareholders Elect Governing Body	The Board of Directors shall be composed of twelve persons, at least seventy-five percent of whom shall not be employed by the Corporation or any entity affiliated with either the Corporation or WellSpan The appointment of the Directors shall be subject to the ratification by WellSpan

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 6	Form 990, Part VI, Line 6 Explanation of Classes of Members or Shareholder	WellSpan Health is the sole member of WellSpan Specialty Services

Identifier	Return Reference	Explanation
Form 990, Part III, Line 2	Form 990, Part III, Line 2 New Services	WellSpan Surgery and Rehabilitation Hospital opened on April 23, 2012

Identifier	Return Reference	Explanation
		Client Note 1 - WellSpan Health - 2012 Community Benefit ReportWellSpan Health includes WellSpan Gettysburg Hospital o WellSpan York Hospital o WellSpan Surgery and Rehabilitation Hospital o Apple Hill Surgical Center o VNA Home Health o WellSpan Medical Group o SOUTH CENTRAL Preferred o WellSpan Pharmacy o Gettysburg Hospital Foundation o York Health Found ation o York Provider NetworkWellSpan Health's Charitable, Non-Profit MissionWorking as one to improve health through exceptional care for all, lifelong wellness and healthy communities At WellSpan Health, we are proud to be part of the communities of central Pennsylvania That's why we are committed to understanding local health care needs and working with physicians, community leaders and area residents to establish services and programs where people live, work and play By offering a vast array of inpatient, outpatient, home health and physician services and by partnering with other organizations and community physicians , we make it possible for people to find and access the health services that they need, without having to travel far from home By working as one coordinated health care organizatio n, we are transforming care through sophisticated clinical information technology and creating innovative new models as a means to create a high quality, exceptional patient experience How We HelpEvery member of our community deserves the care they needAt WellSpan, it is our core belief that accessible health care is one of the keys to a healthy community Yet, in York and Adams counties, there are nearly 40,000 individuals who live without adequ ate health insurance This community health problem cannot be ignored and requires careful planning and forethought Fortunately, WellSpan has done both We take measures to care for those who have no insurance and are unable to pay We offer discounted care to individual s whose income falls within 300 percent of federal poverty guidelines Additionally, all u ninsured patients, regardless of whether they qualify for charity care, receive discounts similar to those offered by private insurance companies We offer free care to patients wh o participate in our charity care program Together with our community partners, we support programs to take basic primary care and other services into urban and rural communities, improve access to oral health care and help people establish a "medical home" with a prima ry care physician In 2012, WellSpan Health provided over $100 million in care for the unin sured and underinsured The net cost of care provided in 2012 "Charity Care $20 2 million in free care to patients who participated in our charity care program"Medicare $64 8 mill ion in cost greater than what was paid by Medicare"Medicaid $58 8 million in cost greater than what was paid by Medicaid"Uncompensated Care $26 2 million in services to patients who received care for which they did not pay and who did not participate in the charity ca re program"Community Education and Outreach $6 million in free community education and ou treach to children and at-risk groups"Medical, Dental and Pharmaceutical Care $13 2 milli on to support services that provided discounted medical, dental and pharmaceutical care to people in needPrograms for the uninsured that WellSpan supported in 2012 include oHealthC onnect, a mobile health care program that provides basic primary care services and helps individuals find a medical home This program benefits individuals who lack sufficient heal th insurance Our progress "1,312 visits"973 new patients"137 referrals to a primary care physicianoHealthy York Network and Healthy Community Pharmacy, a collaborative effort that facilitates access to discounted health care services and prescription medication This p rogram benefits individuals who lack sufficient health insurance Our progress "$33 milli on of care provided to more than 8,309 members "9,117 new members enrolled "52,234 prescri ptions filledoCommunity Health Workers, who help people navigate the health care system, e nroll in public assistance programs and implement health outreach programs This program b enefits individuals who lack sufficient health insurance and people of disparate populatio ns Our progress "372 individuals were assisted with access to healthcare and enrollment in health assistance programs such as Healthy York NetworkoFamily First Health's Hannah Pe nn Health Center, a partnership of WellSpan York Hospital, Family First Health and the Cit y of York School District This program benefits underserved adults and children, includin g those who lack sufficient health insurance and those with Medicaid Our progress "3,658 acute and preventive medical visits "1,620 dental visits in calendar year 2011oWellSpan Y ork Hospital Community Health Center, which provides primary care services, women's health care, HIV care and pediatric care for medically complex conditions This program benefits adults and children who lack sufficient health in

Identifier	Return Reference	Explanation
		surance Our progress "22,763 primary care visits"18,670 obstetrics and gynecology visitso Thomas Hart Family Practice Center, which is staffed by resident and faculty physicians at WellSpan York Hospital and provides acute, chronic, preventive and obstetric care The pr ogram benefits adults and children, many of whom lack sufficient health insurance Our pro gress "26,499 visitsoFamily First Health's Gettysburg Center, a federally qualified commun ity health center that WellSpan supports to provide medical and dental services in Adams C ounty This program benefits underserved adults and children of Adams County, including th ose who lack sufficient health insurance and those with Medicaid Our progress "Actively s upported the start-up of the center and its ability to attract 5,643 patients during the p ast year "Family First Health Center in Gettysburg began providing dental care to patients w ho are uninsured and those with MedicaidoThe George W T Bentzel, DDS Dental Center, w h ich is staffed by licensed dentists and residents from the WellSpan York Hospital Dental R esidency Program This program benefits adults and children, many of whom lack sufficient dental insurance Our progress "14,325 outpatient visitsoHoodner Dental Center program tha t supports individuals w ho lack sufficient dental insurance and w ho qualify for Medical As sistance or the Healthy York Netw ork Our progress "6,191 visitsHealthy CommunitiesAt Well Span, w e wholeheartedly agree with the World Health Organization's assessment that health is "a state of complete physical, mental and social well-being, not merely the absence of disease or infirmity " And we recognize the dangers and issues facing a community that can not achieve this level of health To help our communities become healthy places to live, w o rk and play, w e are constantly planning for the future, developing partnerships, building community assets, engaging citizens, and sponsoring initiatives Our efforts are broad bas ed and wide reaching, but so is the need We believe that our progress, on all fronts, con tinues to make a difference Community health initiatives WellSpan supported in 2012 includ e oHealthy Adams County, a partnership of community members dedicated to continuing assess ment, development and promotion of efforts toward improving physical, mental and social w e ll-being It addresses issues of health literacy, healthy lifestyles, oral health, quality health care for the chronically ill, and school w ellness Our progress includes "Holding the sixth annual Adams County Health Summit, w hich included nearly 100 health and human se rvices professionals and community residents "Partnering with PA Dept of Conservation and Natural Resources and the South Mountain Partnership to hold a regional health summit in September 2012oHealthy York County Coalition, an ongoing, independent collaborative effort dedicated to improving the health and w ellness of York County It addresses health litera cy, healthy lifestyles, oral health, quality health care for the chronically ill, and scho ol w ellness Our progress includes "The GO Explore the World! program promoted municipal, county and state parks in York County as places for children and families to be physically active More than 10,818 passports w ere distributedoReach Out and Read program addressing early childhood literacy Our progress includes "5,488 books distributed to children ages six months to five yearsoSAFE, teams of specially trained Emergency Department nurses at WellSpan York Hospital and WellSpan Gettysburg Hospital w ho treat victims of sexual assaul t w hile simultaneously gathering evidence of a crime Our progress includes "Provided care to more than 400 patientsoCommunity Partnership Grants to address health and quality of l ife across south central Pennsylvania Our progress includes grants of $238,900 provided t o support "York and Adams Counties Community Health Assessment "YorkCounts/York County You th Development Center "National Alliance

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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

2011

Open to Public Inspection

Name of the organization
WELLSPAN SPECIALTY SERVICES
DBA WELLSPAN SURGERY & REHAB HOSPITAL

Employer identification number
23-2899911

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
See Additional Data Table							

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) Community Healthcare Imaging Partners PO Box 2767 York, PA 174052767 23-2444154	MRI Center	PA	NA					No			No	
(2) Cherry Tree Cancer Center LLP PO Box 2767 York, PA 174052767 23-2915628	Radiation	PA	NA					No			No	
(3) Littlestown Heatlh Care Partners 300 West King Street Littlestown, PA 17340 23-2880464	Lease facil	PA	NA					No			No	
(4) Q-WH LLC PO Box 2767 York, PA 174052767 20-8226561	GP of CHIP	PA	NA					No			No	
(5) Central PA Alliance Laboratories LLC PO Box 2767 York, PA 174052767 23-2910950	Ref Lab	PA	NA					No			No	
(6) Apple Hill Surgical Center Partners PO Box 2767 York, PA 174052767 23-2489452	Surgical Cn	PA	NA					No			No	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) York Provider Network PO Box 2767 York, PA 174052767 23-2907828	Coord managed care risk contract	PA	NA	C Corp			
(2) York Health Plan PO Box 2767 York, PA 174052767 23-2664989	Preferred Provider Organization	PA	NA	C Corp			
(3) Wellspan Reciprocal Risk Retention Group PO Box 2767 York, PA 174052767 20-0048457	Risk Retention Group	PA	NA	C Corp			
(4) WellSpan Pharmacy Inc PO Box 2767 York, PA 174052767 23-2374072	dispenses Rx & provides IV therapy	PA	N/A	C Corp			

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 related organization(s)	1b	No
c	Gift, grant, or capital contribution from related organization(s)	1c	Yes
d	Loans or loan guarantees to or for related organization(s)	1d	No
e	Loans or loan guarantees by related organization(s)	1e	No
f	Sale of assets to related organization(s)	1f	No
g	Purchase of assets from related organization(s)	1g	No
h	Exchange of assets with related organization(s)	1h	No
i	Lease of facilities, equipment, or other assets to related organization(s)	1i	No
j	Lease of facilities, equipment, or other assets from related organization(s)	1j	Yes
k	Performance of services or membership or fundraising solicitations for related organization(s)	1k	Yes
l	Performance of services or membership or fundraising solicitations by related organization(s)	1l	Yes
m	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m	No
n	Sharing of paid employees with related organization(s)	1n	No
o	Reimbursement paid to related organization(s) for expenses	1o	Yes
p	Reimbursement paid by related organization(s) for expenses	1p	No
q	Other transfer of cash or property to related organization(s)	1q	No
r	Other transfer of cash or property from related 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)	VNA Home Health Services	c	25,266,634	FMV
(2)				
(3)				
(4)				
(5)				
(6)				

Part VI Unrelated Organizations Taxable as a Partnership (Complete if the organization answered "Yes" on Form 990, Part IV, line 37.)

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization See instructions regarding exclusion for certain investment partnerships

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

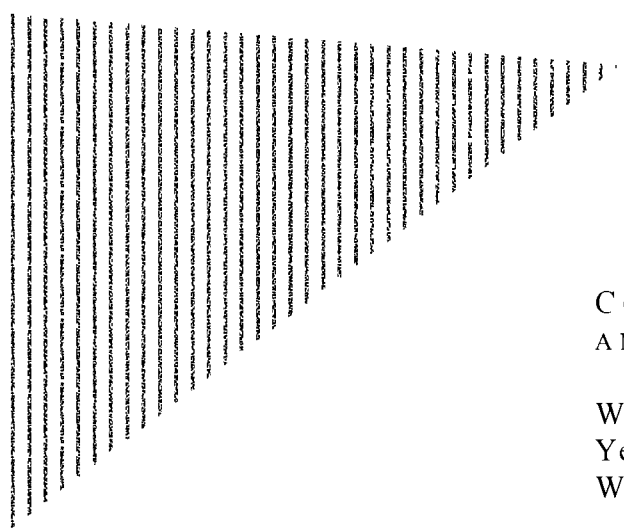
Additional Data

Return to Form

Software ID: 11000144
Software Version: 2011v1.5
EIN: 23-2899911
Name: WELLSPAN SPECIALTY SERVICES
DBA WELLSPAN SURGERY & REHAB HOSPITAL

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	g Section 512(b)(13) controlled organization	
WellSpan Properties PO Box 2767 York, PA 174052767 22-2842252	Leases facilities to affiliates	PA	501(c)(3)	11 Type 1	NA		No
York Hospital PO Box 2767 York, PA 174052767 23-1352222	Community teaching hospital	PA	501(c)(3)	3	NA		No
York Health Foundation PO Box 2767 York, PA 174052767 23-3050192	Charitable contributions for WellSpan entities	PA	501(c)(3)	11 Type 3	NA		No
WellSpan Medical Group PO Box 2767 York, PA 174052767 23-2730785	Medical and surgical care	PA	501(c)(3)	9	NA		No
WellSpan Health Care Services PO Box 2767 York, PA 174052767 23-2400237	Health-related activities in the service area	PA	501(c)(3)	11 Type 1	NA		No
WellSpan Health PO Box 2767 York, PA 174052767 22-2517863	Integrated Health System	PA	501(c)(3)	11 Type 1	NA		No
VNA Home Health Services PO Box 2767 York, PA 174052767 23-1352573	Home health and hospice care services	PA	501(c)(3)	9	NA	Yes	
VNA Community Services PO Box 2767 York, PA 174052767 23-2338591	Home personal care services for elderly and disabled	PA	501(c)(3)	9	NA	Yes	
Healthy Community Pharmacy PO Box 2767 York, PA 174052767 20-0519121	Reduced rate prescription drugs to uninsured	PA	501(c)(3)	11 Type 1	NA		No
Gettysburg Hospital Foundation PO Box 2767 York, PA 174052767 23-2251358	Fundraising for Gettysburg Hospital	PA	501(c)(3)	11 Type 1	NA		No
Gettysburg Hospital PO Box 2767 York, PA 174052767 23-1352220	Health Care Services	PA	501(c)(3)	3	NA		No
Apple Hill Surgical Center Inc PO Box 2767 York, PA 174052767 22-2842253	Sole GP in limited ptnrshp operating surgical center	PA	501(c)(3)	9	NA		No



Consolidated Financial Statements and Supplementary Information

WellSpan Health
Years Ended June 30, 2012 and 2011
With Report of Independent Auditors

Ernst & Young LLP

ERNST & YOUNG

WellSpan Health

Consolidated Financial Statements
and Supplementary Information

Years Ended June 30, 2012 and 2011

Contents

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Report of Independent Auditors

Board of Directors
WellSpan Health

We have audited the accompanying consolidated balance sheets of WellSpan Health (WSH) as of June 30, 2012 and 2011, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of WSH's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of WSH's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WSH's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of WellSpan Health at June 30, 2012 and 2011, and the consolidated results of its operations, changes in its net assets, and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, WellSpan Health changed its presentation of the provision for uncollectible accounts as a result of the adoption of Accounting Standards Update (ASU) 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, effective July 1, 2011.

Ernst & Young LLP

October 3, 2012

WellSpan Health

Consolidated Balance Sheets
(In Thousands)

	June 30 2012	June 30 2011
Assets		
Current assets:		
Cash and cash equivalents	**$ 73,334**	$ 42,433
Assets limited as to use	**5,890**	3,511
Patient accounts receivable, net of allowance for uncollectible accounts of $37,907 and $33,210 in 2012 and 2011, respectively	**145,396**	136,787
Other receivables	**12,149**	13,874
Inventories	**9,843**	7,430
Prepaid expenses	**15,767**	15,485
Total current assets	**262,379**	219,520
Unrestricted investments	**26,684**	21,320
Investments limited as to use:		
Board-designated	**597,977**	629,524
Under bond indenture	**–**	26,775
Self-insurance trust	**9,113**	11,045
Temporarily restricted investments	**6,720**	6,894
Permanently restricted investments	**2,868**	2,976
Beneficial interest in perpetual trusts	**15,128**	15,869
	631,806	693,083
Pledges receivable, net	**1,747**	1,783
Property and equipment, net	**475,025**	431,250
Investments in joint ventures	**675**	713
Deferred financing costs, net	**3,014**	3,166
Other assets	**21,758**	21,443
Total assets	**$ 1,423,088**	$ 1,392,278

	June 30	
	2012	**2011**
Liabilities and net assets		
Current liabilities:		
Current portion of capital lease obligations	**$ 3,931**	$ 3,192
Current portion of long-term debt	**7,635**	10,004
Accounts payable and accrued expenses	**39,787**	37,407
Accrued interest payable	**2,160**	2,309
Accrued salaries and wages	**67,286**	58,105
Advances from third-party payors	**3,065**	3,114
Professional and general liability reserves and postretirement benefits	**21,922**	15,316
Third-party payor settlements	**7,306**	1,319
Total current liabilities	**153,092**	130,766
Professional and general liability reserves	**42,052**	44,393
Capital lease obligations, less current portion	**13,046**	14,128
Long-term debt, less current portion	**407,448**	417,050
Accrued retirement benefits	**300,562**	199,549
Interest rate swap agreements	**68,103**	36,470
Other noncurrent liabilities	**1,511**	1,511
Total liabilities	**985,814**	843,867
Net assets:		
Unrestricted	**399,010**	509,690
Temporarily restricted	**13,601**	13,123
Permanently restricted	**18,041**	18,891
WellSpan Health net assets	**430,652**	541,704
Noncontrolling interest	**6,622**	6,707
Total net assets	**437,274**	548,411
Total liabilities and net assets	**$ 1,423,088**	$ 1,392,278

See accompanying notes

WellSpan Health

Consolidated Statements of Operations

(In Thousands)

	Year Ended June 30	
	2012	**2011**
Unrestricted revenues, gains, and other support		
Net patient service revenue	**$ 1,146,282**	$ 1,093,377
Provision for uncollectible accounts	**(53,932)**	(46,694)
Net patient service revenue less provision for uncollectible accounts	**1,092,350**	1,046,683
Capitation revenue	**5,793**	5,471
Other revenue	**56,369**	53,271
Net assets released from restrictions used for operations	**5,475**	5,948
Total revenues, gains, and other support	**1,159,987**	1,111,373
Expenses		
Salaries and wages	**521,662**	496,204
Employee benefits	**180,348**	179,375
Professional fees	**13,542**	13,077
Supplies and other	**321,131**	319,408
Depreciation and amortization	**55,223**	56,516
Interest	**19,181**	19,933
Total operating expenses	**1,111,087**	1,084,513
Operating income	**48,900**	26,860
Other (expense) income		
Contributions	**954**	674
Investment income, net	**(263)**	74,494
Equity loss of joint ventures	**(28)**	(8)
Gain on sale of assets/other	**97**	52
Other expense, net	**(443)**	(467)
Change in fair value of interest rate swap agreements	**(31,633)**	8,672
Total other (expense) income	**(31,316)**	83,417
Excess of revenues over expenses before noncontrolling interest	**17,584**	110,277
Noncontrolling interest	**(1,100)**	(1,071)
Excess of revenues over expenses	**16,484**	109,206
Other changes in unrestricted net assets:		
Change in unrealized gains on assets limited as to use and investments – other-than-trading securities	**314**	(233)
Net assets released from restrictions for purchase of property and equipment	**604**	5,663
Merged assets	**–**	773
Other change in accrued retirement benefits	**(128,082)**	74,381
(Decrease) increase in unrestricted net assets	**$ (110,680)**	$ 189,790

See accompanying notes

WellSpan Health

Consolidated Statement of Changes in Net Assets

(In Thousands)

	Year Ended June 30	
	2012	**2011**
Unrestricted net assets		
Excess of revenues over expenses	**$ 16,484**	$ 109,206
Other changes in unrestricted net assets:		
Change in unrealized gains (losses) on assets limited as to use and investments – other-than-trading securities	**314**	(233)
Net assets released from restrictions for purchase of property and equipment	**604**	5,663
Merged assets	**–**	773
Other change in accrued retirement benefits	**(128,082)**	74,381
(Decrease) increase in unrestricted net assets	**(110,680)**	189,790
Temporarily restricted net assets		
Net realized and unrealized (losses) gains on investments	**(170)**	949
Net investment income	**295**	654
Contributions	**6,432**	6,731
Net assets released from restrictions	**(6,079)**	(11,539)
Increase (decrease) in temporarily restricted net assets	**478**	(3,205)
Permanently restricted net assets		
Net investment income	**658**	572
Net realized and unrealized (losses) gains on investments	**(882)**	2,548
Contributions	**32**	1,817
Net assets released from restrictions	**(658)**	(572)
(Decrease) increase in permanently restricted net assets	**(850)**	4,365
(Decrease) increase in net assets	**(111,052)**	190,950
Net assets		
Beginning of year	**541,704**	350,754
End of year	**$ 430,652**	$ 541,704

See accompanying notes

WellSpan Health

Consolidated Statements of Cash Flows

(In Thousands)

	Year Ended June 30	
	2012	**2011**
Cash flows from operating activities		
(Decrease) increase in net assets	**$ (111,052)**	$ 190,950
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities:		
Gain on disposal of fixed assets	**(97)**	(52)
Noncontrolling interest in earnings of consolidated entities, net of distributions	**(85)**	361
Depreciation and amortization	**55,223**	56,516
Net realized and unrealized loss (gain) on assets limited as to use and investments	**14,973**	(62,804)
Change in fair value of interest rate swap agreements	**31,633**	(8,672)
Amortization of original issue discount	**208**	207
Undistributed loss of investments in joint ventures	**38**	8
Change in beneficial interest in perpetual trusts	**741**	(4,060)
Provision for bad debts	**53,932**	46,694
Temporarily restricted net contributions and investment income received	**(6,727)**	(7,385)
Change in cash due to changes in assets and liabilities:		
Patient accounts receivable and other receivables	**(60,816)**	(48,736)
Inventories, pledges receivable, prepaid expenses and other assets	**(2,974)**	(5,674)
Accounts payable and accrued expenses and accrued interest payable	**2,231**	11,798
Accrued salaries and wages	**9,181**	5,386
Advances from third-party payors	**(49)**	(135)
Estimated third-party payor settlements	**5,987**	(4,873)
Estimated self-insurance costs	**4,265**	5,728
Accrued retirement benefits	**101,013**	(42,419)
Net cash provided by operating activities before change in trading securities	**97,625**	132,838
Sales (purchases) of trading securities, net	**57,532**	(37,408)
Net cash provided by operating activities	**155,157**	95,430

WellSpan Health

Consolidated Statements of Cash Flows (continued)

(In Thousands)

	Year Ended June 30	
	2012	**2011**
Cash flows from investing activities		
Capital expenditures	**$ (98,931)**	$ (81,583)
Proceeds on sale of property and equipment	**182**	78
Cash received from merger of AHCA	**–**	857
Gross purchases of assets limited as to use and investments – other than trading	**(19,712)**	(5,536)
Change in investments in joint ventures	**–**	(773)
Net cash used in investing activities	**(118,461)**	(86,957)
Cash flows from financing activities		
Temporarily restricted net contributions and investment income received	**6,727**	7,385
Principal repayments on long-term debt and notes payable	**(17,961)**	(11,811)
Proceeds from issuance of notes payable and long-term debt	**5,439**	20,092
Deferred financing costs, net of refunds	**–**	(70)
Net cash (used in) provided by financing activities	**(5,795)**	15,596
Increase in cash and cash equivalents	**30,901**	24,069
Cash and cash equivalents, beginning of year	**42,433**	18,364
Cash and cash equivalents, end of year	**$ 73,334**	$ 42,433
Supplemental cash flow information		
Cash paid for interest, net of capitalized interest	**$ 19,330**	$ 19,951
Cash paid for income taxes	**$ 371**	$ 599

See accompanying notes

WellSpan Health

Notes to Consolidated Financial Statements
(In Thousands)

June 30, 2012

1. Organization

WellSpan Health (WSH) is a not-for-profit corporation and has the following sole-member corporations, equity investments and other affiliates:

Entity	WSH Relation to Entity	Date Entity Was Formed	Purpose of Entity
Hospitals			
York Hospital (YH)	Sole member	1880	A not-for-profit corporation that operates a hospital.
Gettysburg Hospital (GH)	Sole member	1919	A not-for-profit corporation that operates a hospital.
WellSpan Specialty Services (WSS)	Sole member	April 1997	A not-for-profit corporation that operates a hospital and other operations.
Foundations			
Gettysburg Hospital Foundation (GHF)	GH is the sole member of GHF.	July 1983	A not-for-profit foundation formed to raise funds to further support the operations of GH.
York Health Foundation (YHF)	Sole member	March 2000	A not-for-profit foundation formed to raise funds to further support the operations of YH.
Other not-for-profit organizations engaged in health services			
WellSpan Medical Group (WMG)	Sole member	June 1993	A not-for-profit corporation that operates medical practices and a counseling practice.
VNA Home Health Services (VNAHHS)	WSS is the sole member of VNAHHS.	February 1911	A not-for-profit corporation that provides home health and hospice care services.

