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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
WAYNE MEMORIAL HOSPITAL

Doing Business As

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

City or town, state or country, and ZIP + 4
HONESDALE, PA 18431

D Employer identification number
24-0798839

E Telephone number
(570) 253-8100

G Gross receipts $ 100,824,324

F Name and address of principal officer
DAVID HOFF
601 PARK STREET
HONESDALE, PA 18431

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 WMH ORG

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

L Year of formation 1907

M State of legal domicile PA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
OPERATES A 98-BED ACUTE CARE HOSPITAL, WITH AN ADDITIONAL 14 BEDS DEDICATED TO INPATIENT REHAB

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	16
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	14
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	767
6	Total number of volunteers (estimate if necessary)	**6**	181
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	313,531	302,332
	9 Program service revenue (Part VIII, line 2g)	68,461,693	72,225,511
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	3,673,931	2,249,366
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,862,707	2,781,432
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	74,311,862	77,558,641
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,076,984	1,707,109
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	33,727,873	34,529,318
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	36,394,570	37,355,675
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	71,199,427	73,592,102
	19 Revenue less expenses Subtract line 18 from line 12	3,112,435	3,966,539

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	94,814,263	98,698,250
	21 Total liabilities (Part X, line 26)	40,580,069	45,799,641
	22 Net assets or fund balances Subtract line 21 from line 20	54,234,194	52,898,609

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

****** | 2013-02-11
Signature of officer | Date

DAVID HOFF CEO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ JULIUS GREEN CPA	Date	Check if self-employed ▶☐	Preparer's taxpayer identification number (see instructions) P00350393
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ PARENTEBEARD LLC SUITE 200 221 W PHILADELPHIA ST YORK, PA 174012993			EIN ▶ 23-2932984 Phone no ▶ (717) 846-7000

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

WAYNE MEMORIAL HOSPITAL'S MISSION, AS ADOPTED BY ITS BOARD OF TRUSTEES, IS TO PROVIDE QUALITY HEALING AND COMFORT TO THOSE IN NEED GUIDED BY COMPASSION, ADVOCACY, RESPECT, EXCELLENCE AND SERVICE

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 $ 64,583,772 including grants of $ 1,707,109) (Revenue $ 72,251,420)

AS THE ONLY HOSPITAL IN OUR PRIMARY SERVICE AREA, WAYNE MEMORIAL HOSPITAL SEEKS TO PROVIDE A FULL CONTINUUM OF CARE, FROM BIRTHING SUITES TO CHEMOTHERAPY, ENDOSCOPY, CARDIOLOGY PROCEDURES, RESPIRATORY THERAPY, IMAGING SCANS, HOME HEALTH AND HOSPICE CARE FOR THE POPULATION WE SERVE, APPROXIMATELY 100,000 PEOPLE IN MOSTLY RURAL WAYNE AND PIKE COUNTIES, PENNSYLVANIA WE OPERATE INPATIENT ACUTE CARE AND INPATIENT REHABILITATION BEDS AS WELL AS PROVIDE OUTPATIENT EMERGENCY, DIAGNOSTIC AND REHABILITATIVE SERVICES OUR EMERGENCY DEPARTMENT OFFERS PHYSICIAN CARE 24 HOURS A DAY TO ALL, REGARDLESS OF ABILITY TO PAY IN 2012, OUR EMERGENCY DEPARTMENT SAW 20,490 CASES PATIENTS WHO CANNOT AFFORD SERVICES AND WHO MEET CERTAIN CRITERIA ARE ELIGIBLE FOR OUR CHARITY CARE PROGRAM, WHICH OFFERS SERVICES AT REDUCED RATES OR WITHOUT CHARGE ADMISSIONS FOR THE YEAR ENDING JUNE 30, 2012, AMOUNTED TO 3,168 PATIENT DAYS, EXCLUDING NEWBORNS, TOTALED 12,503 OUTPATIENT SERVICES, INCLUDING LABORATORY AND IMAGING PROCEDURES TOTALED $617,075 A SIGNIFICANT PORTION OF OUR INCOME IS DERIVED FROM MEDICARE AND MEDICAID-DEPENDENT PATIENTS

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** ▶ $ 64,583,772

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	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts 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		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	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**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer 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**	Yes	
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**		No
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**	88		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	767			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account 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**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** 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**		
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**		

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	16		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	14		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?			2 Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .			3 Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?			4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .			5	No
6	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		
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		

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 HOFF
601 PARK STREET
HONESDALE, PA 18431
(570) 253-8100

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) LEE OAKES CHAIR	80	X		X				0	0	0
(2) DIRK MUMFORD 1ST VICE CHAIR	2 30	X		X				0	0	0
(3) INGRID WARSHAW SECRETARY	80	X		X				0	0	0
(4) LEONARD TASSELMYER 2ND VICE CHAIR	80	X		X				0	0	0
(5) TED EDGER TREASURER	80	X		X				0	0	0
(6) MAUREEN BEILMAN TRUSTEE	80	X						0	0	0
(7) DR ROBERT DOHNER TRUSTEE	80	X						0	13,000	0
(8) AGHOWELL TRUSTEE	80	X						0	0	0
(9) WENDELL HUNT TRUSTEE	80	X						0	0	0
(10) JULIE SEILER TRUSTEE	80	X						0	0	0
(11) JUDI MORTENSEN TRUSTEE	80	X						0	0	0
(12) DAVID MURRAY TRUSTEE	80	X						0	0	0
(13) SANDY KLINE TRUSTEE	80	X						0	0	0
(14) DR GEORGE TIETJEN THRU 12-2011 TRUSTEE	80	X						0	0	0
(15) DR DAVID CAUCCI TRUSTEE	40 00	X						432,928	0	29,354
(16) JOSEPH HARCUM TRUSTEE	80	X						0	0	0
(17) WILLIAM R DEWAR III MD TRUSTEE	80	X						0	0	0

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			
(18) DAVID HOFF CEO	32 00			X				0	359,058	63,255
(19) MICHAEL CLIFFORD CFO	18 80			X				0	200,524	30,104
(20) LILLIAN LONGENDORFER PHYSICIAN - LABORATORY	40 00					X		236,065	0	19,132
(21) IFTIKHAR-AHMAD SHAHID CHOUHDRY PHYSICIAN- CHEMO	40 00					X		296,379	0	29,354
(22) JEFFREY A MOGERMAN PHYSICIAN - ORTHOPEDICS	40 00					X		708,469	0	28,530
(23) THERESA A KELLY CERT REG NURSE ANESTHETIST	40 00					X		147,151	0	0
(24) DIANE THOMPSON PHARMACIST	40 00					X		115,477	0	18,118

1b	**Sub-Total**			
c	**Total from continuation sheets to Part VII, Section A**			
d	**Total (add lines 1b and 1c)**	1,936,469	572,582	217,847

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 ▶ 10

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization 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
ANESTHESIOLOGY SOLUTIONS LLC PO BOX 434 CLARKS SUMMIT, PA 18411	ANESTHESIA PROVIDER	1,701,950
LABORATORY CORP OF AMERICA PO BOX 12140 BURLINGTON, NC 272162140	LAB TESTING	712,720
GOOD SHEPHERD REHABILITATION HOSP 850 SOUTH 5TH STREET ALLENTOWN, PA 18103	REHABILITATION SERVICES	508,001
AIMADVANCED INPATIENT MEDICINE PC 57 BEVERLY DRIVE LAKE VILLE, PA 18438	HOSPITALISTS	363,901
PROFESSIONAL EMERGENCY CARE PC 38935 ANN ARBOR RD LIVONIA, MI 481503397	HELP SUPPLY SERVICE	312,049

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 ▶ 15

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	177,982			
	e	Government grants (contributions)	1e	124,350			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		302,332			
			Business Code				
Program Service Revenue	2a	NET PATIENT SVC REV	621990	71,862,663	71,862,663		
	b	PATIENT HEALTHCARE SVC	621990	292,284	292,284		
	c	THERAPY CONTRACTS	624310	70,564	70,564		
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		72,225,511			
	3	Investment income (including dividends, interest and other similar amounts)		1,222,444			1,222,444
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real / (ii) Personal				
	6a	Gross rents	405,246 /				
	b	Less rental expenses	338,172 /				
	c	Rental income or (loss)	67,074 /				
	d	Net rental income or (loss)		67,074			67,074
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	23,951,033 / 3,400				
	b	Less cost or other basis and sales expenses	22,916,535 / 10,976				
	c	Gain or (loss)	1,034,498 / -7,576				
	d	Net gain or (loss)		1,026,922			1,026,922
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory					
		Miscellaneous Revenue	Business Code				
	11a	HITECH ACT INCENTIVES	900099	1,377,607			1,377,607
	b	EMPLOYEE DRUG SALES	446110	1,007,053			1,007,053
	c	CAFETERIA/VENDING	722210	267,194			267,194
	d	All other revenue		62,504	25,909		36,595
	e	**Total.** Add lines 11a–11d		2,714,358			
	12	**Total revenue.** See Instructions		77,558,641	72,251,420	0	5,004,889