1. Organization (continued)

Entity	WSH Relation to Entity	Date Entity Was Formed	Purpose of Entity
Other not-for-profit organizations engaged in health services (continued)			
VNA Community Services (VNACS)	WSS is the sole member of VNACS.	August 1984	A not-for-profit corporation that provides home personal care services.
Healthy Community Pharmacy, Inc. (HCP)	WHCS is the sole member of HCP.	December 2003	A not-for-profit corporation that dispenses pharmaceuticals to the uninsured population.
WellSpan Properties, Inc. (WP)	WHCS is the sole member of WP.	April 1987	A not-for-profit corporation that developed the Apple Hill Medical Center and other outpatient facilities that are leased to affiliates.
WellSpan Health Care Services (WHCS)	Sole member	January 1986	A not-for-profit corporation that engages in health-related activities in the service area.
Apple Hill Surgical Center, Inc. (AHSCI)	WHCS is the sole member of AHSCI.	May 1987	A not-for-profit corporation that serves as general partner of AHSCP.
York Health Plan d/b/a South Central Preferred (SCP)	Sole member	November 1991	A not-for-profit corporation that administers a Preferred Provider Organization.
York Provider Network (YPN)	Sole member	February 1997	A not-for-profit corporation that coordinates managed care risk contracting and care management activities within WSH. YPN had no accounting transactions through June 30, 2012.

(In Thousands)

1. Organization (continued)

Entity	WSH Relation to Entity	Date Entity Was Formed	Purpose of Entity
Taxable corporations engaged in taxable activities that support our mission			
WellSpan Pharmacy, Inc. (WRx)	WHCS owns 100% of WRx's outstanding stock.	April 1985	A corporation that dispenses pharmaceuticals and provides intravenous therapy services.
WellSpan Reciprocal Risk Retention Group (WRRRG)	Sole member	June 2003	A risk retention group that provides coverage for the primary layer of professional and general liability, beginning July 1, 2003.
Apple Hill Condominium Association (AHCA)	WP and AHSCP own 41.8% and 15.0% interest in AHCA, respectively.	March 1988	A homeowners' association that oversees the Apple Hill Medical Center building.
Apple Hill Surgical Center Partners (AHSCP)	WSH has 67.9% ownership in the partnership units.	February 1988	A limited partnership that operates a surgical center.
Cherry Tree Cancer Center (CTCC)	WHCS has a 50% partnership interest in CTCC.	April 1997	A limited liability partnership that operates a radiation therapy center.
Q-WH, LLC (Q-WH), formerly known as York-Memorial MRI Corp.	WHCS has a 50% interest in Q-WH.	January 1987	A limited liability company that serves as the general partner in CHIP.
Community Healthcare Imaging Partners (CHIP), d/b/a MRI of York	WHCS has a 49.4% limited partnership interest in CHIP.	January 1987	A limited partnership that operates a magnetic resonance imaging center.
Littlestown Health Care Partnership (LHCP)	WHCS has a 50% interest in LHCP.	September 1996	A Pennsylvania partnership that leases outpatient medical facilities.

(In Thousands)

1. Organization (continued)

Entity	WSH Relation to Entity	Date Entity Was Formed	Purpose of Entity
Other joint ventures not consolidated			
Central Pennsylvania Alliance Laboratory (CPAL)	20% membership interest	March 1997	A limited liability corporation that operates a regional reference laboratory. The investment is accounted for on the equity basis.
Quest Behavioral Health, Inc. (QUEST)	20% membership interest	March 1997	A not-for-profit corporation that provides behavioral health managed care services. The investment is accounted for on the equity basis.
Downtown Renaissance Fund, LLC (DRF)	WSH has a 33.33% interest.	December 2009	A limited liability company that operates to advance the charitable, community development, scientific and educational purposes of its members.
Physician Hospital Organization of Gettysburg, Inc. (PHO)	GH has a 50% interest in PHO.	May 1994	A not-for-profit corporation that educates and provides a health network for managed care. The investment is accounted for on the equity basis.
Central Pennsylvania Healthcare Alliance (CPHA)	20% membership interest	March 1997	A not-for-profit corporation that provides the infrastructure for overseeing the joint operation of health services in Central Pennsylvania. The investment is accounted for on the equity basis. CPHA had no accounting transactions through June 30, 2012.

1. Organization (continued)

Certain board members of YH, GH, SCP, WMG, WHCS, and WSS also serve as Board members of WSH.

2. Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of WSH and its sole member corporations and equity investments, with the exception of the joint ventures where WSH has less than 50% control. Joint ventures where WSH has 50% control and total management responsibilities are included in the consolidated financial statements. All significant intercompany transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Financial instruments consist of cash equivalents, patient accounts receivable, investments and assets limited as to use, accounts payable and accrued expenses, interest rate swap agreements and long-term debt. The carrying amounts reported in the consolidated balance sheets for financial instruments (except investments in limited partnerships and long-term debt) approximate fair value. As prescribed by GAAP, long-term debt is carried at historical cost and investments in limited partnerships are carried under the equity method or at cost depending upon the extent of WSH's influence and control.

2. Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less. The carrying amount approximates fair value because of the short maturity of these instruments. Cash balances are principally uninsured and are subject to normal credit risks. At June 30, 2012 and 2011, and at various times during the year, WSH maintained cash-in-bank balances in excess of the $250 general deposit federally insured limits.

Allowance for Doubtful Accounts

WSH provides an allowance for doubtful accounts for estimated losses resulting from the unwillingness or inability of patients who do not qualify for charity care to make payments for services. The allowance is determined by analyzing specific accounts and historical data and trends. Patient accounts receivable are charged off against the allowance for doubtful accounts when management determines that recovery is unlikely and WSH ceases collection efforts. Losses have been consistent with management's expectations in all material respects.

Investments and Assets Limited as to Use

Assets limited as to use primarily include assets held by trustee under bond indenture agreements, self-insurance trust and designated assets set aside by the Board of Directors. Investment income from these assets is available for current operations of WSH. Certain bond indentures require funds to be deposited with a trustee for future debt service requirements. The assets have been classified as current or long-term to match the designation of the obligation they are intended to satisfy. Investments in debt and equity securities, mutual funds and money market funds, with readily determinable fair values are measured at fair value based on quoted market prices. WSH has investments in limited partnerships (LP) as a conduit for investing that are not actively traded, for which the ownership interest is less than 5% and are recorded on the cost basis.

WSH's board-designated and other unrestricted investments are designated as a "trading" portfolio in accordance with the AICPA Audit and Accounting Guide: Health Care Organizations (the Guide). The Guide requires that changes in unrealized gains and losses on marketable securities designated as trading be reported within excess of revenues over expenses. LP investments are classified as "other-than-trading."

(In Thousands)

2. Significant Accounting Policies (continued)

Investment income, realized gains and losses, unrealized gains and losses on trading securities and other-than-temporary losses on investment transactions (for other-than-trading securities) are included in the excess of revenues over expenses, unless the income or loss is restricted by donor or law. Realized gains and losses for all investments sold are determined on a specific-identification basis. Unrealized gains and losses on other-than-trading investments and assets limited as to use are excluded from the excess of revenues over expenses, and are included as a component of other changes in unrestricted net assets, to the extent that such losses are considered temporary. Investments designated as other-than-trading are periodically reviewed for impairment conditions, including the magnitude and duration of the decline that indicate the occurrence of an other-than-temporary decline. If such conditions exist, the investment's cost is then written down to its current market value.

Amounts required to meet current debt service and self-insured liabilities have been reclassified in the consolidated balance sheets. Donated securities are recorded at their fair market value.

Investment securities and limited partnerships, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risks associated with certain investment securities and limited partnerships, it is reasonably possible that changes in the value of investments could occur in the short-term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or net realizable value and are comprised of the following:

	June 30	
	2012	**2011**
Pharmaceutical drugs	**$ 6,195**	$ 5,546
Medical supplies	**3,502**	1,710
Computer supplies	**146**	174
	$ 9,843	$ 7,430

2. Significant Accounting Policies (continued)

Property and Equipment

Property and equipment acquisitions are recorded at cost. Net interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Capitalized net interest was $2,562 and $2,388 for the years ended June 30, 2012 and 2011, respectively.

Expenditures for renewals and improvements are charged to the property accounts. Replacements, maintenance and repairs that do not improve or extend the life of the respective assets are expensed when incurred. WSH removes the cost and the related accumulated depreciation from the accounts for assets sold or retired, and resulting gains or losses are included in the accompanying consolidated statements of operations.

Donated assets are recorded at their fair value at the date of donation. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Depreciation and amortization is provided over the estimated useful life of each class of depreciable asset and is computed by the straight-line method. Equipment under capital leases is amortized on a straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the consolidated financial statements.

Deferred Financing Costs

Financing costs incurred in connection with long-term financing have been deferred and are being amortized on a straight-line basis over the life of the related debt.

Self-Insurance Costs

The provision for estimated medical malpractice, workers' compensation, and employee health claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

2. Significant Accounting Policies (continued)

Derivative Financial Instruments

The interest rate swap agreements are used by WSH to manage interest rate exposures and to hedge the changes in cash flows on variable rate revenue bonds. These types of derivative financial instruments involve, to a varying degree, elements of market and credit risk. The market risk associated with these instruments resulting from interest rate movements is expected to offset the market risk of the liability being hedged.

WSH recognizes the interest rate swap agreements in the consolidated balance sheets at fair value. Management has determined that WSH's interest rate swap agreements do not qualify as hedges for financial reporting purposes. Consequently, the changes in the fair value of WSH's interest rate swap agreements are included as a component of excess of revenues over expenses in the consolidated statements of operations.

Temporarily and Permanently Restricted Investments and Net Assets

Unconditional promises to give cash and other assets are reported at fair value at the date the promise 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 the purpose for the restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

Permanently restricted net assets represent WSH's beneficial interest in perpetual trusts recorded at fair value. Beneficial interests in perpetual trusts are reported at fair value, with WSH's share determined by its interest percentage in the trust. Annual changes in fair value are reported as increases or decreases in permanently restricted net assets.

2. Significant Accounting Policies (continued)

Excess of Revenues over Expenses

The consolidated statements of operations include the excess of revenues over expenses. Changes in unrestricted net assets that are excluded from the excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on other-than-trading assets limited as to use and investments to the extent losses are deemed temporary, contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets) and changes in accrued retirement benefits.

Net Patient Service Revenue

WSH has agreements with third-party payors that provide for payments to WSH at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, discounted charges, per diem payments and reimbursed costs. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered.

WSH's revenues may be subject to adjustment as a result of examination by government agencies or contractors, and as a result of differing interpretation of government regulations, medical diagnosis, charge coding, medical necessity, or other contract terms. The resolution of these matters, if any, often is not finalized until subsequent to the period during which the services were rendered. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations.

Other Revenue

Other revenue for the years ended June 30, 2012 and 2011 consists primarily of WRx's prescription sales of $34,010 and $30,552, respectively. Investment income from assets limited as to use under bond indenture agreements, cafeteria sales, grant revenues, and other nonpatient service revenue are also included in other revenue.

2. Significant Accounting Policies (continued)

Charity Care

For patients who meet certain criteria under its charity care policy, WSH provides care without charge or at amounts less than its established rates. Because WSH does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Federal and State Income Taxes

WSH, sole member corporations and equity investments, with the exception of WRx, SCP, AHSCP, PHO, CHIP, Q-WH, CPAL, CTCC, LHCP, WRRRG, and YPN are tax-exempt organizations in accordance with Section 501(c)(3) of the Internal Revenue Code and are not subject to federal or state income taxes for activities related to their exempt purposes. The estimated taxes for the taxable income of WRx, SCP, QUEST, WRRRG, PHO, and YPN are not significant and are provided for in the consolidated statements of operations. No federal or state income taxes have been provided for AHSCP, CHIP, CTCC, and LHCP in the accompanying consolidated financial statements, as they are not payable by these entities. The partners are to include their respective share of these entities' profits or losses in their individual tax returns. As limited liability corporations, CPAL, Q-WH, and DRF are subject to state income taxes; the partners of CPAL, Q-WH, and DRF are subject to federal taxes related to earnings of the respective corporations.

Recent Accounting Pronouncements

In August 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2010-24, *Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries*. ASU 2010-24 requires that health care entities present insurance recoveries and related claim liabilities at their gross values; netting of the recoveries against the liabilities is prohibited. The amount of the claim liability should also be determined without consideration of the insurance recoveries. WSH retrospectively adopted the guidance in ASU 2010-24 for the reporting period ended June 30, 2012. This adoption impacts the balance sheet and footnote presentation for WSH to reflect the gross estimated receivable and gross noncurrent liabilities and had no impact on previously reported excess of revenues over expenses or net assets. The adoption of this standard increased other noncurrent assets and long-term estimated self-insurance costs by $8,530 and $8,088 for the years ended June 30, 2012 and 2011, respectively.

2. Significant Accounting Policies (continued)

In August 2010, the FASB also issued ASU 2010-23, *Health Care Entities (Topic 954): Measuring Charity Care for Disclosure*. ASU 2010-23 requires that cost be used as the measurement basis for charity care disclosure purposes and that cost be identified as the direct and indirect costs of providing the charity care. ASU 2010-23 is effective for fiscal years beginning after December 10, 2010 and management will adopt this guidance effective July 1, 2011. WSH has adopted the provisions of ASU 2010-23 in the current year and made the appropriate disclosures in the consolidated financial statements.

In May 2011, the FASB issued ASU 2011-04 to amend the requirement for measuring and disclosing information about fair value that results in common principles between U.S. generally accepted accounting principles and International Financial Reporting Standards. The amendments clarify the FASB's intent about the application of existing fair value measurement and disclosure requirements and change particular principles and requirements for measuring or disclosing information about fair value. Principles changed include measuring fair value of financial instruments that are managed within a portfolio, application of premiums and discounts in the fair value measurement, and additional disclosures about fair value measurements.

The standard will become effective for WSH for annual reporting periods beginning after December 15, 2011. WSH is currently evaluating the new guidance and will adopt the provisions as required upon the effective date.

In July 2011, the FASB issued ASU 2011-07 related to the presentation and disclosure of patient service revenue, provision for bad debts, and the allowance for uncollectible accounts. The standard requires healthcare entities that recognize significant amounts of patient service revenue at the time services are rendered even though they do not assess the patient's ability to pay to change the presentation of their statement of operations and changes in net assets by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue. Additionally, those healthcare entities are required to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts. The standard also requires disclosures of patient service revenue by major payor source as well as qualitative and quantitative information about changes in the allowance for uncollectible accounts. The standard is effective for fiscal years and interim periods beginning after December 31, 2011, with early adoption permitted. The amendments to the presentation of the provision for bad debts related to patient service revenue in the statement of operations and changes in net assets are required to be applied retrospectively to all prior

2. Significant Accounting Policies (continued)

periods presented. The enhanced disclosures are required to be provided in the period of adoption and subsequent reporting periods. WSH adopted the provisions of this standard as of and for the year ended June 30, 2012, and retrospectively applied the presentation requirements to all periods presented. The change in presentation and additional disclosures are reflected in the consolidated statements of operations and changes in net assets and in Note 3. Adoption of the new guidance had no impact on previously reported excess of revenues over expenses or net assets.

In September 2011, the FASB issued ASU 2011-08, *Testing Goodwill for Impairment*. ASU 2011-08 gives entities the option to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If entities determine, on the basis of qualitative factors, that the fair value of a reporting unit is more likely than not less than the carrying amount, the two-step impairment test under Accounting Standards Codification (ASC) 350, *Intangibles – Goodwill and Other*, would be required. Otherwise, further testing would not be needed. This new guidance is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2011, with early adoption permitted. WSH adopted ASU 2011-08 as of June 30, 2012. The adoption did not have an impact on the consolidated financial statements.

Reclassifications

Certain reclassifications have been made to the consolidated financial statements of the prior year to conform to the current-year presentation, which had no impact on previously reported excess of revenues over expenses or net assets.

3. Net Patient Service Revenue

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

- **Medicare and Medicaid.** Net revenue from the Medicare and Medicaid programs accounted for approximately 38% of WSH's net patient service revenue for each of the years ended June 30, 2012 and 2011. Inpatient acute care services provided to Medicare and Medicaid 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. WSH is reimbursed for certain cost reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports by WSH and audits thereof by Medicare. WSH's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with WSH. Medicare reimburses for most outpatient services on the Outpatient Prospective Payment System (OPPS). Medicaid outpatient services are paid based on a fee schedule. YH's and GH's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2007. YH's and GH's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through June 30, 2006. For the years ended June 30, 2012 and 2011, net patient service revenue reflects a decrease of approximately $366 and a $614 increase, respectively, due to estimate changes. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

  In December 2010, the Department of Public Welfare (DPW) received approval from Centers for Medicare and Medicaid Services (CMS) for the Pennsylvania state plan amendments pursuant to Pennsylvania Act 49 of 2010 that, among other things, established a new inpatient hospital fee-for-service payment system (using APR-DRG), established enhanced hospital payments through the state's Medical Assistance managed care program and secured additional matching Medicaid funds through the establishment of the Quality Care Assessment (QCA). In February 2011, the DPW received the approvals necessary from CMS on the final technical language for the DPW contracts

3. Net Patient Service Revenue (continued)

with managed care organizations. The Hospital and Healthcare Association of Pennsylvania issued hospital-specific impacts of the MA payment modernization for fiscal year 2011. WSH recorded an operating income impact of approximately $4,681 and $6,305 in its consolidated statements of operations and changes in net assets for the years ended June 30, 2012 and 2011, respectively.

- **Blue Cross.** Net revenue for services provided under Blue Cross & Blue Shield contracts accounted for approximately 32% of WSH net patient service revenues for the years ended June 30, 2012 and 2011, respectively. Inpatient and outpatient services rendered to Blue Cross subscribers are reimbursed primarily on a discount from established charge basis.

- **Capitation Revenue.** WMG has agreements with various Health Maintenance Organizations (HMOs) to provide medical services to subscribing patients. Under these agreements, WMG receives monthly capitation payments based on the number of each HMO's participants, regardless of services actually performed by WMG's physicians. In addition, WMG may receive additional compensation for services not covered under the capitation payment as defined in the agreements. Under the agreements, certain funds are set aside to cover hospital and other costs. To the extent that these funds are not used, WMG shares in the excess with the HMOs. WMG records the capitation payments as income in the period to which the services relate and records any additional payments at such time as the amounts can be reasonably estimated.

  WSH has also entered into payment agreements with certain other commercial insurance carriers, HMOs, and preferred provider organizations. The basis for payment to WSH under these agreements is primarily on a discount from established charges but also includes prospectively determined daily rates and prospectively determined fee schedules.

(In Thousands)

3. Net Patient Service Revenue (continued)

For patient receivables associated with self-pay patients, including patients with deductible and copayment balances, for which third-party coverage provides for a portion of the services provided, WSH records an estimated for uncollectible accounts in the year of service. WSH has experienced an increase in the provision for uncollectible accounts as a result of high unemployment, loss of employer-sponsored insurance plans and rising patient responsibility balances. The allowance for uncollectible accounts by major payor source at years ended June 30 was the following:

	Year Ended June 30	
	2012	**2011**
Third-party	**$ 13,340**	$ 12,026
Self-pay	**17,360**	16,054
	$ 30,700	$ 28,080

WSH grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows:

	June 30	
	2012	**2011**
Medicare	**30%**	29%
Medicaid	**13**	16
Blue Cross/Blue Shield	**12**	11
Other third-party payors	**25**	24
Self-pay	**20**	20
	100%	100%

4. Charity Care and Community Service

WSH's tax-exempt organizations' patient acceptance policies are based upon their mission statements and charitable purposes. Accordingly, WSH accepts all patients regardless of their ability to pay. For patients who meet the criteria of its charity service policy WSH provides services without charge or at amounts less than the established rates. Criteria for charity care consider the patient's family income, family size, and ability to pay. This policy results in WSH's assumption of higher-than-normal patient receivable credit risk. To the extent that WSH realizes additional losses resulting from such higher credit risks and patients are not identified or do not meet WSH's defined charity care policy, such additional losses are included in the provision for bad debts.

WSH maintains records to identify and monitor the level of charity care and community service it provides. These records include the amount of charges forgone based on established rates for services and supplies furnished under its charity care and community service policies and the estimated cost of those services. The amount of charity care provided based on WSH's direct and indirect costs was approximately $20,210 and $18,427 in 2012 and 2011, respectively.

Additionally, WSH sponsors certain other service programs and charity services which provide substantial benefit to the greater community. Such programs include patient visits in outpatient clinics, mental health services, other outpatient clinical services and health care education programs. These programs serve a large portion of the indigent, elderly, diabetic and other underserved patient populations. The estimated unreimbursed cost of providing these programs and services was approximately $19,322 and $18,118 for the years ended June 30, 2012 and 2011, respectively.

WSH participates in the Medicare program. Medicare is a federally funded program which provides health insurance coverage for individuals who are 65 or older, or who meet other special criteria. Payments from Medicare as described in Note 3 are generally less than WSH's costs of providing the service to Medicare beneficiaries. Unpaid costs in excess of payments received for the Medicare program were approximately $64,792 and $61,467 in 2012 and 2011, respectively.