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	1,707,109	1,707,109		
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees				
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	27,906,452	24,423,733	3,482,719	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,611,277	1,410,190	201,087	
9	Other employee benefits	3,013,524	2,637,437	376,087	
10	Payroll taxes	1,998,065	1,760,385	237,680	
11	Fees for services (non-employees)				
a	Management	1,216,542		1,216,542	
b	Legal	111,303		111,303	
c	Accounting	96,379		96,379	
d	Lobbying	10,908		10,908	
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees	230,773		230,773	
g	Other	5,539,993	4,663,287	876,706	
12	Advertising and promotion				
13	Office expenses	971,081	293,407	677,674	
14	Information technology				
15	Royalties . .				
16	Occupancy	1,742,757	1,201,165	541,592	
17	Travel	184,160	181,507	2,653	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	1,089,561	1,082,621	6,940	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	2,647,377	2,647,377		
23	Insurance	749,348	749,348		
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	MEDICAL EXPENSES	6,638,559	6,638,559		
b	BAD DEBT EXPENSE	6,032,663	6,032,663		
c	PHARMACY	5,529,623	5,529,623		
d	REPAIRS & MAINTENANCE	1,922,251	1,025,207	897,044	
e					
f	All other expenses	2,642,397	2,600,154	42,243	
25	**Total functional expenses.** Add lines 1 through 24f	73,592,102	64,583,772	9,008,330	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		1,335	1	1,595
	2	Savings and temporary cash investments		4,362,594	2	5,063,773
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		8,486,290	4	10,512,952
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		853,530	8	725,334
	9	Prepaid expenses and deferred charges		1,419,524	9	1,173,578
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 78,263,605			
	b	Less accumulated depreciation	10b 56,243,351	22,483,691	10c	22,020,254
	11	Investments—publicly traded securities		47,848,117	11	48,223,395
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		9,359,182	15	10,977,369
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		94,814,263	16	98,698,250
Liabilities	17	Accounts payable and accrued expenses		6,783,692	17	8,052,273
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		28,172,754	20	26,477,717
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		5,623,623	25	11,269,651
	26	**Total liabilities.** Add lines 17 through 25		40,580,069	26	45,799,641
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		52,352,810	27	51,025,706
	28	Temporarily restricted net assets		161,391	28	78,801
	29	Permanently restricted net assets		1,719,993	29	1,794,102
		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		54,234,194	33	52,898,609
	34	Total liabilities and net assets/fund balances		94,814,263	34	98,698,250

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	77,558,641
2	Total expenses (must equal Part IX, column (A), line 25)	2	73,592,102
3	Revenue less expenses Subtract line 2 from line 1	3	3,966,539
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	54,234,194
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-5,302,124
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	52,898,609

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
WAYNE MEMORIAL HOSPITAL

Employer identification number
24-0798839

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 C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ **Complete if the organization is described below.**

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
WAYNE MEMORIAL HOSPITAL	24-0798839

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

1 Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

A Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

B Check ☐ if the filing organization checked box A and "limited control" provisions apply

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		10,908
j	Total lines 1c through 1i			10,908
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	WAYNE MEMORIAL HOSPITAL PAYS ANNUAL MEMBERSHIP DUES TO THE HOSPITAL & HEALTHSYSTEM ASSOCIATION OF PENNSYLVANIA (HAP) AND AMERICAN HOSPITAL ASSOCIATION (AHA) THE HOSPITAL IS NOTIFIED EACH YEAR THAT A PORTION OF THE MEMBERSHIP DUES IS USED FOR LOBBYING ACTIVITIES FOR THE FISCAL YEAR ENDING JUNE 30, 2012, THE PORTION OF FEES PAID REPRESENTING LOBBYING EXPENDITURES WAS $5,629 FOR HAP AND $5,279 FOR AHA, TOTALING $10,908 IN LOBBYING EXPENDITURES

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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
WAYNE MEMORIAL HOSPITAL

Employer identification number
24-0798839

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

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

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

(ii) Assets included in Form 990, Part X ▶ $ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

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

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

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

3 Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

- a ☐ Public exhibition
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

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

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

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

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

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

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance					
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

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

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

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

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

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

Part VI 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		1,984,110		1,984,110
b Buildings		32,553,211	20,257,978	12,295,233
c Leasehold improvements		1,965,805	1,479,195	486,610
d Equipment		39,779,660	33,647,318	6,132,342
e Other		1,980,819	858,860	1,121,959
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				22,020,254

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

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

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

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

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

(a) Description	(b) Book value
(1) DEFERRED FINANCING COSTS, NET	351,351
(2) INTEREST IN NET ASSETS OF AFFILIATE	3,088,104
(3) BENEFICIAL INTEREST IN PERPETUAL TRUSTS	1,690,188
(4) NOTE REC, WAYNE MEMORIAL COMMUNITY HEALTH CENTERS	1,163,868
(5) DUE FROM AFFILIATES	510,627
(6) NOTES RECEIVABLES - AFFILIATES	2,380,713
(7) MALPRACTICE INSURANCE RECOVERIES	1,792,518
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	10,977,369

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
ESTIMATED MEDICAL MALPRACTICE CLAIMS LIABILITY	2,881,987
PENSION LIABILITY	8,248,723
LEASE LIABILITY	138,941
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	11,269,651

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	77,558,641
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	73,592,102
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	3,966,539
4	Net unrealized gains (losses) on investments	4	-1,388,518
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-3,913,606
9	Total adjustments (net) Add lines 4 - 8	9	-5,302,124
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-1,335,585

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	72,363,916
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	-1,388,518		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	-3,913,606		
e	Add lines **2a** through **2d**			2e	-5,302,124
3	Subtract line **2e** from line **1**			3	77,666,040
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	230,773		
b	Other (Describe in Part XIV)	4b	-338,172		
c	Add lines **4a** and **4b**			4c	-107,399
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	77,558,641

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

1	Total expenses and losses per audited financial statements			1	73,699,501
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	338,172		
e	Add lines **2a** through **2d**			2e	338,172
3	Subtract line **2e** from line **1**			3	73,361,329
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	230,773		
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	230,773
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	73,592,102

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE HOSPITAL IS A NOT-FOR-PROFIT CORPORATION AS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE AND IS EXEMPT FROM FEDERAL INCOME TAXES ON ITS EXEMPT INCOME UNDER SECTION 501(A) OF THE INTERNAL REVENUE CODE THE HOSPITAL ACCOUNTS FOR UNCERTAINTY IN INCOME TAXES BY PRESCRIBING A RECOGNITION THRESHOLD OF MORE-LIKELY-THAN-NOT TO BE SUSTAINED UPON EXAMINATION BY THE APPROPRIATE TAXING AUTHORITY MEASUREMENT OF THE TAX UNCERTAINTY OCCURS IF THE RECOGNITION THRESHOLD HAS BEEN MET MANAGEMENT DETERMINED THAT THERE WERE NO TAX UNCERTAINTIES THAT MET THE RECOGNITION THRESHOLD IN 2012 AND 2011 THE HOSPITAL'S FEDERAL RETURNS OF ORGANIZATION EXEMPT FROM INCOME TAX FOR THE YEARS ENDED PRIOR TO JUNE 30, 2009 ARE NO LONGER SUBJECT TO EXAMINATION BY THE INTERNAL REVENUE SERVICE
PART XI, LINE 8 - OTHER ADJUSTMENTS		CHANGE IN INTEREST IN NET ASSETS OF AFFILIATE - 51,334 PENSION LIABILITY ADJUSTMENT -3,936,381 VALUATION CHANGE, BENEFICIAL INTEREST IN PERPETUAL TRUSTS 74,109 TOTAL TO SCHEDULE D, PART XI, LINE 8 -3,913,606
PART XII, LINE 2D - OTHER ADJUSTMENTS		CHANGE IN INTEREST IN NET ASSETS OF AFFILIATE - 51,334 PENSION LIABILITY ADJUSTMENT -3,936,381 VALUATION CHANGE, BENEFICIAL INTEREST IN PERPETUAL TRUSTS 74,109
PART XII, LINE 4B - OTHER ADJUSTMENTS		RENTAL EXPENSES -338,172
PART XIII, LINE 2D - OTHER ADJUSTMENTS		RENTAL EXPENSES 338,172

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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
WAYNE MEMORIAL HOSPITAL