(In Thousands)

4. Charity Care and Community Service (continued)

WSH also participates in the Pennsylvania Medical Assistance (PMA) program which makes payment for services provided to families with dependent children, the aged, the blind, and the permanently and totally disabled, whose income and resources are insufficient to meet the costs of necessary medical services. Payments from the PMA as described in Note 3 are generally less than WSH's costs of providing the service. Unpaid costs in excess of payments received for the PMA program were approximately $58,884 and $59,868, respectively, in 2012 and 2011.

5. Investments

Unrestricted Investments

The composition of unrestricted investments is set forth in the following table.

	June 30	
	2012	**2011**
WSH Master Trust	**$ 10,152**	$ 7,685
Mutual funds	**663**	640
Land investment, at cost	**5,059**	5,059
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	**4,424**	3,196
Government-sponsored enterprise mortgage-backed securities	**2,536**	2,267
Corporate debt securities	**3,396**	2,268
Money market fund	**454**	205
	$ 26,684	$ 21,320

(In Thousands)

5. Investments (continued)

Investments Limited as to Use

The composition of assets limited as to use is set forth in the following table.

	June 30	
	2012	**2011**
Board-designated:		
WSH Master Trust	**$ 543,654**	$ 560,174
Money market fund	**728**	1,747
Mutual funds	**5,162**	5,040
Swap collateral[1]	**3,472**	14,272
Government-sponsored enterprise mortgage-backed securities	**8,702**	5,211
Corporate debt securities	**10,127**	16,675
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	**26,132**	26,405
	$ 597,977	$ 629,524

[1] Swap collateral held by the counterparty is principally uninsured and is subject to normal credit risks.

	June 30	
	2012	**2011**
Under bond indenture agreements held by trustee:		
Project Fund – Money market fund	**$ –**	$ 7,761
Cash	**–**	616
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	**–**	18,406
	–	26,783
Less: Trustee-held assets for current debt service	**–**	(8)
	$ –	$ 26,775

(In Thousands)

5. Investments (continued)

	June 30	
	2012	**2011**
Self-insurance trust investments:		
Government-sponsored enterprise mortgage-backed securities	**$ 2,941**	$ 3,292
Corporate debt securities	**5,048**	4,369
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	**7,006**	6,887
Less: Trustee-held assets for current self-insurance	**(5,882)**	(3,503)
	$ 9,113	$ 11,045
Temporarily restricted investments		
Cash and short-term investments	**$ 9**	$ 226
Mutual funds	**1,055**	663
Corporate debt securities	**–**	139
WSH Master Trust	**5,656**	5,866
	$ 6,720	$ 6,894
Permanently restricted investments		
WSH Master Trust	**$ 2,868**	$ 2,976
Beneficial interest in perpetual trusts		
Mutual funds held by other trustees	**$ 15,128**	$ 15,869

(In Thousands)

5. Investments (continued)

WSH Master Trust

WSH maintains the WSH Master Trust for certain funds classified in investments and assets limited as to use in the accompanying consolidated balance sheets. The WSH Master Trust is comprised of the following, by restriction category:

	June 30	
	2012	**2011**
Unrestricted	**$ 10,152**	$ 7,685
Board-designated	**543,654**	560,174
Temporarily restricted	**5,656**	5,866
Permanently restricted	**2,868**	2,976
	$ 562,330	$ 576,701

(In Thousands)

5. Investments (continued)

A summary of the assets of the WSH Master Trust is as follows:

	June 30	
	2012	**2011**
Investments, at fair value		
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	**$ 54,471**	$ 56,599
Government-sponsored enterprise mortgage-backed securities	**11,178**	11,895
Other asset-backed securities	**23,784**	21,545
Corporate debt securities	**35,158**	33,374
Aggregate bond index fund	**11,949**	21,908
Commodities/real return	**27,930**	28,396
Equity securities	**143,892**	149,158
Stock index fund	**38,655**	37,647
Collective mutual funds and investment trusts	**85,835**	104,510
Real estate, limited partnerships	**8,200**	–
	441,052	465,032
Investments, recorded at cost		
Absolute return, limited partnerships	**73,589**	66,439
Real estate, limited partnerships	**20,718**	21,322
Private equity, limited partnerships	**26,971**	23,908
	121,278	111,669
	$ 562,330	$ 576,701

(In Thousands)

5. Investments (continued)

Most real estate, private equity, and absolute return limited partnership investments are adjusted to and are carried at cost because WSH does not have a controlling interest in the related partnerships and the fair value is not readily determinable. The unaudited fair value of these limited partnership investments exceeded the cost basis of these investments by $27,323 and $22,377 as of June 30, 2012 and 2011, respectively.

Allocations of assets from the WSH Master Trust to participating funds are as follows:

	June 30			
	2012		2011	
	Amount	Percent	Amount	Percent
York Hospital:				
YH Renewal and Replacement Fund	**$ 451,293**	**80%**	$ 459,705	80%
YH Auxiliary	**512**	*	459	*
YH Endowment	**2,187**	*	2,145	*
Gettysburg Hospital:				
GH Renewal and Replacement Fund	**74,564**	**14**	80,839	14
GH Foundation	**873**	*	931	*
York Health Foundation:				
Charitable Trust	**4,239**	**1**	4,451	1
WellSpan Specialty Services:				
WSS Restricted	**18,304**	**3**	20,247	4
WSS	**10,358**	**2**	7,924	1
	$ 562,330	**100%**	$ 576,701	100%

*Less than 0.5% of total.

(In Thousands)

5. Investments (continued)

Interest and dividend income, net of investment expenses and gains (losses) for assets limited as to use, cash equivalents and investments are comprised of the following:

	Year Ended June 30	
	2012	**2011**
Other income		
Interest and dividend income	**$ 15,092**	$ 12,407
Change in unrealized gains and losses on trading securities	**(20,658)**	52,077
Net realized gain on sales of securities	**5,541**	10,010
	$ (25)	$ 74,494
Other changes in unrestricted net assets		
Change in unrealized gains and losses on assets limited as to use and investments – other-than-trading securities	**$ 314**	$ (233)

6. Fair Value Measurements

WSH utilizes various methods of calculating the fair value of its financial assets and liabilities, when applicable. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are applied based on the unit of account from WSH's perspective. The unit of account determines what is being measured by reference to the level at which the asset or liability is aggregated (or disaggregated). The fair value hierarchy is comprised of three levels based on the source of inputs as follows:

- Level 1 – Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

- Level 2 – Observable inputs that are based on inputs not quoted in active markets, but corroborated by market data.

- Level 3 – Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

(In Thousands)

6. Fair Value Measurements (continued)

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining fair value, WSH uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers nonperformance risk in its assessment of fair value.

Financial assets carried at fair value are classified in the table below in one of the three categories described above:

	June 30, 2012			
	Total Fair Value	**Level 1**	**Level 2**	**Level 3**
WSH Master Trust				
Debt securities issued by the U.S. agencies Treasury and other U.S. government corporations and agencies	**$ 54,471**	**$ 54,471**	**$ –**	**$ –**
Government-sponsored enterprise mortgage-backed securities	**11,178**	**–**	**11,178**	**–**
Other asset-backed securities	**23,784**	**–**	**23,784**	**–**
Corporate debt securities	**35,158**	**–**	**35,158**	**–**
Aggregate bond index fund	**11,949**	**–**	**11,949**	**–**
Commodities/real return	**27,930**	**27,930**	**–**	**–**
Equity securities:				
Consumer discretionary and services	**25,050**	**25,050**	**–**	**–**
Consumer staples	**8,979**	**8,979**	**–**	**–**
Financial services	**22,051**	**22,051**	**–**	**–**
Healthcare	**15,980**	**15,980**	**–**	**–**
Materials and processing	**13,805**	**13,805**	**–**	**–**
Other energy	**13,704**	**13,704**	**–**	**–**
Producer durables	**8,198**	**8,198**	**–**	**–**
Technology	**33,046**	**33,046**	**–**	**–**
Utilities	**3,079**	**3,079**	**–**	**–**
Total equity securities	**143,892**	**143,892**	**–**	**–**
Stock index fund	**38,655**	**–**	**38,655**	**–**
Collective mutual funds and investment trusts	**85,835**	**4,839**	**80,996**	**–**
Real estate, limited partnerships[1]	**8,200**	**–**	**–**	**8,200**
Total WSH Master Trust	**441,052**	**231,132**	**201,720**	**8,200**

(In Thousands)

6. Fair Value Measurements (continued)

	June 30, 2012			
	Total Fair Value	Level 1	Level 2	Level 3
Other assets				
Cash and cash equivalents agencies	$ 73,350	$ 73,350	$ –	$ –
Money market fund	1,182	1,182	-	–
Mutual funds	6,880	3,260	3,620	–
Beneficial interest in perpetual trusts*	15,128	7,167	7,961	–
Swap collateral	3,472	3,472	–	–
Government-sponsored enterprise mortgage-backed securities	14,179	–	14,179	–
Debt securities issued by the U.S. agencies Treasury and other U.S. government corporations and agencies	37,562	37,562	–	–
Corporate debt securities	18,571	–	18,571	–
Total other assets	170,324	125,993	44,331	–
	611,376	357,125	246,051	8,200
Liabilities				
Interest rate swap agreements	(68,103)	–	(68,103)	–
	$ 543,273	$ 357,125	$ 177,948	$ 8,200

(In Thousands)

6. Fair Value Measurements (continued)

	June 30, 2011			
	Total Fair Value	**Level 1**	**Level 2**	**Level 3**
WSH Master Trust				
Debt securities issued by the U.S. agencies Treasury and other U.S. government corporations and agencies	$ 56,599	$ 56,599	$ –	$ –
Government-sponsored enterprise mortgage-backed securities	11,895	–	11,895	–
Other asset-backed securities	21,545	–	21,545	–
Corporate debt securities	33,374	–	33,374	–
Aggregate bond index fund	21,908	–	21,908	–
Commodities/real return	28,396	28,396	–	–
Equity securities:				
Consumer discretionary and services	23,872	23,872	–	–
Consumer staples	7,943	7,943	–	–
Financial services	23,264	23,264	–	–
Healthcare	16,024	16,024	–	–
Materials and processing	17,084	17,084	–	–
Other energy	16,899	16,899	–	–
Producer durables	6,508	6,508	–	–
Technology	32,918	32,918	–	–
Utilities	4,646	4,646	–	–
Total equity securities	149,158	149,158	–	–
Stock index fund	37,647	–	37,647	–
Collective mutual funds and investment trusts	104,510	16,083	88,427	–
Total WSH Master Trust	465,032	250,236	214,796	–

(In Thousands)

6. Fair Value Measurements (continued)

	June 30, 2011			
	Total Fair Value	**Level 1**	**Level 2**	**Level 3**
Other assets				
Cash and cash equivalents agencies	$ 40,552	$ 40,552	$ –	$ –
Mutual funds	6,343	4,291	2,052	–
Beneficial interest in perpetual trusts*	15,869	10,779	5,090	–
Swap collateral	14,272	14,272	–	–
Government-sponsored enterprise mortgage-backed securities	10,770	–	10,770	–
Debt securities issued by the U.S. agencies Treasury and other U.S. government corporations and agencies	54,895	54,895	–	–
Corporate debt securities	23,451	–	23,451	–
Money market funds investment trusts	7,964	7,964	–	–
Total other assets	174,116	132,753	41,363	–
	639,148	382,989	256,159	–
Liabilities				
Interest rate swap agreements	(36,470)	–	(36,470)	–
	$ 602,678	$ 382,989	$ 219,689	$ –

* Beneficial interest in perpetual trusts consists of investments in various securities not under WSH control.

6. Fair Value Measurements (continued)

The following table sets forth a summary of changes in the fair value of the Level 3 assets for the year ended June 30, 2012.

	Level 3 Assets Real Estate, Limited Partnerships
Balance, beginning of year	$ –
Realized gains (losses)	**(18)**
Unrealized gains (losses)	**(4)**
Purchases	**9,643**
Sales, issuances and settlements	**(1,421)**
Balance, end of year	**$ 8,200**

(1) This asset is an investment in Siguler Guff Distressed Real Estate Opportunities Fund, LP (Siguler Guff). The estimated fair market value of this investment is determined by the total net assets of the fund attributable to common shares, divided by the number of common shares outstanding. The total net asset value of the fund is determined by the market value of the underlying investments if they are securities listed on a national securities exchange or traded over the counter. For those securities not openly traded, the investment manager generally utilizes the most recent relevant information or performance reports of such managed account or investment partnership, unless the investment manager determines some other valuation is more appropriate. On an annual basis, Siguler Guff provides audited financial statements from independent audit firms for review. This company has an unfunded commitment of $10,357. This investment has redemption restrictions at the discretion of the General Partner.

(In Thousands)

6. Fair Value Measurements (continued)

The fair value of investments carried at cost excluding land are the following:

	Total Fair Value June 30		Unfunded Commitments	Redemption	
	2012	**2011**	**June 30, 2012**	**Frequency**	**Notice Period**
Absolute return					
Multi-strategy[b]	**$ 56,432**	$ 51,456	**$ –**	Quarterly	90 days
Long/short equity[a]	**20,311**	19,961	**–**	Annual	100 days
Long/short equity[a]	**12,742**	10,459	**–**	Quarterly	65 days
	89,485	81,876	**–**		
Real estate					
Core[c]	**23,010**	21,235	**–**	Quarterly	90 days
Opportunistic[d]	**3,857**	3,839	**–**	N/A	N/A
	26,867	25,074	**–**		
Private equity[e]	**32,267**	28,242	**7,723**	N/A	N/A
	$ 148,619	$ 135,192	**$ 7,723**		

[a] This class includes investments in hedge funds of funds that invest both long and short primarily in U.S. common stocks. The fund of funds manager has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to net short position. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

[b] This class includes investments in hedge fund of funds that invest in multiple strategies including long and short equity, other non-directional, distressed securities, convertible arbitrage and fixed income arbitrage. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

[c] This class includes public and private real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this class have been estimated using the net asset value of WSH's ownership interest in the partners' capital. The investments can be redeemed; however, distributions are at the fund manager's discretion.

(In Thousands)

6. Fair Value Measurements (continued)

(d) This class includes real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this class have been estimated using the net asset value of WSH's ownership interest in the partners' capital. Distributions from the fund will be received as the underlying investments of the funds are liquidated and distributed by the fund manager. It is estimated that the underlying assets of the fund will be liquidated over 7 to 10 years from the inception of the fund.

(e) This class includes several private equity funds that invest primarily in domestic companies. Distributions are received through the liquidation of the underlying assets of the fund. It is estimated that the underlying assets of the fund will be liquidated over 5 to 10 years from the fund's inception.

7. Property and Equipment

The following is a summary of property and equipment:

	Estimated Useful Life	June 30 2012	2011
Land		**$ 14,437**	$ 14,282
Land improvements	5 to 20 years	**13,129**	12,814
Buildings and building equipment	10 to 40 years	**474,568**	388,152
Fixed equipment	5 to 25 years	**60,213**	60,112
Major movable equipment	5 to 20 years	**376,957**	336,074
Construction-in-progress		**12,069**	57,283
		951,373	868,717
Less accumulated depreciation		**(476,348)**	(437,467)
Property and equipment, net		**$ 475,025**	$ 431,250

Depreciation expense for the years ended June 30, 2012 and 2011 was $55,071 and $56,369, respectively.

WSH has outstanding purchase commitments related to various construction projects of approximately $10,274 and $39,303 at June 30, 2012 and 2011, respectively.

(In Thousands)

8. Long-Term Debt

Long-term debt consists of the following:

	June 30 2012	2011
Fixed rate debt		
2008 General Authority of South Central Pennsylvania Revenue Refunding Bonds, Series A, fixed rate interest, maturing in June 2037, collateralized by certain assets and gross receipts of YH and GH, net of unamortized discount of $4,829 and $5,023 at June 30, 2012 and 2011, respectively.	**$ 169,950**	$ 176,552
GH Note Payable, fixed interest rate, dated December 29, 2010, uncollateralized.	**887**	1,159
WSH Fulton Bank Loan, fixed interest rate, dated May 17, 2010, uncollateralized, repaid during 2012.	–	236
Variable rate debt		
2008 General Authority of South Central Pennsylvania Revenue Bonds, Series B1-D, variable rate demand bond interest, collateralized by certain assets and gross receipts of YH and GH.	**211,701**	211,701
YH 1993 Hospital Revenue Refunding Bonds, auction rate interest on Series B, collateralized by YH's gross receipts until July 2021, net of unamortized discount of $126 and $140 at June 30, 2012 and 2011, respectively.	**24,444**	30,860
AHSCP M&T Bank Loan, variable interest rate, dated August 15, 2000 collateralized by certain assets.	**2,271**	2,521
WP M&T Bank Loan, variable interest rate, dated March 28, 2011, uncollateralized.	**4,365**	2,032
GH Note Payable, variable interest rate, dated March 30, 2007, collateralized by certain assets.	**1,465**	1,773

(In Thousands)

8. Long-Term Debt (continued)

	June 30 2012	2011
Variable rate debt (continued)		
LHCP Note Payable, interest rate fixed at 6.69% until July 20, 2012 at which time the interest converted to a variable rate of LIBOR plus 2.25% for each succeeding five (5) year term, secured by guarantees from the two partners in the amount equal to the principal balance of the loan, repaid during 2012.	$ –	$ 148
CHIP M&T Bank Loan, variable interest rate, dated September 15, 2006, collateralized by cash receipts, repaid during 2012.	–	72
	415,083	427,054
Less current portion	**(7,635)**	(10,004)
	$ 407,448	$ 417,050

Long-term capital lease obligations consist of the following:

	June 30 2012	2011
WSH Capital Lease Obligations, fixed interest rates, collateralized by leased property	**$ 16,977**	$ 17,320
Less current portion	**(3,931)**	(3,192)
	$ 13,046	$ 14,128

WSH uses quoted market prices in estimating the fair value of the revenue bonds and the carrying values of the other long-term obligations' approximate fair value. The fair value of WSH's long-term debt, excluding capital lease obligations, was $440,902 and $444,970 at June 30, 2012 and 2011, respectively.

On November 12, 2008, the General Authority of South Central Pennsylvania (General Authority) issued the Revenue Refunding Bonds, Series 2008 A-D to a "Borrower Group" of WP and an Obligated Group consisting of YH and GH. The proceeds from this bond issuance were $412,230. The 2008 Series were issued by the General Authority of South Central

8. Long-Term Debt (continued)

Pennsylvania pursuant to a Trust Indenture dated as of November 1, 2008 with Manufacturers and Traders Trust Company, as Trustee. The 2008 Series A-D Bonds will be paid by YH, GH and WP based on their allocated amounts; however, the payments are secured equally by the Borrower Group pursuant to a Loan Agreement dated as of November 1, 2007 among the Issuer, the Borrower Group and a Series 2008 Master Note issued by the members of the Borrower Group under a Master Trust Indenture dated as of June 15, 2001, between the Borrower Group and Manufacturers and Traders Trust Company, as Master Trustee. The 2008 A Series are fixed rate bonds with interest rates ranging from 2.85% – 6.50%. The interest rate for the 2008 B-D Variable Rate Demand Obligations for any week may not exceed the lesser of 12% per annum or the maximum rate of interest on the obligation permitted by applicable law.

In conjunction with the Series 2008 bond issuance, the Series 2007A Bonds, the Series 2007B Bonds, the Series 2005A Bonds, the Series 2005B Bonds, the Series 2005C Bonds, the Series 2005D Bonds, the VHA Bonds, and the Series 2000 bonds were refunded.

On February 2, 2011, the Series B-D Bonds were restructured through an amendment to the Master Trust Indenture. Under the terms of the restructuring, these bonds are now non-bank qualified loans and letters of credit are not required. Interest is paid monthly and terms range from 5 – 10 years as follows:

- Series B was split into Series B-1 and B-2.
  - WSH issued Series B-1 to US Bank N.A. in the amount of $40,025 for a term of 5 years. The variable interest rate is equal to (75% of one-month LIBOR) plus 0.70%. The rate at June 30, 2012 and 2011, was 0.88% and 0.89%, respectively.
  - WSH issued Series B-2 to Manufacturers and Traders Trust Company in the amount of $34,000 for a term of 5 years. The variable interest rate is equal to (67% of one-month LIBOR) plus 1.04%. The rate at June 30, 2012 and 2011, was 1.20% and 1.17%, respectively.

8. Long-Term Debt (continued)

- WSH issued Series C to TD Bank in the amount of $56,740 for a term of 7 years. The variable interest rate is equal to 69% of (one-month LIBOR plus 0.89%) plus 0.45%. The rate at June 30, 2012 and 2011, was 1.23% and 1.20%, respectively.

- WSH issued Series D to PNC, N.A. in the amount of $80,935 for a term of 10 years. The variable interest rate is equal to (65% of one-month LIBOR) plus 0.91%. The rate at June 30, 2012 and 2011, was 1.07% and 1.03%, respectively.

A minimum of 365 days' notice of non-renewal is required by the banks prior to end of the term.

On June 23, 1993, the Authority issued the Hospital Revenue Refunding Bonds, Series 1993 (the 1993 Bonds) to YH. The Obligated Group for the 1993 Bonds consists only of YH. The proceeds from this bond issuance were $38,850, consisting of Select Auction Variable Rate Securities (SAVRS) Series B of 1993 (the Variable Rate Bonds). The 1993 Bonds were issued to refund the Hospital Revenue Refunding Bonds, Series 1991 (the 1991 Bonds). The interest rate for the 1993 Variable Rate Bonds for any 35-day auction period may not exceed the lesser of 12% or the maximum rate permitted by applicable law. The interest rate on the 1993 Variable Rate Bonds was 0.35% and 1.17% at June 30, 2012 and 2011, respectively. Interest rates for the 1993 bonds are no longer determined by auctions. Interest rates on the 1993 bonds are set by the auction agent based on a municipal commercial paper rate and multiplied by 1.75, as described in the documents as the Applicable Percentage. Interest rates are reset every 35 days. The 1993 Variable Rate Bonds have a final maturity of July 1, 2021. Annual principal payments range from $1,950 to $3,700. The bonds have been insured by AMBAC. On July 1, 2011, $4,280 of the bonds were repurchased.

The 2008 and 1993 Bond indentures and related agreements contain certain restrictive covenants which, among other things, require the Obligated Group and YH, respectively, to maintain debt service coverage of 110% on all long-term indebtedness. The Obligated Group and YH have complied with all financial covenants at June 30, 2012 and 2011.

On August 15, 2000, AHSCP obtained a mortgage in the amount of $5,000 from a bank for the construction of the surgery center expansion and other capital equipment. The interest rate is variable, and the rates at June 30, 2012 and 2011, were 0.89% and 0.84%, respectively.

8. Long-Term Debt (continued)

Repayment is in monthly payments through June 1, 2015. A balloon payment of $1,548 is due on June 1, 2015. All principal and interest payments on the loan have been collateralized by AHSCP assets.

On September 15, 2006, CHIP obtained financing in the amount of $1,075 from M&T Bank for capital equipment. The interest rate is variable, and the rate at June 30, 2012 and 2011, was .90% and 1.03%, respectively. Repayment is in monthly payments through September 15, 2011. All principal and interest payments on the loan have been collateralized by CHIP cash receipts. This debt was repaid during the year ended June 30, 2012.

On March 30, 2007, Gettysburg Ambulatory Surgical Center, LLC (the Center) obtained financing in the amount of $2,750 from M&T Bank. The interest is equal to the one-month LIBOR plus 1.40%. The interest rate at June 20, 2012 and 2011 was 1.64% and 1.65%, respectively. Repayment is in monthly payments through April 2017. The note is secured by substantially all of the Center's assets. The Center is required to maintain a cash flow coverage ratio of 1.25 to 1.0 and a minimum tangible net worth of $300. On May 31, 2009, GH assumed the loan and all assets of the Center and renegotiated the note. The interest rate remained consistent with the original note; however, the covenants were changed to be the same as the already-existing Master Trust indenture.

On June 20, 1997, LHCP obtained financing in the amount of $1,500 from PNC Bank for the purpose to fund the purchase and construction of the Littlestown Medical Center. The interest was fixed until July 20, 2012, at 6.69% at which time the interest converted to a variable rate of LIBOR plus 2.25% for each succeeding five (5) year term. Repayment is in monthly payments through January 20, 2018 The loan was secured by guarantees from the two partners in an amount equal to the principal balance of the loan. This debt was repaid during the year ended June 30, 2012.

On May 17, 2010, WSH obtained financing in the amount of $250 from Fulton Bank. The interest is fixed at 8.25%. Repayment is in monthly payments through May 17, 2015. A balloon payment of $198 was due on May 17, 2015. The loan was uncollateralized. This debt was repaid during the year ended June 30, 2012.

(In Thousands)

8. Long-Term Debt (continued)

On August 1, 2010, WSH, YH, and GH entered into a master lease agreement and tax-exempt financing arrangement with Philips Medical Capital (Philips), a third party. Through the master lease agreement, WSH, YH, and GH will lease equipment from Adams County Industrial Development Authority, a third party, which in turn serves as the lessee of Philips. The master lease agreement is comprised of four groups of equipment, for which WSH, YH, and GH will receive title at the end of the respective lease terms. WSH, YH, and GH may also receive title to the equipment at an earlier date if they exercise their purchase rights per the terms of the master lease agreement. WSH has accounted for this transaction as a capital lease in accordance with ASC 840, *Leases*.

Each group of equipment is financed through a separate tranche (Schedule) with a 6-year term under the tax-exempt financing arrangement, as follows:

Tranche	Close Date	Amount	Interest Rate
Schedule 1	August 31, 2010	$ 6,672	3.15%
Schedule 2	December 10, 2010	4,163	3.29%
Schedule 3	March 23, 2011	4,419	3.39%
Schedule 4	June 24, 2011	1,646	3.15%
		$ 16,900	

On December 29, 2010, GH closed a purchase agreement for the acquisition of a physical therapy facility. The interest rate is fixed at 2.75%. The note is in the amount of $1,159 for which repayment is in yearly payments through December 29, 2015. The note is uncollateralized.

On March 25, 2011 and February 29, 2012, WP obtained financing in the amount of $2,032 and $2,332, respectively, from M&T Bank. The financing was obtained from an available line of credit of $10,000. The line of credit has $5,636 available at June 30, 2012. The interest rate is variable and the rate at June 30, 2012 and 2011 was 1.75% and 2.19%, respectively. The note is uncollateralized.

(In Thousands)

8. Long-Term Debt (continued)

Maturities of Long-Term Debt

Maturities of the long-term debt outstanding, as of June 30, 2012, net of $4,955 in unamortized discount, are as follows:

2013	$ 11,566
2014	11,591
2015	15,385
2016	14,471
2017	17,701
2018 and thereafter	361,346
	$ 432,060

Swap Contracts

WSH has entered into interest rate swap agreements with the intent of mitigating cash flow risk relating to change in the variable interest rates. Under the swap agreements, WSH pays interest at fixed rates and receives interest at variable rates. The swap settles on a monthly basis. The following schedule outlines the terms and fair market values of the interest rate swap agreements that are included in other liabilities on the accompanying consolidated balance sheets.

	June 30, 2012			
	Series 1993	**Series 2005**	**Series 2007**	**M & T Note**
Notional amount	**$ 24,570**	**$ 105,935**	**$ 140,000**	**$ 1,477**
Effective date	**6/23/1993**	**5/17/2005**	**6/05/2007**	**9/21/2007**
Termination date	**7/13/2021**	**5/15/2031**	**6/01/2037**	**4/03/2017**
Fixed rate	**5.540%**	**3.600%**	**3.636%**	**5.000%**
Variable rate basis	**SAVRS Rate**	**USD-Libor-BBA-1MT *.624 + .0029**	**USD-Libor-BBA-1MT *.617 + .0031**	**USD-Libor-BBA-1MT *.617**
Recorded liability	**$ (4,473)**	**$ (22,512)**	**$ (40,960)**	**$ (158)**

(In Thousands)

8. Long-Term Debt (continued)

	June 30, 2011			
	Series 1993	**Series 2005**	**Series 2007**	**M & T Note**
Notional amount	$ 31,000	$ 109,040	$ 140,000	$ 1,782
Effective date	6/23/1993	5/17/2005	6/05/2007	9/21/2007
Termination date	7/13/2021	5/15/2031	6/01/2037	4/03/2017
Fixed rate	5.540%	3.600%	3.636%	5.000%
Variable rate basis	SAVRS Rate	USD-Libor-BBA-1MT *.624 + .0029	USD-Libor-BBA-1MT *.617 + .0031	USD-Libor-BBA-1MT *.617
Recorded liability	$ (4,473)	$ (12,448)	$ (19,368)	$ (181)

On June 29, 2012, WSH executed an agreement to novate the 2005 and 2007 Swap contracts from Citigroup Financial Products to Wells Fargo Bank N.A. Wells Fargo N.A., as the new counterparty, increased the collateral threshold from $20,000 to $60,000 for the combined notional amounts for both swaps. All of the other original terms remained the same.

The fair value and the presentation of the Company's swap contracts in the consolidated balance sheets are as follows:

Derivatives Not Designated as Hedging Instruments Under ASC 815	**Balance Sheet Location**	**June 30 2012**	**2011**
Series 1993		**$ (4,473)**	$ (4,473)
Series 2005		**(22,512)**	(12,448)
Series 2007		**(40,960)**	(19,368)
M & T Note		**(158)**	(181)
Total	Interest rate swaps agreements	**$ (68,103)**	$ (36,470)

(In Thousands)

8. Long-Term Debt (continued)

The effect and the presentation of the Company's swap contracts on the consolidated statements of operations are as follows:

Derivatives Not Designated as Hedging Instruments Under ASC 815	Location of Gain (Loss) in Income on Derivatives	Amount of Gain (Loss) in Income on Derivative Year Ended June 30 2012	2011
Series 2005		**$ (10,064)**	$ 2,948
Series 2007		**(21,592)**	5,678
M & T Note		**23**	46
Total	Change in fair value of interest rate swap agreements	**$ (31,633)**	$ 8,672

YH entered into an interest rate swap agreement with Lehman Brothers Special Financing, Inc. (Lehman) to reduce the impact of changes in interest rates on its 1993 Variable Rate Auction Bonds. The interest rate swap agreement was scheduled to mature at the time the 1993 Variable Rate Bonds mature, however, Lehman failed to perform certain activities under the agreement in the second half of 2008 and WSH concluded Lehman to be in default of the swap agreement. WSH filed a termination notice under the provisions of the swap agreement on May 20, 2009. Lehman has not agreed to the termination and the matter is further complicated because of Lehman's bankruptcy filing on September 15, 2008. The final settlement will be determined by the Bankruptcy Court. The liability recorded at June 30, 2012 is expected to be sufficient to provide for the settlement. WSH believes these actions will not have a material adverse effect on its consolidated financial position or the results of operations.

9. Amounts Available Under Line and Letters of Credit

At June 30, 2012, WSH collectively, maintained three lines of credit totaling $32,500 of which $28,135 was unused at June 30, 2012. At June 30, 2012, WSH had unused, unsecured standby letters of credit with a bank totaling $18,360.

(In Thousands)

10. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	June 30	
	2012	**2011**
Health care services		
Professional education	**$ 1,691**	$ 1,263
Health care promotion	**11,910**	11,860
	$ 13,601	$ 13,123

During 2012 and 2011, $6,079 and $11,539 of net assets were released from donor restrictions, respectively, by incurring expenses satisfying the restricted purposes relating to the purchase of property and equipment, providing professional education and health care promotion.

Permanently restricted net assets were restricted to:

	June 30	
	2012	**2011**
Permanent endowment funds, the income of which was permitted to be used to support health care services	**$ 2,868**	$ 2,976
Funds held in trust by others	**15,173**	15,915
	$ 18,041	$ 18,891

WSH is named as a beneficiary under several perpetual trusts. WSH's beneficiary interest allocation in each of these trusts varies by trust.

(In Thousands)

11. Professional and General Liability Reserves

The estimated liability for professional and general liability reserves consists of:

	June 30 2012	2011
Professional liability	**$ 40,370**	$ 41,592
Health benefits	**10,597**	8,792
Short-term disability	**405**	339
Workers' compensation	**9,508**	8,482
	60,880	59,205
Less current portion	**(18,828)**	(14,812)
	$ 42,052	$ 44,393

For the years ended June 30, 2012 and 2011, malpractice claims up to $500 were paid through WRRRG. WSH obtains excess coverage from the Medical Care Availability and Reduction of Error Fund (MCARE Fund) for claims between $500 and $1,000. Claims between $1,000 and $5,000 in 2012 and 2011 were self-insured by WSH. Excess coverage of losses between $5,000 and $35,000 was commercially insured. At June 30, 2012 and 2011, estimated professional liability reserve requirements for WSH have been discounted at 3% and 4%, respectively.

The MCARE Act was enacted by the Pennsylvania legislature in 2002. The Act created the MCARE Fund, which replaced the Pennsylvania Medical Professional Liability Catastrophe Loss Fund (CAT Fund) as the state-mandated funding mechanism for the payment of medical malpractice claims exceeding the primary layer of professional liability insurance carried by YH, GH and WMG and other health care providers practicing in the state. The MCARE Fund is funded on a "pay as you go basis." The MCARE Fund levies health care provider surcharges, calculated as a percentage of the premiums established by the Joint Underwriting Association (also a Commonwealth of Pennsylvania agency) for basic coverage, to pay claims and administrative expenses on behalf of MCARE Fund participants. The MCARE Act legislation provides for the gradual phase-out of MCARE Fund coverage; however, this has been recently deferred by the Pennsylvania legislation and will be considered in the future.

11. Professional and General Liability Reserves (continued)

The unaudited actuarially computed liability for all health care providers (hospital, physicians, and others) participating in the MCARE Fund at June 30, 2008 (the latest date for which such information is available), was $1.79 billion. Current law provides that the unfunded liability will likely be funded through assessments in future years as MCARE Fund-covered claims are eventually settled and paid. The Commonwealth has agreed to devote the proceeds of the Automobile Catastrophe Fund surcharge, estimated at $40,000 per year for ten years (for a total of $400,000) from 2002 through 2012 to help offset the MCARE Fund unfunded liability.

WSH's annual premiums for participation in the MCARE Fund were $1,704 and $1,646 for the years ended June 30, 2012 and 2011, respectively. No provision has been made for any future MCARE Fund assessments in the accompanying consolidated financial statements as WSH's portion of the MCARE Fund unfunded liability cannot be reasonably estimated.

WSH is self-insured for workers' compensation and most employee health benefit claims up to program-specific limitations. Claims in excess of these limitations are covered by a comprehensive insurance policy on an occurrence basis. At June 30, 2012 and 2011, the reserve for workers' compensation claims, discounted at 3% and 5%, respectively, was $9,508 and $8,482, respectively. At June 30, 2012 and 2011, the reserve for medical claims incurred but not reported was $10,597 and $8,792, respectively.

The self-insurance liabilities are presented gross including $8,530 and $8,088 of estimated insurance recoveries as of June 30, 2012 and 2011, respectively. There is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

12. Retirement Benefits

Defined Benefit Plan

WSH has a qualified defined benefit pension plan (the WSH Plan) covering all eligible WSH employees hired prior to August 19, 2007. WSH makes contributions to the WSH Plan as determined by the actuary. At June 30, 2012 and 2011, the accrued pension liability of the WSH Plan is included in accrued retirement benefits. The measurement date of the WSH Plan is June 30.

(In Thousands)

12. Retirement Benefits (continued)

WellSpan Health also offers a Retirement Savings Plan to eligible active employees who are not eligible for the defined benefit plan. Any existing employee who met certain eligibility requirements and was hired prior to August 19, 2007 had the option to stay within the existing defined benefit plan and continue to accrue benefits or opt out and receive benefits under the new defined contribution plan with matching contributions. If an individual opted out of the defined benefit plan, any benefits accrued through December 31, 2007 were frozen. All employees hired after August 19, 2007 are automatically enrolled in the defined contribution plan.

Retired employees of WSH, who have met the requirements to become vested under the terms of the WSH Plan and are over 55 years of age at the time of their retirement, are provided health and life insurance benefits (Other Benefits). The measurement date of the Other Benefits is June 30.

The following table summarizes information about the Plans.

	Pension Benefits		Other Benefits	
	June 30			
	2012	**2011**	**2012**	**2011**
Changes in benefit obligations				
Benefit obligation at beginning of year	**$ 567,247**	$ 542,829	**$ 23,484**	$ 21,907
Service cost, net	**18,587**	18,965	**1,005**	1,391
Interest cost	**32,830**	30,340	**1,400**	1,280
Change due to assumption change	**–**	(22,117)	**1,860**	(337)
Actuarial loss	**107,875**	7,780	**1,188**	60
Loss recognized due to temporary deviation in substantive plan	**–**	–	**319**	88
Benefits paid	**(12,227)**	(10,550)	**(2,190)**	(905)
Benefit obligation at end of year	**$ 714,312**	$ 567,247	**$ 27,066**	$ 23,484
Accumulated benefit obligation	**$ 607,467**	$ 478,802	**N/A**	N/A

(In Thousands)

12. Retirement Benefits (continued)

	Pension Benefits		Other Benefits	
	June 30			
	2012	**2011**	**2012**	**2011**
Changes in plan assets				
Fair value of plan assets at beginning of year	**$ 390,678**	$ 322,075	**$ –**	$ –
Actual return on plan assets	**7,701**	68,232	**–**	–
Contributions by WSH	**51,570**	10,921	**2,190**	905
Benefits and expenses paid	**(12,227)**	(10,550)	**(2,190)**	(905)
Fair value of plan assets at end of year	**$ 437,722**	$ 390,678	**$ –**	$ –
Funded status at end of year	**$ (276,590)**	$ (176,569)	**$ (27,066)**	$ (23,484)
Amounts recognized in the consolidated balance sheets consist of:				
Accrued retirement benefits	**$ (276,590)**	$ (176,569)	**$ (27,066)**	$ (23,484)
Amounts recognized in accumulated unrestricted net assets consist of				
Prior service cost	**$ 478**	$ 1,214	**$ 3,390**	$ 3,776
Net actuarial loss (gain)	**282,847**	156,891	**(1,247)**	(4,495)
	$ 283,325	$ 158,105	**$ 2,143**	$ (719)

(In Thousands)

12. Retirement Benefits (continued)

	Pension Benefits		Other Benefits	
	June 30			
	2012	**2011**	**2012**	**2011**
Components of net periodic benefit cost				
Service cost	**$ 18,587**	$ 18,965	**$ 1,005**	$ 984
Interest cost	**32,830**	30,340	**1,400**	1,280
Expected return on assets	**(36,887)**	(28,509)	**–**	–
Loss recognized due to temporary deviation in substantive plan	**–**	–	**319**	88
Amortization of prior service cost	**736**	778	**409**	407
Amortization of unrecognized net actuarial loss (gain)	**11,105**	19,462	**(223)**	(195)
Net periodic benefit cost	**26,371**	41,036	**2,910**	2,564
Other changes in retirement benefits recognized in unrestricted net assets consist of				
Current-year actuarial (gain) loss	**137,061**	(54,059)	**3,025**	(371)
Recognized actuarial (gain) loss	**(736)**	(778)	**223**	289
Prior service cost	**–**	–	**23**	–
Amortization of prior service cost	**(11,105)**	(19,462)	**(409)**	–
Total recognized in unrestricted net assets	**125,220**	(74,299)	**2,862**	(82)
Total recognized in net periodic benefit cost and unrestricted net assets	**$ 151,591**	$ (33,263)	**$ 5,772**	$ 2,482

The estimated amounts of net actuarial loss (gain) and the prior service cost that are expected to be amortized from other changes in unrestricted net assets into net periodic benefit cost for the next fiscal year are as follows:

	Pension Benefits	Other Benefits	Total
Prior service cost	$ 478	$ 409	$ 887
Net loss (gain)	23,835	49	23,884
Total	$ 24,313	$ 458	$ 24,771

(In Thousands)

12. Retirement Benefits (continued)

	Pension Benefits		Other Benefits	
	June 30			
	2012	**2011**	**2012**	**2011**
Assumptions				
Weighted-average assumptions used to determine benefit obligations at June 30				
Discount rate	**4.82%**	5.85%	**4.82%**	5.85%
Rate of increase in future compensation levels	**4.00%**	4.00%	**N/A**	N/A
Weighted-average assumptions used to determine net periodic benefit cost for the years ended June 30				
Discount rate	**5.85%**	5.65%	**5.85%**	5.65%
Rate of increase in future compensation levels	**4.00%**	4.00%	**N/A**	N/A
Expected long-term rate of return on assets	**8.50%**	8.75%	**N/A**	N/A

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

The WSH Plan weighted-average asset allocations by asset category are as follows:

	Asset Allocation			June 30	
	Minimum	**Target**	**Maximum**	**2012**	**2011**
Asset category					
Equity securities	45%	50%	55%	**49%**	58%
Debt securities	15	20	25	**24**	17
Other	25	30	35	**27**	25
				100%	100%

(In Thousands)

12. Retirement Benefits (continued)

The above allocation reflects policies that are established to ensure that the portfolio is invested according to modern portfolio theory. The asset allocation is developed to generate growth in asset value by utilizing higher-returning asset classes and proper diversification.

	June 30	
	2012	**2011**
Effect of 1% increase/decrease in health care cost trend rates on		
Postretirement benefit obligation	**$ 33**	$ 42
Total of service cost and interest cost component	**2**	2

The health care cost trend rate for purposes of determining the net periodic benefit cost and disclosure was 5.25% in 2012 and 2011.

Cash Flows

Contributions

WSH expects to contribute during the 2013 fiscal year approximately $48,800 related to the pension plan and $3,094 related to the other benefits.

(In Thousands)

12. Retirement Benefits (continued)

Fair Value Measurements

The following tables set forth by level, within the fair value hierarchy, the Plan's assets carried at fair value as of June 30, 2012 and 2011.

	June 30, 2012			
	Total Fair Value	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	**$ 5,141**	**$ 5,141**	**$ –**	**$ –**
Aggregate bond index fund	**15,104**	**–**	**15,104**	**–**
Commodities/real return	**20,000**	**20,000**	**–**	**–**
Stock index fund	**49,183**	**–**	**49,183**	**–**
Private investment funds[1]	**81,993**	**–**	**–**	**81,993**
Real estate partnerships[2],[3]	**15,891**	**–**	**–**	**15,891**
Collective mutual funds and investment trusts	**132,112**	**–**	**132,112**	**–**
Guaranteed annuity contracts	**4,356**	**–**	**4,356**	**–**
Equity securities:				
Consumer discretionary and services	**20,072**	**20,072**	**–**	**–**
Consumer staples	**7,352**	**7,352**	**–**	**–**
Financial services	**15,920**	**15,920**	**–**	**–**
Healthcare	**12,675**	**12,675**	**–**	**–**
Materials and processing	**11,106**	**11,106**	**–**	**–**
Other energy	**11,418**	**11,418**	**–**	**–**
Producer durables	**6,368**	**6,368**	**–**	**–**
Technology	**26,906**	**26,906**	**–**	**–**
Utilities	**2,125**	**2,125**	**–**	**–**
Total equity securities	**113,942**	**113,942**	**–**	**–**
	$ 437,722	**$ 139,083**	**$ 200,755**	**$ 97,884**

12. Retirement Benefits (continued)

(1) The Plan also maintains investments in private investment funds; these include investments in Common Sense Offshore Ltd. (Common Sense), Quellos Institutional Partners (Quellos), Siguler Guff Opportunities III (Siguler Guff), Private Advisors, and Portfolio Advisors Secondary Fund LP (Portfolio Advisors). The estimated fair market value of these investments is determined by the total net assets of the fund attributable to common shares, divided by the number of common shares outstanding. The total net asset value of the fund is determined by the market value of the underlying investments if they are securities listed on a national securities exchange or traded over the counter. For those securities not openly traded, the investment manager generally utilizes the most recent relevant information or performance reports of such managed account or investment partnership, unless the investment manager determines some other valuation is more appropriate. On an annual basis, Common Sense, Quellos, Siguler Guff, Private Advisors, and Portfolio Advisors provide audited financial statements from independent audit firms for review.

(2) The Plan's investments in the Guggenheim Real Estate Commingled Trust include interests in a collection of publicly traded securities, property funds, direct property investments, and mezzanine financings. The publicly traded securities and property funds are valued at the last reported sales price on the last day of the period. The direct property investments are initially recorded at the total cost to acquire the properties and subsequently these values are adjusted based on the opinions of value obtained quarterly from independent real estate investment managers. The mezzanine financings are valued based on fair market values determined by the Guggenheim Real Estate Commingled Trust based upon an estimate of realized proceeds from hypothetical liquidation. On an annual basis, the Guggenheim Real Estate Commingled Trust provides a copy of its audited financial statements from an independent audit firm for review.

(3) The Plan's investment in AEW Partners, LP (AEW) includes interests in direct property investment, joint ventures, and debt or real estate-related securities. The investments are initially recorded at the total cost to acquire the properties and related security interests. Annually, the General Partner submits a proposal to the Limited Partners on the method to determine the valuation of each asset. Valuation methods are based on a report by an independent appraiser, a current market price (in the case of marketable securities) or the General Partner's good faith estimate of value. On an annual basis, AEW provides a copy of its audited financial statements from an independent audit firm for review.

(In Thousands)

12. Retirement Benefits (continued)

	June 30, 2011			
	Total Fair Value	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	$ 2,334	$ 2,334	$ –	$ –
Aggregate bond index fund	28,589	–	28,589	–
Commodities/real return	16,413	16,413	–	–
Stock index fund	52,340	–	52,340	–
Collective mutual funds and investment trusts	85,150	–	85,150	–
Private equity[1]	64,618	–	–	64,618
Real estate partnerships[2],[3]	14,385	–	–	14,385
Guaranteed annuity contracts	4,417	–	4,417	–
Equity securities:				
Consumer discretionary and services	19,873	19,873	–	–
Consumer staples	6,821	6,821	–	–
Financial services	18,297	18,297	–	–
Healthcare	13,108	13,108	–	–
Materials and processing	13,701	13,701	–	–
Other energy	13,974	13,974	–	–
Producer durables	5,149	5,149	–	–
Technology	27,855	27,855	–	–
Utilities	3,654	3,654	–	–
Total equity securities	122,432	122,432	–	–
	$ 390,678	$ 141,179	$ 170,496	$ 79,003

(In Thousands)

12. Retirement Benefits (continued)

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended June 30, 2012.

	Level 3 Assets	
	Private Investment Funds	**Real Estate Partnerships and Commingled Trusts**
Balance, beginning of year	$ 64,618	$ 14,385
Realized gains (losses)	1,164	90
Unrealized gains (losses)	848	2,189
Purchases	16,137	236
Sales, issuances and settlements	(774)	(1,009)
Balance, end of year	$ 81,993	$ 15,891

Estimated Future Benefit Payments

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

	Pension Benefits	**Other Benefits**
Fiscal year		
2013	$ 13,659	$ 3,094
2014	18,857	754
2015	21,726	756
2016	24,604	790
2017	27,843	863
2018-2019	189,246	13,014

(In Thousands)

12. Retirement Benefits (continued)

Defined Contribution Plans

WSH sponsors two defined contribution plans: the WellSpan Health 401(k) Plan which is for the benefit of eligible employees of York Health Plan, Apple Hill Surgical Center, and WellSpan Pharmacy, and the WellSpan Health 403(b) Plan which is for the benefit of WellSpan Health, York Hospital, WellSpan Medical Group, Healthy Community Pharmacy, WellSpan Specialty Services, VNA Home Health, VNA Community Services, and Gettysburg Hospital. WSH began matching contributions to the plans on January 1, 2008, and employer contributions are based on a formula as defined by the plan document.

The amount of expense related to these plans was $12,805 and $11,171 for the years ended June 30, 2012 and 2011, respectively.

13. Noncontrolling Interest

In 2012 and 2011, WSH accounted for the following noncontrolling interests in joint ventures controlled by WSH based on the noncontrolling partner's share of the related income and (loss) of the venture and the ending equity balance of the venture:

	Noncontrolling Interest %	Noncontrolling Interest at June 30 2012	Noncontrolling Interest at June 30 2011	Income (Loss) on Noncontrolling Interest for the Year Ended June 30 2012	Income (Loss) on Noncontrolling Interest for the Year Ended June 30 2011
AHSCP	32%	**$ 1,955**	$ 2,062	**$ 828**	$ 1,008
Q-WH	50%	**15**	16	**(1)**	(3)
CHIP	49%	**856**	909	**(53)**	(47)
CTCC	50%	**1,570**	1,594	**189**	46
LHCP	50%	**1,554**	1,523	**68**	52
AHCA	43%	**672**	603	**69**	15
		$ 6,622	$ 6,707	**$ 1,100**	$ 1,071

(In Thousands)

14. Investments in Joint Ventures

In 2012 and 2011, WSH accounted for the following investments in joint ventures on the equity method of accounting, and recorded the related equity in (loss) and income on joint ventures:

	Ownership %	Investment at June 30 2012	Investment at June 30 2011	Equity in (Loss) Income on Investments for the Year Ended June 30 2012	Equity in (Loss) Income on Investments for the Year Ended June 30 2011
DRF	33%	**$ 233**	$ 260	**$ (27)**	$ –
PHO	50%	**86**	98	**(12)**	(11)
QUEST	20%	**6**	6	**10**	2
CPAL	20%	**350**	349	**1**	1
		$ 675	$ 713	**$ (28)**	$ (8)

WHCS guarantees a note related to a loan agreement made by a local bank to LHCP. WHCS and an unaffiliated health care provider each own 50% of LHCP. The loan balance was $0 and $148 at June 30, 2012 and 2011, respectively. The loan agreement and note originated in June 1997 for the development and construction of health care facilities located in Littlestown, Pennsylvania, and amortizes to December 2017. The note is collateralized by the value of the land and facilities owned by the partnership.

15. Commitments and Contingencies

Health Care Regulatory Environment and Reliance on Government Programs

The health care industry in general and the services that WSH provides are subject to extensive federal and state laws and regulations. Additionally, a portion of WSH's revenue is from payments by government-sponsored health care programs, principally Medicare and Medicaid, and is subject to audit and adjustments by applicable regulatory agencies. Failure to comply with any of these laws or regulations, the results of regulatory audits and adjustments, or changes in the amounts payable for WSH's services under these programs could have a material adverse effect on WSH's consolidated financial position and results of operations.

(In Thousands)

15. Commitments and Contingencies (continued)

Operating Leases

WSH leases office space and medical practice sites under operating leases. The following is a summary of future minimum rental payments under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2012

2013	$	6,747
2014		4,664
2015		3,236
2016		2,990
2017		2,310
2018 and thereafter		12,414
Total minimum payments required	$	32,361

Rent expense under operating leases was $6,617 and $6,160 for the years ended June 30, 2012 and 2011, respectively, and is included in supplies and other expenses in the consolidated statements of operations. Some of the rental agreements include clauses for rent escalation.

Commitment

In August 2011, WSH entered into a $9,389 two-year fixed technology fee arrangement with its primary inpatient electronic health record (EHR) software vendor. This vendor is one of the industry's leading suppliers of healthcare information technology solutions and already supplies WSH with the operating system for its EHR, and many of the key clinical applications already in place or currently being implemented.

The two-year agreement is for a total of $9,389 and will be paid over the contract term in equal yearly payments. It provides for the acquisition of a specific set of software subscriptions from the EHR's catalogue of products, a given amount of implementation support services and software maintenance support over the contract period.

(In Thousands)

15. Commitments and Contingencies (continued)

Litigation

WSH is involved in litigation and regulatory investigations arising in the normal course of business. After consultation with legal counsel, management believes that these matters will be resolved without material adverse effect on WSH's future consolidated financial position or results of operations.

16. Functional Expenses

WSH provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows:

	Year Ended June 30	
	2012	**2011**
Program activities	**$ 949,126**	$ 931,700
General and administrative	**161,961**	152,813
	$ 1,111,087	$ 1,084,513

17. Subsequent Events

The Company has evaluated subsequent events that have occurred for recognition or disclosure through October 3, 2012, the date the financial statements were available to be issued.

Supplementary Information (2012 Only)

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Report of Independent Auditors on Supplementary Information

Board of Directors
WellSpan Health

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The following consolidating balance sheets, statements of operations, and statements of changes in net assets; and combining balance sheet and statement of operations are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements of WellSpan Health. Such information are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Ernst & Young LLP

October 3, 2012

WellSpan Health

Consolidating Balance Sheet
(In Thousands)

June 30, 2012

	WellSpan Health	York Hospital	WellSpan Health Care Services Consolidated	WellSpan Medical Group	York Health Plan	Apple Hill Surgical Center Partners	WellSpan Reciprocal Risk Retention Group	WellSpan Specialty Services Consolidated	Gettysburg Hospital Consolidated	York Health Foundation	Consolidating Eliminations	Consolidated Totals
Assets												
Current assets												
Cash and cash equivalents	$ 710	$ 61,016	$ 5,193	$ –	$ 154	$ 1,800	$ 1,042	$ 1,536	$ 8,664	$ 1,163	$ (7,944)	$ 73,334
Due from affiliates	–	8,138	362	2,882	39	116	–	–	98	–	(11,635)	–
Assets limited as to use	–	8	–	–	–	–	5,882	–	–	–	–	5,890
Patient accounts receivable, net	–	103,694	4,647	13,557	–	1,254	–	3,684	18,560	–	–	145,396
Other receivables	1,458	6,573	253	2,344	83	–	133	3	1,301	1	–	12,149
Inventories	146	4,703	2,731	465	–	465	–	534	799	–	–	9,843
Prepaid expenses	10,574	3,133	420	899	113	65	105	33	411	14	–	15,767
Total current assets	12,888	187,265	13,606	20,147	389	3,700	7,162	5,790	29,833	1,178	(19,579)	262,379
Unrestricted investments	10,810	–	5,059	–	–	–	–	10,152	663	–	–	26,684
Investments limited as to use												
Board-designated	–	502,464	–	–	–	–	–	14,914	80,599	–	–	597,977
Self-insurance trust	–	–	–	–	–	–	9,113	–	–	–	–	9,113
Temporarily restricted investments	–	326	–	–	–	–	–	1,092	682	4,620	–	6,720
Permanently restricted investments	–	363	–	–	–	–	–	2,505	–	–	–	2,868
Beneficial interest in perpetual trusts	–	6,282	–	–	–	–	–	2,903	5,943	–	–	15,128
	–	509,435	–	–	–	–	9,113	21,414	87,224	4,620	–	631,806
Pledges receivable, net	–	–	–	–	–	–	–	50	127	1,570	–	1,747
Property and equipment, net	27,435	223,058	86,157	15,212	239	4,984	–	75,871	42,063	6	–	475,025
Investments in joint ventures	4,513	–	202	–	–	–	–	–	85	–	(4,125)	675
Notes receivable – affiliates	36,520	20,949	–	–	–	–	904	–	–	–	(58,373)	–
Deferred financing costs, net	–	1,986	431	–	–	11	–	390	196	–	–	3,014
Interest in net assets of Foundation	–	4,620	–	–	–	–	–	–	–	–	(4,620)	–
Other assets	14,450	–	121	–	–	316	–	–	6,871	–	–	21,758
Total assets	$ 106,616	$ 947,313	$ 105,576	$ 35,359	$ 628	$ 9,011	$ 17,179	$ 113,667	$ 167,062	$ 7,374	$ (86,697)	$ 1,423,088

WellSpan Health

Consolidating Balance Sheet (continued)
(In Thousands)

June 30, 2012

	WellSpan Health	York Hospital	WellSpan Health Care Services Consolidated	WellSpan Medical Group	York Health Plan	Apple Hill Surgical Center Partners	WellSpan Reciprocal Risk Retention Group	WellSpan Specialty Services Consolidated	Gettysburg Hospital Consolidated	York Health Foundation	Consolidating Eliminations	Consolidated Totals
Liabilities and net assets												
Current liabilities												
Current portion of capital lease obligations	$ 817	$ 2,992	$ –	$ –	$ –	$ –	$ –	$ –	$ 122	$ –	$ –	$ 3,931
Current portion of long-term debt	43	4,315	1,070	–	–	250	–	881	1,076	–	–	7,635
Accounts payable and accrued expenses	14,758	14,009	2,702	872	124	154	46	5,381	1,729	12	–	39,787
Bank payable	7,440	–	–	467	–	–	–	37	–	–	(7,944)	–
Accrued interest payable	–	2,148	–	–	–	2	–	–	10	–	–	2,160
Accrued salaries and wages	12,767	27,088	670	19,453	493	492	–	1,699	4,603	21	–	67,286
Advances from third-party payor	84	2,391	–	–	81	–	–	63	423	23	–	3,065
Self-insurance costs and postretirement benefits	15,331	709	–	–	–	–	5,882	–	–	–	–	21,922
Estimated third-party payor settlements	–	6,170	–	–	–	–	–	–	1,136	–	–	7,306
Due to affiliates	5,991	–	3,541	–	–	–	–	479	1,099	525	(11,635)	–
Total current liabilities	57,231	59,822	7,983	20,792	698	898	5,928	8,540	10,198	581	(19,579)	153,092
Estimated self-insurance costs	31,715	–	–	–	–	–	10,337	–	–	–	–	42,052
Long-term capital lease obligations, less current portion	3,393	9,147	–	–	–	–	–	–	506	–	–	13,046
Long-term debt, less current portion	2,447	260,869	63,270	–	–	2,021	–	45,810	33,031	–	–	407,448
Accrued retirement benefits	282,378	18,184	–	–	–	–	–	–	–	–	–	300,562
Note payable – affiliates	20,963	602	2,750	138	–	12	–	33,789	119	–	(58,373)	–
Interest rate swap agreements	–	42,849	17,554	–	–	–	–	–	7,700	–	–	68,103
Other noncurrent liabilities	–	1,511	–	–	–	–	–	–	–	–	–	1,511
Total liabilities	398,127	392,984	91,557	20,930	698	2,931	16,265	88,139	51,554	581	(77,952)	985,814
Net assets												
Unrestricted	(291,928)	538,231	9,352	14,396	(70)	6,080	914	18,725	108,750	640	(6,080)	399,010
Temporarily restricted	417	4,797	–	33	–	–	–	1,395	806	6,153	–	13,601
Permanently restricted	–	6,681	–	–	–	–	–	5,408	5,952	–	–	18,041
Interest in net assets of Foundation	–	4,620	–	–	–	–	–	–	–	–	(4,620)	–
WellSpan Health net assets	(291,511)	554,329	9,352	14,429	(70)	6,080	914	25,528	115,508	6,793	(10,700)	430,652
Minority interest	–	–	4,667	–	–	–	–	–	–	–	1,955	6,622
Total net assets	(291,511)	554,329	14,019	14,429	(70)	6,080	914	25,528	115,508	6,793	(8,745)	437,274
Total liabilities and net assets	$ 106,616	$ 947,313	$ 105,576	$ 35,359	$ 628	$ 9,011	$ 17,179	$ 113,667	$ 167,062	$ 7,374	$ (86,697)	$ 1,423,088

WellSpan Health

Consolidating Statement of Operations
(In Thousands)

Year Ended June 30, 2012

	WellSpan Health	York Hospital	WellSpan Health Care Services Consolidated	WellSpan Medical Group	York Health Plan	Apple Hill Surgical Center Partners	WellSpan Reciprocal Risk Retention Group	WellSpan Specialty Services Consolidated	Gettysburg Hospital Consolidated	York Health Foundation	Consolidating Eliminations	Consolidated Totals
Unrestricted revenues, gains, and other support												
Net patient service revenue	$ –	$ 828.911	$ 4.793	$ 141.479	$ –	$ 13.688	$ –	$ 13.921	$ 142.227	$ –	$ 1.263	$ 1.146.282
Provision for uncollectible accounts	–	(38.297)	(130)	(5.288)	–	(233)	–	(129)	(9.855)	–	–	(53.932)
Net patient service revenue less provision for uncollectible accounts	–	790.614	4.663	136.191	–	13.455	–	13.792	132.372	–	1.263	1.092.350
Capitation revenue	–	–	–	5.793	–	–	–	–	–	–	–	5.793
Other revenue	233.358	12.527	49.990	59.226	7.612	21	6.428	36	989	849	(314.667)	56.369
Net assets released from restrictions used for operations	1.953	2.893	–	4	–	–	–	65	75	485	–	5.475
Total revenues, gains, and other support	235.311	806.034	54.653	201.214	7.612	13.476	6.428	13.893	133.436	1.334	(313.404)	1.159.987
Expenses												
Salaries and wages	56.336	248.140	6.015	146.412	3.764	3.566	–	12.183	44.843	403		521.662
Employee benefits	140.192	94.478	2.410	38.805	1.566	1.355	–	4.400	15.948	176	(118.982)	180.348
Professional fees	907	89.805	1.280	1.896	724	976	174	1.134	15.659	18	(99.031)	13.542
Supplies and other	52.946	246.130	33.751	31.742	1.503	4.479	4.403	4.696	35.285	735	(94.539)	321.131
Depreciation and amortization	10.721	28.946	3.841	4.236	87	631	–	1.216	5.543	2	–	55.223
Interest	868	13.360	3.477	–	–	22	–	908	1.790	–	(1.244)	19.181
Total operating expenses	261.970	720.859	50.774	223.091	7.644	11.029	4.577	24.537	119.068	1.334	(313.796)	1.111.087
Operating income (loss)	(26.659)	85.175	3.879	(21.877)	(32)	2.447	1.851	(10.644)	14.368	–	392	48.900
Other income (expense)												
Contributions	–	364	54	–	–	–	–	245	197	94	–	954
Investment income, net	1.083	(1.835)	4	86	1	8	527	754	350	3	(1.244)	(263)
Equity in income of joint ventures	1.607	1.587	80	363	–	30	–	49	302	–	(4.046)	(28)
Gain (loss) on sale of assets/other	41	110	–	(13)	–	20	–	(68)	7	–	–	97
Other income (expense)	(93)	(1.287)	(8)	(1)	–	(8)	–	–	102	–	852	(443)
Change in fair value of interest rate swap agreements		(18.562)	(9.254)	–	–	–	–	–	(3.817)	–	–	(31.633)
Total other income (expense)	2.638	(19.623)	(9.124)	435	1	50	527	980	(2.859)	97	(4.438)	(31.316)
Excess (deficiency) of revenues over expenses before minority interest	(24.021)	65.552	(5.245)	(21.442)	(31)	2.497	2.378	(9.664)	11.509	97	(4.046)	17.584
Minority interest	–	–	(271)	–	–	–	–	–	–	–	(829)	(1.100)
Excess (deficiency) of revenues over expenses	(24.021)	65.552	(5.516)	(21.442)	(31)	2.497	2.378	(9.664)	11.509	97	(4.875)	16.484
Other changes in unrestricted net assets												
Change in unrealized gains and losses on assets limited as to use and investments	–	–	–	–	–	–	314	–	–	–	–	314
Net assets released from restrictions for purchase of property and equipment	1	373	–	–	–	–	–	–	230	–	–	604
Distributions to partners	–	–	–	–	–	(2.498)	(2.378)	–	–	–	4.876	–
Other change in retirement liability	(125.633)	(2.449)	–	–	–	–	–	–	–	–	–	(128.082)
Transfers with affiliates	20.975	(35.800)	25	21.500	–	–	–	–	(6.700)	–	–	–
Increase (decrease) in unrestricted net assets	$ (128.678)	$ 27.676	$ (5.491)	$ 58	$ (31)	$ (1)	$ 314	$ (9.664)	$ 5.039	$ 97	$ 1	$ (110.680)

WellSpan Health

Consolidating Statement of Changes in Net Assets
(In Thousands)

Year Ended June 30, 2012

	Health	Hospital	Consolidated	Group	Plan	Partners	Group	Consolidated	Consolidated	Foundation	Eliminations	Totals
Unrestricted net assets												
Excess (deficiency) of revenues over expenses	$ (24,021)	$ 65,552	$ (5,516)	$ (21,442)	$ (31)	$ 2,497	$ 2,378	$ (9,664)	$ 11,509	$ 97	$ (4,875)	$ 16,484
Other changes in unrestricted net assets												
Change in unrealized gains and losses on assets limited as to use and investments	–	–	–	–	–	–	314	–	–	–	–	314
Net assets released from restrictions for purchase of property and equipment	1	373	–	–	–	–	–	–	230	–	–	604
Distributions to partners	–	–	–	–	–	(2,498)	(2,378)	–	–	–	4,876	–
Other change in retirement liability	(125,633)	(2,449)	–	–	–	–	–	–	–	–	–	(128,082)
Transfers with affiliates	20,975	(35,800)	25	21,500	–	–	–	–	(6,700)	–	–	–
Increase (decrease) in unrestricted net assets	(128,678)	27,676	(5,491)	58	(31)	(1)	314	(9,664)	5,039	97	1	(110,680)
Temporarily restricted net assets												
Net realized and unrealized gains and losses on investments	–	(10)	–	–	–	–	–	(43)	6	(123)	–	(170)
Net investment income	–	20	–	–	–	–	–	66	–	209	–	295
Change in net assets of Foundation	–	(236)	–	–	–	–	–	–	–	–	236	–
Contributions	2,002	3,707	–	20	–	–	–	264	282	157	–	6,432
Net assets released from restrictions	(1,954)	(3,266)	–	(4)	–	–	–	(65)	(305)	(485)	–	(6,079)
Increase (decrease) in temporarily restricted net assets	48	215	–	16	–	–	–	222	(17)	(242)	236	478
Permanently restricted net assets												
Net investment income	–	258	–	–	–	–	–	214	186	–	–	658
Net realized and unrealized gains and losses on investments	–	(464)	–	–	–	–	–	(327)	(91)	–	–	(882)
Contributions	–		–	–	–	–	–	–	32	–	–	32
Net assets released from restrictions	–	(258)	–	–	–	–	–	(214)	(186)	–	–	(658)
Decrease in permanently restricted net assets	–	(464)	–	–	–	–	–	(327)	(59)	–	–	(850)
Increase (decrease) in net assets	(128,630)	27,427	(5,491)	74	(31)	(1)	314	(9,769)	4,963	(145)	237	(111,052)
Net assets												
Beginning of year	(162,881)	526,902	14,843	14,355	(39)	6,081	600	35,297	110,545	6,938	(10,937)	541,704
End of year	$ (291,511)	$ 554,329	$ 9,352	$ 14,429	$ (70)	$ 6,080	$ 914	$ 25,528	$ 115,508	$ 6,793	$ (10,700)	430,652

WellSpan Health Care Services

Consolidating Balance Sheet
(In Thousands)

June 30, 2012

Assets												
Current assets												
Cash and cash equivalents	$ –	$ 2,239	$ –	$ 960	$ 39	$ 260	$ –	$ 468	$ 1,079	$ 148	$ –	$ 5,193
Due from affiliates	–	245	93	–	13	–	11	–	–	–	–	362
Patient accounts receivable, net	–	–	–	3,999	122	315	–	211	–	–	–	4,647
Other receivables	–	71	–	121	–	–	–	–	8	53	–	253
Inventories	–	–	–	2,686	26	19	–	–	–	–	–	2,731
Prepaid expenses	–	160	–	29	10	45	–	168	7	1	–	420
Total current assets	–	2,715	93	7,795	210	639	11	847	1,094	202	–	13,606
Unrestricted investments	–	5,059	–	–	–	–	–	–	–	–	–	5,059
Property and equipment, net	–	77,780	–	700	243	1,198	–	2,660	666	2,910	–	86,157
Investments in joint ventures	5,850	–	200	–	–	–	20	–	–	–	(5,868)	202
Notes receivable – affiliates	–	–	280	–	–	–	–	–	–	–	(280)	–
Deferred financing costs, net	–	431	–	–	–	–	–	–	–	–	–	431
Other assets	–	69	–	52	–	–	–	–	–	–	–	121
Total assets	$ 5,850	$ 86,054	$ 573	$ 8,547	$ 453	$ 1,837	$ 31	$ 3,507	$ 1,760	$ 3,112	$ (6,148)	$ 105,576
Liabilities and net assets												
Current liabilities												
Current portion of long-term debt	$ –	$ 1,070	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 1,070
Accounts payable and accrued expenses	–	2,219	4	52	5	11	–	204	203	4	–	2,702
Accrued salaries and wages	–	–	–	497	59	56	–	58	–	–	–	670
Due to affiliates	–	–	–	3,392	–	40	–	106	3	–	–	3,541
Total current liabilities	–	3,289	4	3,941	64	107	–	368	206	4	–	7,983
Long-term debt, less current portion	–	63,270	–	–	–	–	–	–	–	–	–	63,270
Note payable – affiliates	280	–	–	2,750	–	–	–	–	–	–	(280)	2,750
Interest rate swap contracts	–	17,554	–	–	–	–	–	–	–	–	–	17,554
Total liabilities	280	84,113	4	6,691	64	107	–	368	206	4	(280)	91,557
Net assets												
Unrestricted	5,570	1,941	569	1,856	389	1,730	31	3,139	1,554	3,108	(10,535)	9,352
WellSpan Health net assets	5,570	1,941	569	1,856	389	1,730	31	3,139	1,554	3,108	(10,535)	9,352
Minority interest	–	–	–	–	–	–	–	–	–	–	4,667	4,667
Total net assets	5,570	1,941	569	1,856	389	1,730	31	3,139	1,554	3,108	(5,868)	14,019
Total liabilities and net assets	$ 5,850	$ 86,054	$ 573	$ 8,547	$ 453	$ 1,837	$ 31	$ 3,507	$ 1,760	$ 3,112	$ (6,148)	105,576

WellSpan Health Care Services

Consolidating Statement of Operations
(In Thousands)

Year Ended June 30, 2012

Unrestricted revenues, gains, and other support												
Net patient service revenue	$ –	$ –	$ –	$ –	$ –	$ 2,144	$ –	$ 2,649	$ –	$ –	$ –	$ 4,793
Provision for uncollectible accounts	–	–	–	(85)	–	(45)	–	–	–	–	–	(130)
Net patient service revenue less provision for uncollectible accounts	–	–	–	(85)	–	2,099	–	2,649	–	–	–	4,663
Other revenue	–	13,668	404	34,010	624	4	–	–	1,154	285	(159)	49,990
Total revenues, gains, and other support	–	13,668	404	33,925	624	2,103	–	2,649	1,154	285	(159)	54,653
Expenses												
Salaries and wages	–	–	–	4,017	484	807	–	707	–	–	–	6,015
Employee benefits	–	–	–	1,561	239	330	–	280	–	–	–	2,410
Professional fees	–	140	396	315	21	232	–	127	47	2	–	1,280
Supplies and other	–	3,431	9	27,786	424	719	–	660	836	45	(159)	33,751
Depreciation and amortization	–	2,751	–	206	55	124	–	498	107	100	–	3,841
Interest	–	3,320	–	145	10	–	–	–	–	2	–	3,477
Total operating expenses	–	9,642	405	34,030	1,233	2,212	–	2,272	990	149	(159)	50,774
Operating income (loss)	–	4,026	(1)	(105)	(609)	(109)	–	377	164	136	–	3,879
Other income (expense)												
Contributions	–	–	–	–	54	–	–	–	–	–	–	54
Investment income, net	–	–	–	1	–	1	–	–	2	–	–	4
Equity in income of joint ventures	97	–	80	–	–	–	(1)	–	–	–	(96)	80
Change in fair value of interest rate swap agreement	–	(9,254)	–	–	–	–	–	–	–	–	–	(9,254)
Other expense, net	–	–	–	(2)	–	–	–	–	(6)	–	–	(8)
Other income (expense)	97	(9,254)	80	(1)	54	1	(1)	–	(4)	–	(96)	(9,124)
Excess (deficiency) of revenues over expenses before minority interest	97	(5,228)	79	(106)	(555)	(108)	(1)	377	160	136	(96)	(5,245)
Minority interest	–	–	–	–	–	–	–	–	–	–	(271)	(271)
Excess (deficiency) of revenues over expenses	97	(5,228)	79	(106)	(555)	(108)	(1)	377	160	136	(367)	(5,516)
Other changes in unrestricted net assets												
Dividends paid/stock issued	100	–	(100)	–	–	–	–	(426)	–	(74)	500	–
Transfers with affiliates	(350)	–	–	–	375	–	–	–	–	–	–	25
Increase (decrease) in unrestricted net assets	$ (153)	$ (5,228)	$ (21)	$ (106)	$ (180)	$ (108)	$ (1)	$ (49)	$ 160	$ 62	$ 133	$ (5,491)

WellSpan Health Care Services

Consolidating Statement of Changes in Net Assets
(In Thousands)

Year Ended June 30, 2012

Unrestricted net assets												
Excess (deficiency) of revenues over expenses	$ 97	$ (5,228)	$ 79	$ (106)	$ (555)	$ (108)	$ (1)	$ 377	$ 160	$ 136	$ (367)	$ (5,516)
Other changes in unrestricted net assets												
Dividends received (paid)	100	–	(100)	–	–	–	–	(426)	–	(74)	500	–
Transfers with affiliates	(350)	–	–	–	375	–	–	–	–	–	–	25
Increase (decrease) in unrestricted net assets	(153)	(5,228)	(21)	(106)	(180)	(108)	(1)	(49)	160	62	133	(5,491)
Increase (decrease) in net assets	(153)	(5,228)	(21)	(106)	(180)	(108)	(1)	(49)	160	62	133	(5,491)
Net assets												
Beginning of year	5,723	7,169	590	1,962	569	1,838	32	3,188	1,394	3,046	(10,668)	14,843
End of year	$ 5,570	$ 1,941	$ 569	$ 1,856	$ 389	$ 1,730	$ 31	$ 3,139	$ 1,554	$ 3,108	$ (10,535)	$ 9,352

WellSpan Specialty Services

Consolidating Balance Sheet

(In Thousands)

June 30, 2012

Assets					
Current assets					
Cash and cash equivalents	$ 404	$ 1,132	$ –	$ –	$ 1,536
Patient accounts receivable, net	1,941	1,688	55	–	3,684
Due from affiliates	–	–	–	–	–
Other receivable	–	3	–	–	3
Inventory	521	13	–	–	534
Prepaid expenses	1	32	–	–	33
Total current assets	2,867	2,868	55	–	5,790
Unrestricted investments	–	8,831	1,321		10,152
Investments limited as to use					
Board-designated	–	14,914	–	–	14,914
Under bond Indenture	–		–	–	–
Temporarily restricted investments	–	1,092	–	–	1,092
Permanently restricted investments	–	2,505	–	–	2,505
Beneficial interest in perpetual trusts	–	2,903	–	–	2,903
	–	21,414	–	–	21,414
Pledges receivable, net		50			50
Property and equipment, net	75,257	613	1	–	75,871
Deferred financing cost, net	390	–	–	–	390
Total assets	$ 78,514	$ 33,776	$ 1,377	$ –	$ 113,667
Liabilities and net assets					
Current liabilities					
Current portion of long-term debt	$ 881	$ –	$ –	$ –	$ 881
Accounts payable and accrued expense	5,137	234	10	–	5,381
Accrued salaries and wages	819	841	39	–	1,699
Deferred revenue	–	63	–	–	63
Bank payable	–	–	37	–	37
Due to affiliates	220	181	78	–	479
Total current liabilities	7,057	1,319	164	–	8,540
Note payable	33,770	19	–	–	33,789
Long-term debt, less current portion	45,810	–	–	–	45,810
Total liabilities	86,637	1,338	164	–	88,139
Net assets					
Unrestricted	(8,359)	25,871	1,213	–	18,725
Temporarily restricted	236	1,159	–	–	1,395
Permanently restricted	–	5,408	–	–	5,408
Total net assets	(8,123)	32,438	1,213	–	25,528
Total liabilities and net assets	$ 78,514	$ 33,776	$ 1,377	$ –	$ 113,667

WellSpan Specialty Services

Consolidating Statement of Operations and Changes in Net Assets

(In Thousands)

Year Ended June 30, 2012

Unrestricted revenues, gains, and other support					
Net patient service revenue	$ 2,305	$ 11,017	$ 599	$ –	$ 13,921
Provision for uncollectible accounts	(89)	(40)	–	–	(129)
Net patient service revenue less provision for uncollectible accounts	2,216	10,977	599	–	13,792
Other revenue	28	220	1	(213)	36
Net assets released from restrictions used for operations	–	65	–	–	65
Total revenues, gains, and other support	2,244	11,262	600	(213)	13,893
Expenses					
Salaries and wages	3,955	7,805	423	–	12,183
Employee benefits	1,173	3,060	167	–	4,400
Professional fees	737	389	221	(213)	1,134
Supplies and other	2,724	1,924	48	–	4,696
Depreciation	1,086	128	2	–	1,216
Interest	908	–	–	–	908
Total operating expenses	10,583	13,306	861	(213)	24,537
Operating loss	(8,339)	(2,044)	(261)	–	(10,644)
Other income (expense)					
Contributions	–	245	–	–	245
Investment income, net	(20)	536	238	–	754
Gain on sale on assets/other	–	(68)	–	–	(68)
Equity in income of joint ventures	–	49	–	–	49
Total other income (expense)	(20)	762	238	–	980
Excess (deficiency) of revenues over expenses	(8,359)	(1,282)	(23)	–	(9,664)
Transfer	(19,273)	19,273	–	–	–
Increase (decrease) in unrestricted net assets	$ (27,632)	$ 17,991	$ (23)	$ –	$ (9,664)

WellSpan Specialty Services

Consolidating Statement of Operations and Changes in Net Assets (continued)

(In Thousands)

Year Ended June 30, 2012

Unrestricted net assets					
Excess (deficiency) of revenues over expenses	$ (8,359)	$ (1,282)	$ (23)	$ –	$ (9,664)
Net assets released from restriction for purchase of property and equipment	–	–	–	–	–
Transfer	(19,273)	19,273	–	–	–
Increase (decrease) in unrestricted net assets	(27,632)	17,991	(23)	–	(9,664)
Temporarily restricted net assets					
Net realized and unrealized gains and losses on investments	(43)	–	–	–	(43)
Investment income, net	27	39	–	–	66
Transfer	(959)	959	–	–	–
Contributions	200	64	–	–	264
Net assets released from restrictions	–	(65)	–	–	(65)
Increase (decrease) in temporarily restricted net assets	(775)	997	–	–	222
Permanently restricted net assets					
Net realized and unrealized gains and losses on investments	(423)	96	–	–	(327)
Investment income, net	–	214	–	–	214
Transfer	(5,035)	5,035	–	–	–
Net assets released from restrictions	–	(214)	–	–	(214)
Increase (decrease) in permanently restricted net assets	(5,458)	5,131	–	–	(327)
Change in net assets	(33,865)	24,119	(23)	–	(9,769)
Net assets					
Beginning of year	25,742	8,319	1,236	–	35,297
End of year	$ (8,123)	$ 32,438	$ 1,213	$ –	$ 25,528

York Hospital and Gettysburg Hospital (Obligated Group)

Combining Balance Sheet

(In Thousands)

June 30, 2012

Assets				
Current assets:				
Cash and cash equivalents	$ 61,016	$ 8,477	$ –	$ 69,493
Due from affiliates	8,138	–	–	8,138
Assets limited as to use	8	–	–	8
Patient accounts receivable, net	103,694	18,560	–	122,254
Other receivables	6,573	1,288	–	7,861
Inventories	4,703	799	–	5,502
Prepaid expenses	3,133	400	–	3,533
Total current assets	187,265	29,524	–	216,789
Investment limited as to use				
Board-designated	502,464	74,570	–	577,034
Temporarily restricted investment	326	153	–	479
Permanently restricted investment	363	–	–	363
Beneficial interest in perpetual trusts	6,282	–	–	6,282
	509,435	74,723	–	584,158
Property and equipment, net	223,058	42,056	–	265,114
Investments in joint ventures	–	85	–	85
Notes receivable – affiliates	20,949	–	–	20,949
Deferred financing costs, net	1,986	196	–	2,182
Interest in net assets of the Foundation	4,620	13,707	–	18,327
Other assets	–	6,696	–	6,696
Total assets	$ 947,313	$ 166,987	$ –	$ 1,114,300

Liabilities and net assets				
Current liabilities:				
Current portion of capital lease obligations	$ 2,992	$ 122	$ –	$ 3,114
Current portion of long-term debt	4,315	1,076	–	5,391
Accounts payable and accrued expenses	14,009	1,654	–	15,663
Accrued interest payable	2,148	10	–	2,158
Accrued salaries and wages	27,088	4,603	–	31,691
Advances from third-party payor	2,391	423	–	2,814
Estimated third-party payor settlements	6,170	1,136	–	7,306
Estimated self-insurance costs and postretirement benefits	709	–	–	709
Due to affiliates	–	1,099	–	1,099
Total current liabilities	59,822	10,123	–	69,945
Long-term capital lease obligations less current portion	9,147	506	–	9,653
Long-term debt, less current portion	260,869	33,031	–	293,900
Accrued retirement benefits	18,184	–	–	18,184
Note payable – affiliates	602	119	–	721
Interest rate swap contracts	42,849	7,700	–	50,549
Other noncurrent liabilities	1,511	–	–	1,511
Total liabilities	392,984	51,479	–	444,463
Net assets:				
Unrestricted	538,231	101,642	–	639,873
Temporarily restricted	4,797	159	–	4,956
Permanently restricted	6,681	–	–	6,681
Interest in net assets of the Foundation	4,620	13,707	–	18,327
Total net assets	554,329	115,508	–	669,837
Total liabilities and net assets	$ 947,313	$ 166,987	$ –	$ 1,114,300

York Hospital and Gettysburg Hospital (Obligated Group)

Combining Statement of Operations

(In Thousands)

Year Ended June 30, 2012

Unrestricted revenues, gains, and other support				
Net patient service revenue	$ 828,911	$ 142,227	$ –	$ 971,138
Provision for uncollectible accounts	(38,297)	(9,855)	–	(48,152)
Net patient service revenue less provision for uncollectible accounts	790,614	132,372	–	922,986
Other revenue	12,527	989	(1,091)	12,425
Net assets released from restrictions used for operations	2,893	75	–	2,968
Net revenues, gains, and other support	806,034	133,436	(1,091)	938,379
Expenses				
Salaries and wages	248,140	44,693	–	292,833
Employee benefits	94,478	15,931	–	110,409
Professional fees	89,805	15,626	–	105,431
Supplies and other	246,130	35,229	(1,091)	280,268
Depreciation and amortization	28,946	5,541	–	34,487
Interest	13,360	1,790	–	15,150
Total operating expenses	720,859	118,810	(1,091)	838,578
Operating income	85,175	14,626	–	99,801
Other income (expense)				
Contributions	364	41	–	405
Investment income, net	(1,835)	425	–	(1,410)
Equity in income of joint ventures	1,587	302	–	1,889
Loss on sale of assets/other	110	7	–	117
Change in fair value of interest rate swap agreements	(18,562)	(3,817)	–	– (22,379)
Other expense, net	(1,287)	(158)	–	(1,445)
Total other income (expense)	(19,623)	(3,200)	–	(22,823)
Excess of revenues over expenses	65,552	11,426	–	76,978
Other changes in unrestricted net assets:				
Net assets released from restrictions used for purchase of property and equipment	373	206	–	579
Other change in retirement liability	(2,449)	–	–	(2,449)
Transfers with affiliates	(35,800)	(6,700)	–	(42,500)
Increase in unrestricted net assets	$ 27,676	$ 4,932	$ –	$ 32,608

Gettysburg Hospital

Consolidating Balance Sheet

(In Thousands)

June 30, 2012

Assets				
Current assets:				
Cash and cash equivalents	$ 8,477	$ 187	$ –	$ 8,664
Due from affiliates	–	98	–	98
Patient accounts receivable, net	18,560	–	–	18,560
Other receivables	1,288	13	–	1,301
Inventories	799	–	–	799
Prepaid expenses	400	11	–	411
Total current assets	29,524	309	–	29,833
Unrestricted investments	–	663	–	663
Investment limited as to use				
Board-designated	74,570	6,029	–	80,599
Temporarily restricted investment	153	529	–	682
Beneficial interest in perpetual trusts	–	5,943	–	5,943
	74,723	12,501	–	87,224
Pledges receivable, net	–	127	–	127
Property and equipment, net	42,056	7	–	42,063
Investments in joint ventures	85	–	–	85
Deferred financing costs, net	196	–	–	196
Interest in net assets of the Foundation	13,707	–	(13,707)	–
Other assets	6,696	175	–	6,871
Total assets	$ 166,987	$ 13,782	$ (13,707)	$ 167,062

Liabilities and net assets				
Current liabilities:				
Current portion of capital lease obligations	$ 122	$ –	$ –	$ 122
Current portion of long-term debt	1,076	–	–	1,076
Accounts payable and accrued expenses	1,654	75	–	1,729
Accrued interest payable	10	–	–	10
Accrued salaries and wages	4,603	–	–	4,603
Advances from third-party payor	423	–	–	423
Estimated third-party payor settlements	1,136	–	–	1,136
Due to affiliates	1,099	–	–	1,099
Total current liabilities	10,123	75	–	10,198
Capital lease obligations, less current portion	506	–	–	506
Long-term debt, less current portion	33,031	–	–	33,031
Note payable – affiliates	119	–	–	119
Interest rate swap contracts	7,700	–	–	7,700
Total liabilities	51,479	75	–	51,554
Net assets:				
Unrestricted	101,642	7,108	–	108,750
Temporarily restricted	159	647	–	806
Permanently restricted	–	5,952	–	5,952
Interest in net assets of the Foundation	13,707	–	(13,707)	–
Total net assets	115,508	13,707	(13,707)	115,508
Total liabilities and net assets	$ 166,987	$ 13,782	$ (13,707)	$ 167,062

Gettysburg Hospital

Consolidating Statement of Operations and Changes in Net Assets

(In Thousands)

Year Ended June 30, 2012

Unrestricted revenues, gains, and other support				
Net patient service revenue	$ 142,227	$ –	$ –	$ 142,227
Provision for uncollectible accounts	(9,855)	–	–	(9,855)
Net patient service revenue less provision for uncollectible accounts	132,372	–	–	132,372
Other revenue	989	260	(260)	989
Net assets released from restrictions used for operations	75	–	–	75
Net revenues, gains, and other support	133,436	260	(260)	133,436
Expenses				
Salaries and wages	44,693	150	–	44,843
Employee benefits	15,931	17	–	15,948
Professional fees	15,626	33	–	15,659
Supplies and other	35,229	56	–	35,285
Depreciation and amortization	5,541	2	–	5,543
Interest	1,790	–	–	1,790
Total operating expenses	118,810	258	–	119,068
Operating income	14,626	2	(260)	14,368
Other income (expense)				
Contributions	41	156	–	197
Investment income, net	425	(75)	–	350
Equity in income of joint ventures	302	–	–	302
Gain on sale of assets/other	7	–	–	7
Change in fair value of interest rate swap agreements	(3,817)	–	–	(3,817)
Other income (expense), net	(158)	–	260	102
Total other income	(3,200)	81	260	(2,859)
Excess of revenues over expenses	11,426	83	–	11,509
Other changes in unrestricted net assets:				
Net assets released from restrictions used for purchase of property and equipment	206	24	–	230
Transfers with affiliates	(6,700)	–	–	(6,700)
Increase in unrestricted net assets	$ 4,932	$ 107	$ –	$ 5,039

Gettysburg Hospital

Consolidating Statement of Operations and Changes in Net Assets (continued)

(In Thousands)

Year Ended June 30, 2012

Unrestricted net assets				
Excess of revenues over expenses	$ 11,426	$ 83	$ –	$ 11,509
Net assets released from restriction for purchase of property and equipment	206	24	–	230
Transfers	(6,700)	–	–	(6,700)
Increase in unrestricted net assets	4,932	107	–	5,039
Temporarily restricted net assets				
Net realized and unrealized gains and losses on investments	–	6	–	6
Change in net assets of Foundation	31	–	(31)	–
Contributions	111	171	–	282
Transfers	–	–	–	–
Net assets released from restrictions	(111)	(194)	–	(305)
Increase (decrease) in temporarily restricted net assets	31	(17)	(31)	(17)
Permanently restricted net assets				
Net realized and unrealized gains and losses on investments	–	(91)	–	(91)
Investment income, net	–	186	–	186
Contributions	–	32	–	32
Net assets released from restrictions	–	(186)	–	(186)
Decrease in permanently restricted net assets	–	(59)	–	(59)
Change in net assets	4,963	31	(31)	4,963
Net assets				
Beginning of year	110,545	13,676	(13,676)	110,545
End of year	$ 115,508	$ 13,707	$ (13,707)	$ 115,508

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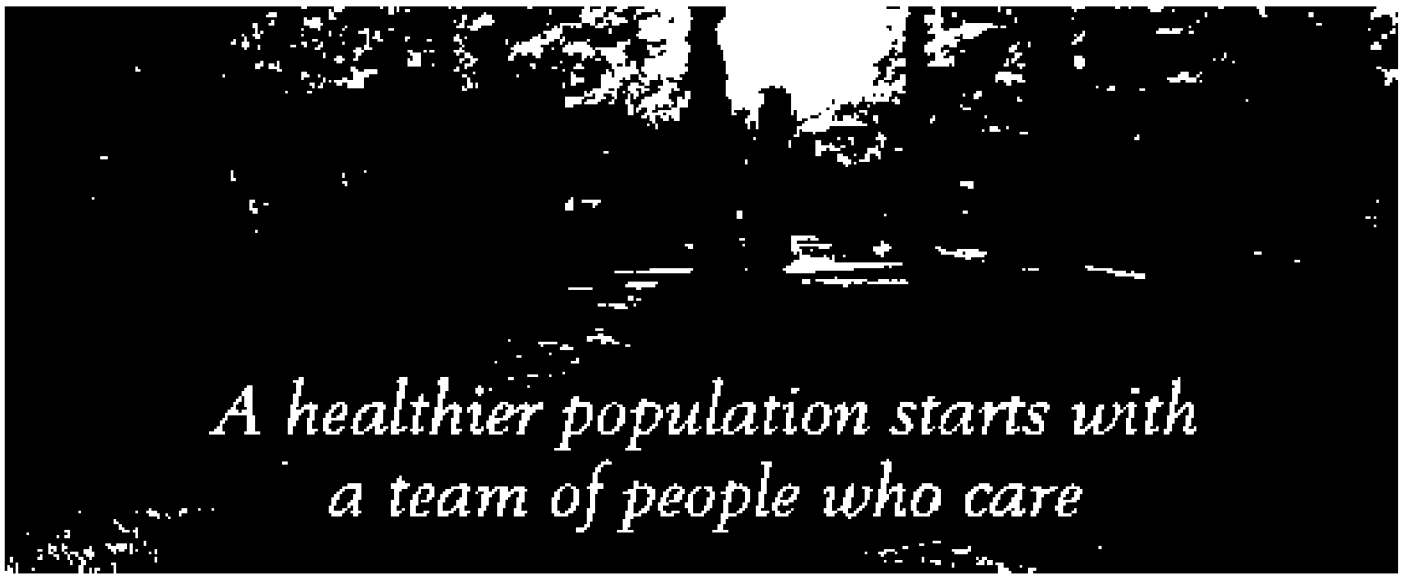
WELLSPAN®
HEALTH

2012 Community Benefit Report



Contents

How We Help

Every member of our community deserves the care they need

At WellSpan, it is our core belief that accessible health care is one of the keys to a healthy community Yet, in York and Adams counties, there are nearly 40,000 individuals who live without adequate health insurance

This community health problem cannot be ignored and requires careful planning and forethought Fortunately, WellSpan has done both

We take measures to care for those who have no insurance and are unable to pay We offer discounted care to individuals whose income falls within 300 percent of federal poverty guidelines Additionally, all uninsured patients, regardless of whether they qualify for charity care, receive discounts similar to those offered by private insurance companies We offer free care to patients who participate in our charity care program

Together with our community partners, we support programs to take basic primary care and other services into urban and rural communities, improve access to oral health care and help people establish a "medical home" with a primary care physician

How We Help

Connecting dentists with those in need

For struggling families who lack insurance, dental care typically ranks pretty low on the list of priorities. In rural areas where dentists are scarce, finding affordable dental care may seem nearly impossible.

It's a problem all too familiar to Kathy Gaskin, the executive director of Healthy Adams County.

"In Adams County, we definitely have a shortage of dentists, especially dentists who accept Medicaid patients," Gaskin explained. "We were having a huge issue with dental care access for people with Medicaid or no insurance."

To address the problem, WellSpan partnered with Family First Health, a nonprofit, federally funded community health center. In June 2012, with the funding by a WellSpan grant, Family First Health opened a state-of-the-art dental facility in Gettysburg.

Family First Health accepts all forms of insurance, including Medicaid, and offers discounts to uninsured patients, based on their family size and income.

"We provide comprehensive dentistry," said Jenny Englerth, executive director of Family First Health. "We do everything from cleanings and hygiene services to fillings and crowns, root canals, extractions, bridges, dentures, and even emergency care."

The dental center treated 500 people in its first 90 days. A third of those patients were young children.

"We've set up our services around seeing children at an early an age as possible," Englerth explained. "That's in conjunction with the change in guidelines from the American Academy of Pediatrics about when to start accessing dental care for your child."

She said that some nine and 10 year-olds are coming into the center for the first dental visit of their lives.

The center's primary dentist, Joseph Mountain, DMD, said that many of his young patients are contending with more than just economic barriers. They may have an unstable family life, no transportation, or parents who don't speak English.

"These patients are our most vulnerable," he said.

Mountain spoke of a young mother who brought her two-year-old daughter, seeking to learn proper dental care for the child. The woman had missing teeth, and those that remained were discolored and pocked with cavities. She said it was too late for her, but she hoped her daughter could avoid the same pain and social stigma she had endured.

"Until this point, I don't think she realized she could also be seen at our facility," Mountain said. "I told her it is never too late, and she should set up a new-patient exam with us. She left here ecstatic."

WellSpan Health has worked to provide greater access to dental care for underserved and uninsured people in Adams County for several years. The dental services now available through the Family First Health Dental Center represent the efforts of long-standing community organizations and committed individuals.

How We Help

In 2012, WellSpan Health provided over $100 million in care for the uninsured and underinsured

The net cost of care provided in 2012:

Charity Care:
$20 2 million in free care to patients who participated in our charity care program

Medicare:
$64 8 million in cost greater than what was paid by Medicare

Medicaid:
$58 8 million in cost greater than what was paid by Medicaid

Uncompensated Care:
$26 2 million in services to patients who received care for which they did not pay and who did not participate in the charity care program

Community Education and Outreach:
$6 million in free community education and outreach to children and at-risk groups

Medical, Dental and Pharmaceutical Care:
$13 2 million to support services that provided discounted medical, dental and pharmaceutical care to people in need

How We Help

Programs for the uninsured that WellSpan supported in 2012

Initiatives we support	Who benefits?	Our progress in 2012
HealthConnect, a mobile health care program that provides basic primary care services and helps individuals find a medical home	Individuals who lack sufficient health insurance	1,312 visits 973 new patients 137 referrals to a primary care physician
Healthy York Network and Healthy Community Pharmacy, a collaborative effort that facilitates access to discounted health care services and prescription medication	Individuals who lack sufficient health insurance	$33 million of care provided to more than 8,309 members 9,117 new members enrolled 52,234 prescriptions filled
Community Health Workers, who help people navigate the health care system, enroll in public assistance programs and implement health outreach programs	Individuals who lack sufficient health insurance and people of disparate populations	372 individuals were assisted with access to healthcare and enrollment in health assistance programs such as Healthy York Network
Family First Health's Hannah Penn Health Center, a partnership of WellSpan York Hospital, Family First Health and the City of York School District	Underserved adults and children, including those who lack sufficient health insurance and those with Medicaid	3,658 acute and preventive medical visits 1,620 dental visits in calendar year 2011
WellSpan York Hospital Community Health Center, which provides primary care services, women's health care, HIV care and pediatric care for medically complex conditions	Adults and children who lack sufficient health insurance	22,763 primary care visits and 18,670 obstetrics and gynecology visits

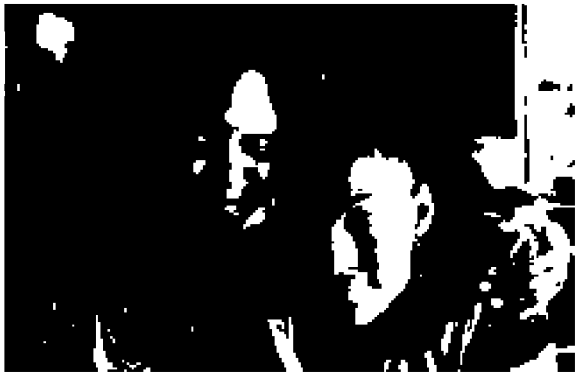
Initiatives we support	Who benefits?	Our progress in 2012
Thomas Hart Family Practice Center, which is staffed by resident and faculty physicians at WellSpan York Hospital and provides acute, chronic, preventive and obstetric care	Adults and children, many of whom lack sufficient health insurance	26,499 visits
Family First Health's Gettysburg Center, a federally qualified community health center that WellSpan supports to provide medical and dental services in Adams County	Underserved adults and children of Adams County, including those who lack sufficient health insurance and those with Medicaid	Actively supported the start-up of the center and its ability to attract 5,643 patients during the past year Family First Health Center in Gettysburg began providing dental care to patients who are uninsured and those with Medicaid
The George W T Bentzel, DDS Dental Center, which is staffed by licensed dentists and residents from the WellSpan York Hospital Dental Residency Program	Adults and children, many of whom lack sufficient dental insurance	14,325 outpatient visits
Hoodner Dental Center	Individuals who lack sufficient dental insurance and who qualify for Medical Assistance or the Healthy York Network	6,191 visits

Healthy Communities

Collaboration is vital to making an impact on our community health

At WellSpan, we wholeheartedly agree with the World Health Organization's assessment that health is "a state of complete physical, mental and social well-being, not merely the absence of disease or infirmity." And we recognize the dangers and issues facing a community that cannot achieve this level of health

To help our communities become healthy places to live, work and play, we are constantly planning for the future, developing partnerships, building community assets, engaging citizens, and sponsoring initiatives. Our efforts are broad based and wide reaching, but so is the need. We believe that our progress, on all fronts, continues to make a difference



Matching community priorities with actions

In order to gauge the community's needs regarding health and human services, WellSpan Health, Healthy York County Coalition, Healthy Adams County, along with several partnering organizations collaborated to conduct a comprehensive community health assessment survey of people living in York and Adams counties.

A community health assessment of the region is completed every three years. The results are used by both county health coalitions and area healthcare providers to plan programming and identify emerging needs and issues.

The results of the 2012 assessment produced several notable observations and findings that will serve as strategic planning objectives for area community health organizations over the next few years. Findings from this year's survey include:

- Adams and York counties are growing in population and also getting older.
- One-in-five residents in both York and Adams counties have been diagnosed with a depressive or anxiety disorder.
- Adams and York counties have significant numbers of overweight or obese individuals and a majority of people who have low rates of regular exercise.
- Poverty rates are rising in both counties. The rates are most pronounced in York City, where 37 percent of residents live in poverty.
- Health disparities data show that poverty and age are significantly associated with differential outcomes related to access, health conditions and prevention behaviors.
- Only three to four percent of people in the region are eating three servings of vegetables a day.
- Area residents are spending more time commuting to work compared to 10 years ago.

In June, Healthy Adams County and the Healthy York County Coalition shared the assessment findings with key community stakeholders. Individuals representing area social services, health care, education and government attended the events to establish dialogue and share insights on the assessment findings.

"We saw some new faces at this year's health assessment forum and that's encouraging because that translates into new ideas and energy," said Kathy Gaskin, executive director, Healthy Adams County. "Everyone was engaged in the issues. There was a lot of discussion and that will lead to creating better solutions to answer community needs."

Based on the 2012 assessment, Healthy York County Coalition established six priority areas. They are obesity, tobacco use, depression, workplace wellness, prenatal care and reaching out to those who avoid obtaining health care because of costs.

Healthy Adams County determined four priorities: obesity, depression, dental access and health literacy.

Robin Rohrbaugh, executive director of Healthy York County Coalition, believes York and Adams counties share many similar priorities and that it will help in coordinating strategic planning sessions between the two counties.

"In most cases, the coalitions will be able to link the identified priorities to existing work groups," Rohrbaugh said. "We aren't starting from scratch in overcoming these identified challenges."

In addition to their own efforts, the coalitions have been working closely with WellSpan's Community Benefit Council to coordinate efforts in identifying the top priorities and establishing action plans for each hospital in the WellSpan system.

2012 Adams & York County Community Health Assessment Partners:

Adams-Hanover Counseling Services

Collaborating for Youth

Family First Health

Gettysburg College

Hanover Hospital

Healthy Adams County

Healthy York County Coalition

Memorial Hospital

United Way organizations of Adams and York counties

WellSpan Health

York City Bureau of Health

York College

York County Community Foundation

To see the full 2012 community health assessment report with results from both York and Adams counties, visit www.healthyadamscounty.org or www.healthyyork.com.

Healthy Communities

Community health initiatives WellSpan supported in 2012

Initiatives we support	Issues they address	Our progress in 2012
Healthy Adams County, a partnership of community members dedicated to continuing assessment, development and promotion of efforts toward improving physical, mental and social well-being	Health literacy, healthy lifestyles, oral health, quality health care for the chronically ill, school wellness	The sixth annual Adams County Health Summit, which included nearly 100 health and human services professionals and community residents Partnered with PA Dept of Conservation and Natural Resources and the South Mountain Partnership to plan a regional health summit in September 2012
Healthy York County Coalition, an ongoing, independent collaborative effort dedicated to improving the health and wellness of York County	Health literacy, healthy lifestyles, oral health, quality health care for the chronically ill, school wellness	The GO Explore the World! program promoted municipal, county and state parks in York County as places for children and families to be physically active More than 10,818 passports were distributed
Reach Out and Read	Early childhood literacy	5,488 books distributed to children ages six months to five years
SAFE, teams of specially trained Emergency Department nurses at WellSpan York Hospital and WellSpan Gettysburg Hospital who treat victims of sexual assault while simultaneously gathering evidence of a crime	Domestic violence and child abuse	Provided care to more than 400 patients
Volunteerism on local non-profit boards, with schools and in youth activities	Quality of life across south central Pennsylvania	WellSpan Health employees supported local organizations through volunteerism

Initiatives we support	Issues they address	Our progress in 2012
Community Partnership Grants	Health and quality of life across south central Pennsylvania	$238,900 provided to support York and Adams Counties Community Health Assessment YorkCounts/York County Youth Development Center National Alliance on Mental Illness (NAMI-York County) YMCA of York County Adams Food Policy Council/The Center for Public Service, Gettysburg College Garden Club of York Basket of York Endowment York Day Nursery, Inc Healthy York County Coalition
Community sponsorships	Health and quality of life across south central Pennsylvania	$545,000 in sponsorships to area organizations and contributions to local government and school districts
Outreach to the Latino population	Childhood obesity, early prenatal care, Latino health	Prenatal care resources for over 102 Latino women in their first trimester of pregnancy, including a Latino Health Educator Health education resources, referrals and guidance provided to over 300 Latino community members regarding access to care, diabetes prevention and management, and cardiovascular health

Lifelong Wellness

Sometimes healthier living starts with simple behavior changes

At WellSpan, we recognize that unhealthy behaviors can wreak havoc on an individual, a family and an entire community. We also recognize that simple behavior changes and access to the right information can make all the difference in promoting lifelong wellness. That's why we create, support and contribute to numerous programs designed to lay the groundwork for healthier living.

Lifelong Wellness

"Get Fit! Have Fun!" helps kids combat childhood obesity

It wasn't unusual this past summer to see kids showing up 45 minutes early for the weekly "Get Fit! Have Fun!" program that was run by the WellSpan York Hospital Family Medicine residents every Tuesday in the Salem Square neighborhood in York

"The kids were very excited," said Gordon Zubrod, M D , associate program director, WellSpan York Hospital Family Medicine Residency "They looked forward to coming every week, and they had fun "

"Get Fit! Have Fun!" was designed to combat childhood obesity It was funded by a $17,000 grant from the American Academy of Family Physicians The program started in March and ran through October

Weekly activities featured four stations, where kids, ages four to 14, spend 15 minutes at each The stations included an obstacle course, a relay race, some type of game and a sports activity such as soccer or football

Activities were held at the St Paul E C Church WellSpan York Hospital Family Medicine residents and community volunteers helped coordinate the events

Zubrod said the goal of "Get Fit! Have Fun!" is to reach children early and help them become active and adopt healthy habits

"Childhood obesity is an epidemic," said Zubrod "Thirty-five percent of our children at Thomas Hart Family Practice are overweight or obese

"Obesity carries many consequences," he added "Obese children are less likely to graduate from high school, report more trouble making friends and are more likely to end up on disability"

At age five, an obese child has 25 percent of continuing to be obese At age 15, however, the chance increases to 75 percent, according to Zubrod

At the beginning of the program, children had their baseline height and weight recorded and completed a health survey The process was repeated at the conclusion of the program

"It's encouraging to see how enthusiastic the kids are," offered Zubrod "We're very satisfied with the number of kids who participated (25 to 30)"

Zubrod said Family Medicine residents used their experience from an earlier child obesity program to try to eliminate barriers of costs, transportation, parental consent and sustainability

"This was really a neighborhood project," said Zubrod "We partnered with St Paul E C Church and the Salem Square Neighborhood Association A project like this not only benefits children, but it strengthened the community by building pride and increasing involvement"

WellSpan believes that encouraging behavior changes and providing access to health care information that we can make a difference in promoting lifelong wellness – both individually and collectively for the people we serve

Lifelong Wellness

Initiatives WellSpan supported in 2012 that promote lifelong wellness

Initiatives we support	Our progress in 2012
Adams County Young Women's/Young Men's Annual 7th Grade Leadership Conference	More than 1,275 attended, topics included Internet safety, respect, healthy body image, stress management, movement, healthy choices and relationships, nutrition, careers, goal setting and leadership skills
The York County Young Women's Leadership Conference	More than 1,100 seventh-grade girls attended, topics included social hierarchies and teen relationships, gender aggression, stress management, healthy body image and goal setting
Inpatient and outpatient tobacco education and cessation at WellSpan York Hospital and WellSpan Gettysburg Hospital	More than 4,310 youth, children and adults participated
Growing Healthy programs to encourage healthy eating and physical activity among young people and adults	Trained 41 early childhood providers at three sites in York and Adams counties to use curriculum that promotes healthy eating and activity for an estimated 600 preschool students and their families Distributed more than 250,000 educational materials to 10 primary care practices regarding pediatric healthy eating and physical activity Maintained a three-program weight management series for adults with 162 individuals participating in York and Adams counties 830 preschoolers received healthy eating and physical activity educational resources through the Growing Healthy Tots program Maintained strong partnerships with 11 area middle schools to implement wellness policies that support healthy eating and physical activity, and to provide technical assistance to school faculty and staff

Initiatives we support	Our progress in 2012
SafeKids injury prevention programs for children and parents, and bicycle, car seat, home and pedestrian safety initiatives	675 preschoolers participated in a program about proper hand washing 443 children participated in home safety community events 130 preschoolers learned about pedestrian safety 603 child passenger safety seats were correctly installed Participated in launching of Countdown2Drive, a new York County program that reached over 600 students age 13-15 Program promotes safe driving and being a safe passenger, and encourages communication between children and their guardians
Children's Wellness Days, sponsored by the WellSpan York Hospital Auxiliary	More than 1,300 third-grade students from public and private schools attended
Camp Mend-A-Heart, a VNA program for children who have experienced the death of a loved one	23 young people participated
Roads to Freedom, a community initiative in Adams County to create active learning around 150th anniversary of the Battle of Gettysburg	More than 800 journals distributed in program's opening month (June 2012)

Chronic Care

Life can be better if you're living with a chronic illness

For 125 million Americans, chronic illness is a never-ending problem that in many cases limits their lives, their sense of freedom and joy. Yet, with prevention, education, detection, treatment and care, many of these chronic conditions can be managed and even alleviated. Clearly, a better life is a better plan. To help achieve it, WellSpan works with individuals across south central Pennsylvania and northern Maryland on a variety of services and programs conceived and designed to improve the lives of those with chronic illness.

Lifting the weight

Mental health medications can make a normal life possible. They lift the mind from the depths of depression, level out disruptive mood swings, and aid in rational decision-making. WellSpan's Healthy Community Pharmacy recently implemented two special programs for community members who are struggling with mental health issues.

The first program targets disorder sufferers who were recently released from York County Prison. Clair Doll, the prison's deputy warden for treatment, said that establishing a way for former inmates to receive a temporary supply of their mental health medication can help prevent recidivism.

"We wanted to provide 30 days of medication, in order to bridge the gap between when they are released and when they can get in to see a psychiatrist," Doll said. "Our probation officers have said this is very helpful, since access to medication can be a stumbling block."

Prior to releasing a prisoner, Doll's office faxes a 30-day voucher to the Healthy Community Pharmacy. When prisoners arrive to pick it up, the pharmacists offer them additional services.

"We can connect them with a family doctor or a mental health doctor, and we can get them enrolled in Healthy York Network if they don't have any health insurance," said Healthy Community Pharmacy Manager Trisha Rudisill, Pharm.D.

The Healthy Community Pharmacy has filled more than 700 prisoner prescriptions since the program began in 2010. Rudisill said that the pharmacy gives York County Prison a discount, and Doll noted that the prescriptions cost taxpayers nothing, since they are paid for with proceeds from inmate purchases at the prison's commissary.

The second program began in spring 2012 and benefits patients of WellSpan Behavioral Health who are having trouble purchasing their medications or using them properly.

"We reach out to drug companies and try to obtain free medication for patients who are uninsured and can't afford their brand-name mental health prescriptions, which can be very expensive," Rudisill said.

Pharmacists also travel to a Behavioral Health Services clinic to consult with patients about any difficulties they may be experiencing with their medications. Rudisill gave the example of a young woman she met recently who was slouching and slurring her speech.

"After speaking with her and her father, and reviewing her chart, I discovered a problem with her medications due to kidney dysfunction," Rudisill explained. "I made a re-dosing recommendation to her doctors, and within a week her normal day-to-day functioning had improved."

The Healthy Community Pharmacy, located at 116 S. George Street in York, remains prepared to help the underserved of the community get the medications they need.

Healthy Community Pharmacy is a program of Healthy York Network's community effort to address the growing needs and concerns of people who are uninsured and underinsured in Adams and York counties.

Chronic Care

Chronic Care initiatives that WellSpan supported in 2012

Initiatives we support	Our progress in 2012
Aligning Forces for Quality (AF4Q), a community collaborative funded by the Robert Wood Johnson Foundation that engages leaders, consumers, physicians, nurses, employers and insurers to improve the quality of care for the chronically ill. AF4Q is a program of the Healthy York County Coalition	24 primary care physician practices participated in the one-year Patient Centered Medical Home collaborative and joined the Enduring Learning Forum to continue their improvement efforts, one of which is the reduction of emergency department visits Trained and supported Patient Partners working side by side with quality improvement teams in 20 primary care practices, helping them to become more patient centered Helped foster the development of a business council on health and a Wellness Incorporated Event in September 2011
Free lifestyle consultations to adults and children at the WellSpan York Hospital Community Health Center	WellSpan Community Health Improvement staff had nearly 120 one-on-one counseling interactions with 78 adult and pediatric patients of the WellSpan York Hospital Community Health Staff Center. During sessions, patients were educated on healthy eating and physical activity behaviors, and developed action plans, which link goals with cultural background, socioeconomic status, motives and values of the patient A Latino health educator reached 60 Spanish-speaking community members and provided one-on-one counseling
For Heart's Sake, an outreach initiative for uninsured and underinsured African-Americans residing in York City	58 African-Americans participated in a 10-week Zumba program offered in York City church. Participants lost a total of 217 pounds over the ten-week period
A diabetes prevention program, designed to educate sixth and eighth grade students on how to reduce their risk of developing type 2 diabetes by making healthy food choices and staying physically active	1,617 students in five schools in Adams and York counties
Camp Green Zone, a five-day event which teaches children ages 6-12 how to control their asthma	37 young people participated
Community screening programs in Adams County	Screenings such as blood pressure and blood glucose were provided to 3,624 individuals in Adams County at multiple venues

Initiatives we support	Our progress in 2012
Stress Less, a program designed to help adults overcome daily stressors by learning to relax, breathe, and adapt to stress	100 attendees across York and Adams counties in program's initial year
Healthcare Lay Leader Networks developed to provide insight and guidance on culturally appropriate community activities	Lay leader networks comprised of representatives from African-American and Latino communities developed in both York and Adams counties

Learning & Research

Care for the next generation of our community starts today

At WellSpan, we believe in the power of new ideas, new approaches, new discoveries and new people. That's why we sponsor programs that train the next generation of physicians, nurses and other clinical professionals. These programs allow us to stay abreast of new techniques to prevent, detect, diagnose and treat medical problems, and ensure an adequate supply of essential clinicians for the future.

Learning & Research

WellSpan's York Cancer Center is helping to lead the fight against Breast Cancer

Rita Allison, 59, of York, was in her last year of teaching at Dallastown's Loganville-Springfield Elementary when she was diagnosed with stage 1 breast cancer. Her treatment plan required two surgeries followed by 33 radiation treatments. Prior to beginning radiation, the team at WellSpan's York Cancer Center informed her of her eligibility for a clinical breast trial to determine if radiation therapy is more effective with or without Herceptin in preventing subsequent occurrences of breast cancer. Allison was selected to be part of the control group for the study.

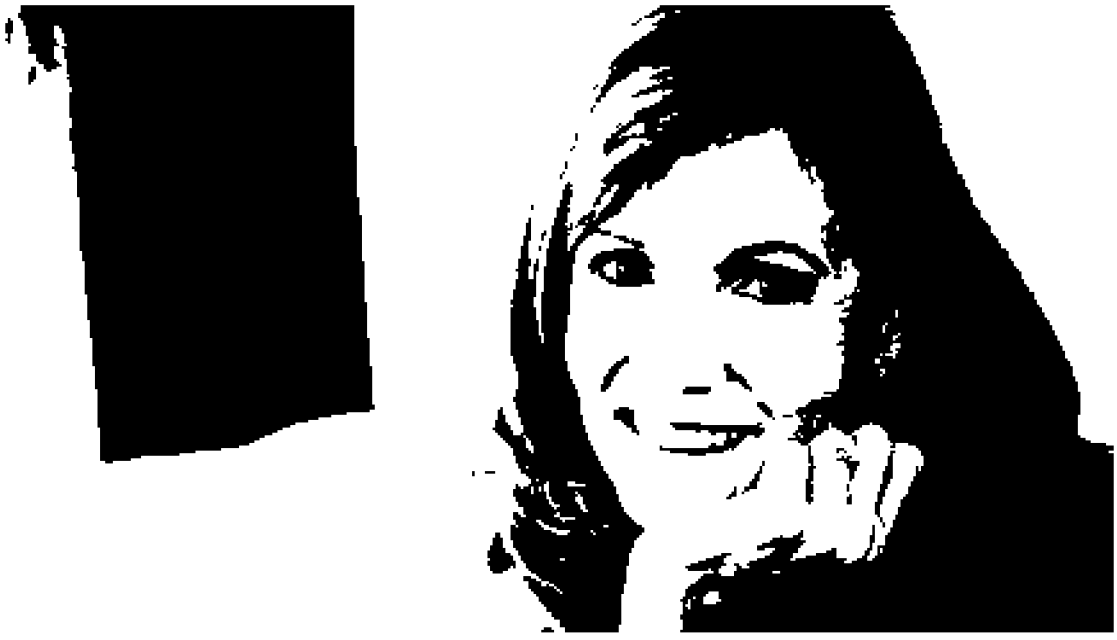
"I think it is great," says Allison. "I am thrilled to be part of something that has the potential to advance breast cancer treatment."

As part of the clinical trial, Allison receives check ups and mammograms every six months for five years.

"I feel safer because of the regular check ups," remarks Allison. "Once you finish radiation, it's like—now what? But being part of this study has allowed me to help advance treatment and get very regular monitoring. I feel safer."

Allison was so grateful for the care that she received at the York Cancer Center that she and a friend started volunteering at WellSpan.

"I am so fortunate to be where I am today and be able to give back. I split my time between volunteering in pediatrics and at the cancer center. I just love it. I am blessed."



Learning & Research

Learning & Research initiatives that WellSpan supported in 2012

Initiatives we support	Our progress in 2012
Clinical Trials	More than 700 patients participated in the following trial categories: breast cancer, prostate cancer, skin cancer, esophageal cancer, colon cancer, lung cancer, cancer of the head and neck, depression in cancer patients receiving radiotherapy, coronary artery disease, coronary artery stents, cardiac arrest, chronic heart disease, seizures in adults and pediatrics, cervical dystonia, facial paralysis, pneumonia, orthopedic treatment and prevention, lung function and pain management
Medical Education	More than 675 residents, visiting medical students and visiting residents cared for patients who don't have a primary care physician. These professionals provide outreach and education for the community, and they often stay in our community long after their training is complete WellSpan York Hospital actively participated in training for nurses and allied health professionals, including clinical pastoral care, pharmacy residencies and internships, clinical laboratory science, nurse anesthetists, respiratory care, radiography, nuclear medicine technology and continuing education for emergency medical service personnel

2012 WellSpan Stats and Achievements

Who We Are

At WellSpan Health, we are proud to be part of the communities of Central Pennsylvania. That's why we are committed to understanding local health care needs and working with physicians, community leaders and area residents to establish services and programs where people live, work and play.

By offering a vast array of inpatient, outpatient, home health and physician services and by partnering with other organizations and community physicians, we make it possible for people to find and access the health services that they need, without having to travel far from home.

By working as one coordinated health care organization, we are transforming care through sophisticated clinical information technology and creating innovative new models as a means to create a high quality, exceptional patient experience.

Our charitable, non-profit mission:

Working as one to improve health through exceptional care for all, lifelong wellness and healthy communities.

Our health system at a glance:

- A valuable community resource that provides more than $18 million each year in uncompensated medical and outreach services
- More than 9,000 employees, volunteers and physicians
- Highly skilled primary care and specialty physicians and providers, including more than 500 members of the WellSpan Medical Group
- 35 outpatient health care locations, which offer diagnostic imaging, laboratory, rehabilitation, primary care, retail pharmacy, walk-in health care and other essential services
- A regional home care organization, WellSpan VNA Home Care
- Three respected hospitals: WellSpan York Hospital, WellSpan Gettysburg Hospital and the WellSpan Surgery & Rehabilitation Hospital
- Regional referral services in heart and vascular care, oncology, women and children services, orthopedics and spine care, neurosciences and behavioral health
- Partnerships with respected organizations, including Hanover Hospital and Hospice & Community Care (formerly Hospice of Lancaster County), as well as hundreds of private-practice community physicians

Achievements

In fiscal 2012, WellSpan continued its efforts to create a health system that supports the changing needs of individuals and families in south central Pennsylvania and northern Maryland.

These efforts have been recognized with the following designations:

- WellSpan was named a Top 100 Integrated Healthcare Network by SDI, a health care data and consulting firm in Plymouth Meeting, Pa., for the sixth consecutive year and the eighth time in the past nine years.

- WellSpan was named a Top 25 Most Connected Healthcare Facility by Health Imaging and IT magazine for the sixth consecutive year
- All primary care practices of the WellSpan Medical Group achieved certification by the NCQA as Level I Patient-Centered Medical Homes, which are health care settings that facilitate partnerships between patients, their families and their personal physicians
- WellSpan along with Cerner Corporation, a healthcare technology company, and Hospira, a pharmaceutical and medical delivery company, received the Collaboration Award as part of the 2011 Way Paver Awards. In collaboration, the three organizations launched the infusion management system at WellSpan York Hospital's Medical Surgical Intensive Care Unit. It was the first of its kind in the world
- WellSpan York Hospital's Level 1 Trauma Center was reaccredited for three years
- WellSpan Gettysburg Hospital was recognized as a Top Performer for key quality measures by The Joint Commission
- WellSpan Gettysburg Hospital earned two VHA Achieving Patient Care Excellence (APEX) awards for the prevention of catheter associated blood and urinary tract infections

WellSpan enhanced its ability to serve the growing and changing communities of south central Pennsylvania and northern Maryland by

- Recruiting 65 new physicians and 40 nurse practitioners/physician assistants. These professionals provide care in areas such as family medicine, internal medicine, obstetrics and gynecology, emergency medicine, surgery, neurology, endocrinology, orthopedic surgery and radiology
- Opened the WellSpan Surgery and Rehabilitation Hospital. The 73-bed facility is located on the Apple Hill Health Campus. It features 48 rehabilitation beds and 25 beds and four operating rooms dedicated to orthopedic and spine care
- Opened a new 19,000-square-foot addition to the WellSpan Gettysburg Hospital Emergency Department
- Improved access to coordinated urgent care of minor illnesses and injuries with the opening of three WellSpan CareExpress locations in York County
- Expanded outpatient physical therapy and rehabilitation services in southern York County with a new location in Shrewsbury
- Opened the WellSpan Midwifery practice in Adams County to support alternative care needs and preferences of expectant mothers

WellSpan worked to create an exceptional patient experience by providing care that is safe, timely, equitable, efficient, effective and patient-centered. For example

- WellSpan York Hospital performed its first Transcatheter Aortic Valve Replacement (TAVR) cardiac procedure, becoming one of three hospitals in the state to offer this alternative to open heart surgery
- WellSpan York Hospital and WellSpan Gettysburg Hospital developed a urinary catheter removal protocol in an effort to reduce infection rates

- WellSpan developed a standardized approach for providing care for patients with Clostridium difficile (C Difficile)
- WellSpan York Hospital and WellSpan Gettysburg Hospital implemented Smart infusion pump and PCA technology as a means to significantly reduce the opportunity for an infusion-related error
- WellSpan improved and sustained overall hand hygiene compliance among caregivers from 42% to 95%
- WellSpan introduced a new radiation-saving software called iDose that significantly reduces radiation doses without compromising high-quality CT images

WellSpan remained steadfast in its focus on building a healthy community and providing care to all, including the most vulnerable citizens, by

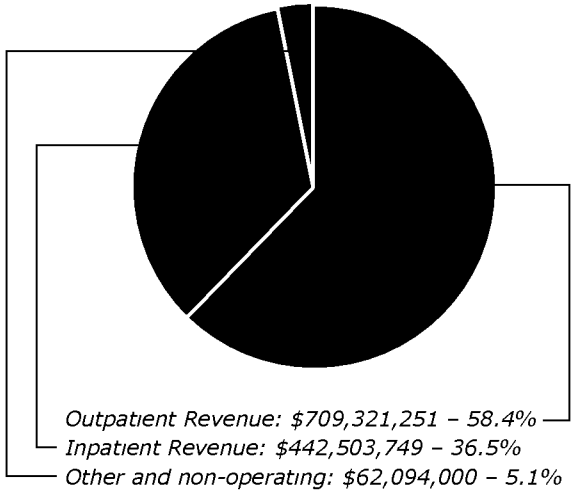
- Continuing to sponsor innovative outreach efforts and providing $20 2 million in free care and an additional $26 2 million in services which were not reimbursed
- Providing a safety net of care for uninsured and underinsured individuals through such services as Healthy York Network, HealthConnect, WellSpan York Hospital Community Health Center, and WellSpan Medical Group
- Sponsoring both the Adams County Health Summit and the Healthy York County Coalition Health Summit, with both events focused on sharing the findings of the 2012 Community Health Assessment
- Developing a wide range of educational opportunities for today's healthcare professionals while working to prepare the next generation of physicians, nurses and healthcare workers

WellSpan worked to create a more coordinated, efficient and viable health care system by

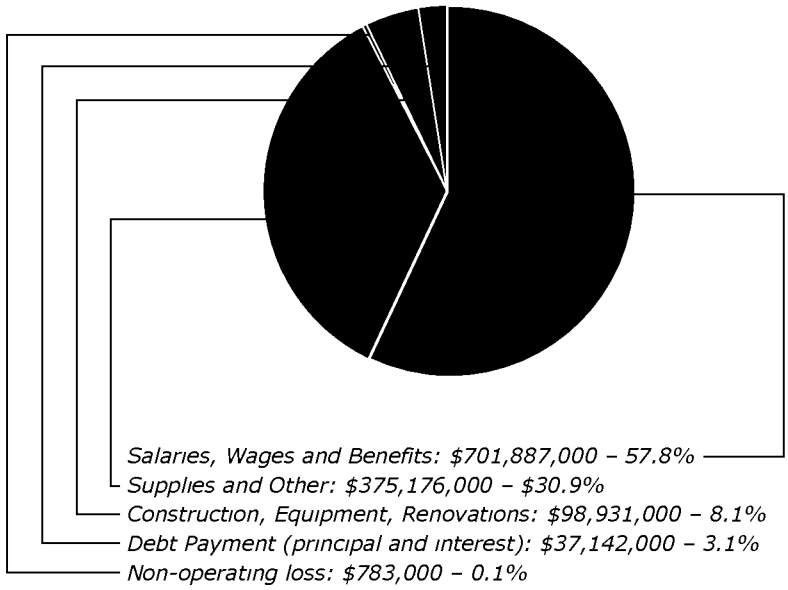
- Continuing to develop an electronic health record as a means to coordinate care among physicians and enhance the patient's ability to access their personal health care information
- Successfully introduced a mobile phone application for patients to access relevant information about WellSpan Health
- Introduced the My WellSpan patient portal to provide access to personal health information Users can obtain lab results, ask questions of providers, request appointments, refill prescriptions and obtain other patient-centered information

Statistics

SOURCES OF FUNDS
$1,213,919,000
July 1, 2011 through June 30, 2012

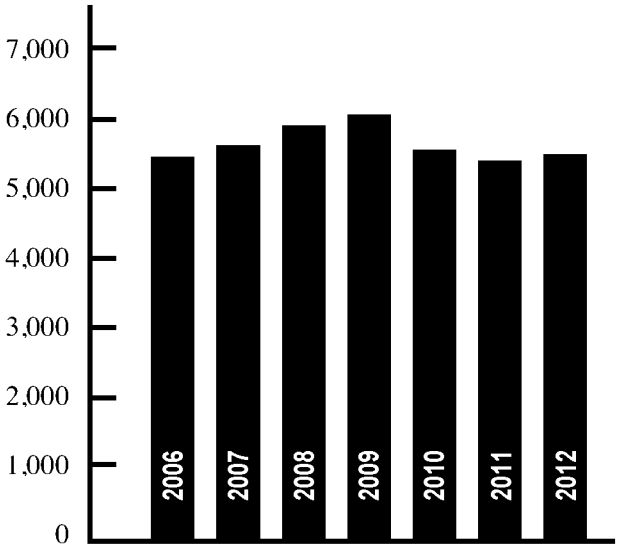


USE OF FUNDS
$1,213,919,000
July 1, 2011 through June 30, 2012



TOTAL HOME HEALTH PATIENTS

(VNA Home Health)

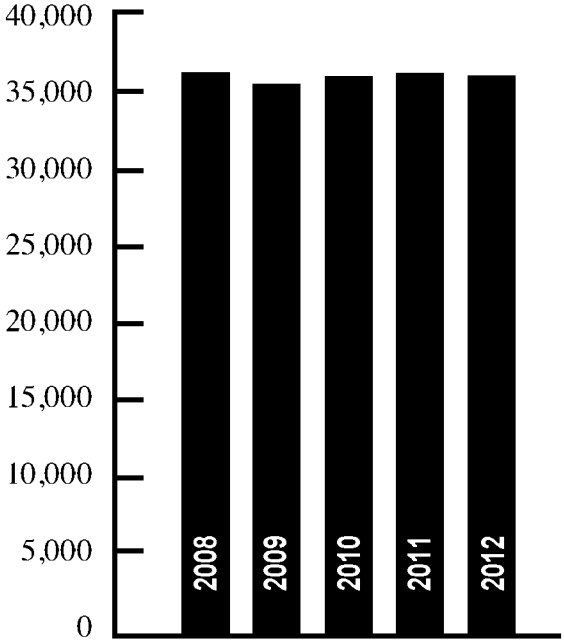


YEAR
2006
2007
2008
2009
2010
2011
2012

TOTAL HOSPITAL ADMISSIONS

(Gettysburg Hospital, York Hospital and WellSpan Surgery & Rehabilitation Hospital)

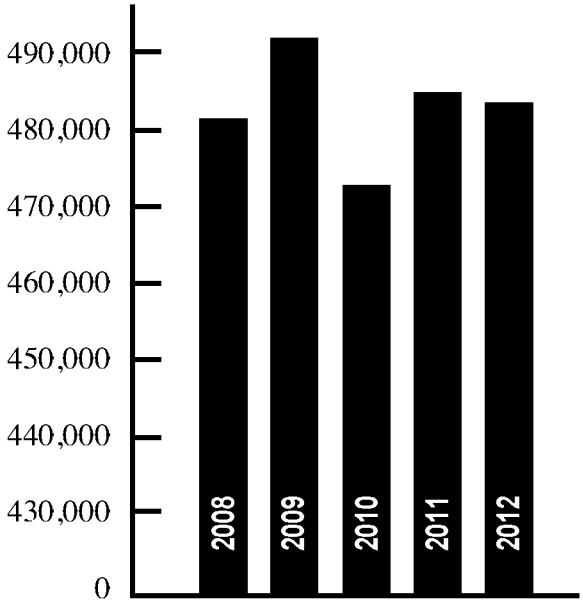
2008: 35,973
2009: 35,559
2010: 35,849
2011: 35,968
2012: 35,870



TOTAL PRIMARY CARE VISITS

(WellSpan Medical Group)

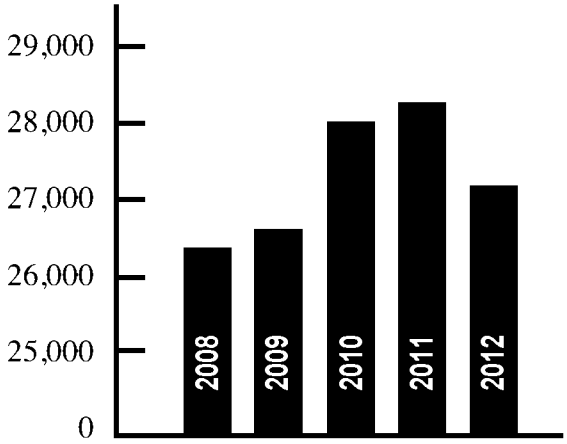
2008. 481,151
2009. 492,765
2010. 472,637
2011. 485,374
2012. 483,443



TOTAL SURGERY CASES

(Gettysburg Hospital, York Hospital, Apple Hill Surgical Center and WellSpan Surgery & Rehabilitation Hospital)

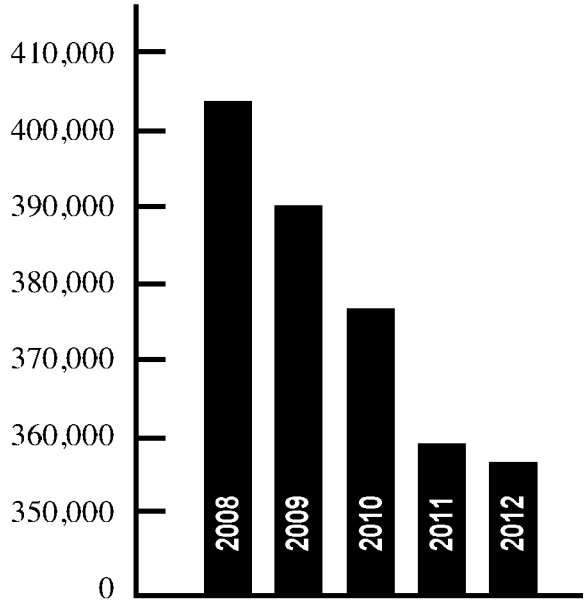
2008: 26,328
2009: 26,797
2010: 28,055
2011: 28,244
2012: 27,173



TOTAL PRESCRIPTIONS

(WellSpan Pharmacy, 6 locations)

2008: 403,680
2009: 390,063
2010: 378,329
2011: 359,918
2012: 357,152



SOUTH CENTRAL *Preferred*

Covered Lives

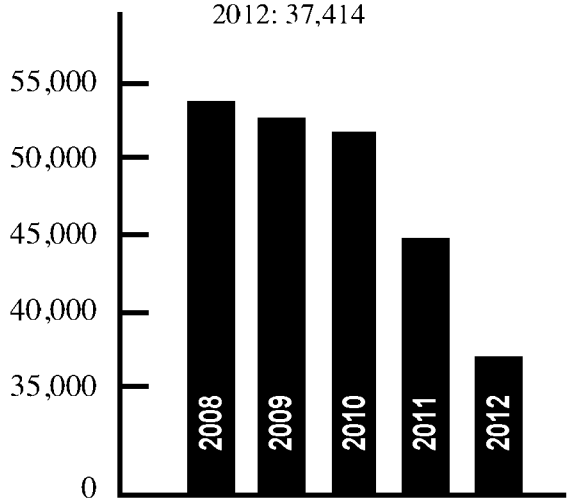
2008: 54,096

2009: 52,674

2010: 51,883

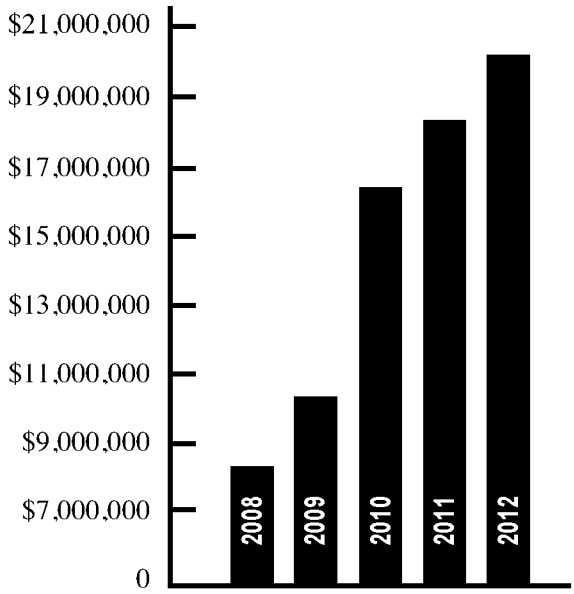
2011: 44,927

2012: 37,414



FREE CARE*: CHARITY CARE

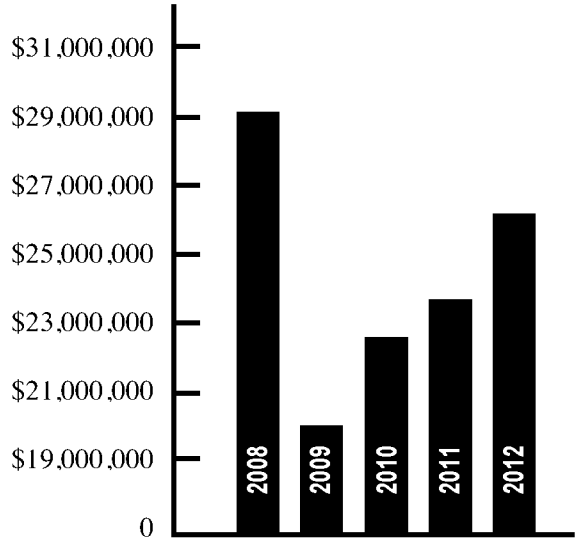
2008. $8,325,000
2009. $10,717,000
2010. $16,867,000
2011. $18,427,000
2012. $20,210,000



* Charity care is the total cost to provide medical services to those patients who have demonstrated their inability to pay. This is the cost of providing charity care, not the charge associated with that care.

FREE CARE*: BAD DEBT

2008. $29,021,000
2009. $19,917,000
2010. $22,851,000
2011. $23,387,000
2012. $26,212,000



* Bad debt is the total cost of services provided to patients who have not paid their bills and who have demonstrated their inability to pay. This is the cost of providing charity care, not the charge associated with that care.

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Vice President, Operations
WellSpan York Hospital

Barbara Yarrish
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WellSpan Surgery & Rehabilitation Hospital

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