Employer identification number
24-0798839

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		No
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		No
6b	If "Yes," did the organization make it available to the public?	6b		
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 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)			396,238		396,238	0 540 %
b Medicaid (from Worksheet 3, column a)			7,999,197	4,931,971	3,067,226	4 170 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			8,395,435	4,931,971	3,463,464	4 710 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)	22	9,150	59,337	14,795	44,542	0 060 %
f Health professions education (from Worksheet 5)	2	14	415,936		415,936	0 570 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)	1		1,689,601		1,689,601	2 300 %
j **Total** Other Benefits	25	9,164	2,164,874	14,795	2,150,079	2 930 %
k **Total.** Add lines 7d and 7j	25	9,164	10,560,309	4,946,766	5,613,543	7 640 %

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	1		58,547		58,547	0 080 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building	1	119	10,621		10,621	0 010 %
7	Community health improvement advocacy						
8	Workforce development	1	7	70		70	0 %
9	Other						
10	**Total**	3	126	69,238		69,238	0 090 %

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	1,987,762		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	26,034,208
6	Enter Medicare allowable costs of care relating to payments on line 5	6	25,698,765
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	335,443
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)
1	WAYNE MEMORIAL HOSPITAL 601 PARK STREET HONESDALE,PA 18431	X	X					X		

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)

WAYNE MEMORIAL 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 000000000000%			
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		No
	If "Yes," indicate the FPG family income limit for eligibility for discounted care __% 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		No
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		No
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	Yes	
	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 I, LINE 3C PART I, LINE 3C THE HOSPITAL DOES NOT PROVIDE DISCOUNTED CARE, ONLY FREE CARE IS PROVIDED TO THOSE WHO QUALIFY PART I, LINE 7G THE HOSPITAL SUBSIDIZED BOTH OUT OF SCOPE (NON PRIMARY CARE SERVICES - PEDIATRICS, SURGEONS AND SPECIALIST) SERVICES OF WAYNE MEMORIAL COMMUNITY HEALTH CENTERS (WMCHC) WITH A CASH CONTRIBUTION OF $1,707,109 WMCHC'S SURGEONS AND SPECIALIST PROVIDE INPATIENT AND OUTPATIENT CARE AT WAYNE MEMORIAL HOSPITAL AS WELL AS SERVICES OUT OF THEIR HEALTH CENTER OFFICES WMCHC PEDIATRIC PRACTITIONERS PROVIDE INPATIENT AND OUTPATIENT CARE AT WAYNE MEMORIAL HOSPITAL AND OUTPATIENT SERVICES IN THE HONESDALE AND CARBONDALE AREA WMCHC WOULD NOT BE ABLE TO PROVIDE THESE SERVICES AND THEY WOULD NOT BE AVAILABLE IN THE COMMUNITY WITHOUT THE SUBSIDY PART I, LINE 7, COLUMN (F)THE AMOUNT OF BAD DEBT EXPENSE FROM FORM 990, PART IX, LINE 25, COLUMN A THAT WAS REMOVED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN SCHEDULE H, PART I, LINE 7, COLUMN (F) WAS $ 6,032,663 PART I, LINE 7, COSTING METHODOLOGYTHE HOSPITAL USED A RATIO OF COST TO CHARGES DEVELOPED FROM WORKSHEET 2 FROM THE INSTRUCTION FOR THE 990 SCHEDULE H

Identifier	ReturnReference	Explanation
		PART II WAYNE MEMORIAL HOSPITAL ("WMH") AND ITS AFFILIATES PROMOTE THE HEALTH OF THE COMMUNITIES IT SERVES THROUGH A VARIETY OF COMMUNITY BUILDING ACTIVITIES THE RATIONALE, PROGRAM METHODOLOGY AND IMPLEMENTATION FOR THE FOLLOWING PROGRAM IS TYPICAL OF THE OTHER PROGRAMS DESCRIBED HEREIN AND SHOULD SERVE AS THE MODEL FOR THOSE OTHER PROGRAMS IN ADDRESSING THE REQUIREMENTS OF THIS SECTION OF THE FORM THE IN-SCHOOL WALKING PROGRAM IS A PARTNERSHIP OF WAYNE MEMORIAL HOSPITAL WITH THE WAYNE HIGHLANDS, WALLENPAUPACK AREA, FOREST CITY REGIONAL, AND WESTERN WAYNE SCHOOL DISTRICTS IN THE WMH SERVICE AREA WMH PROVIDES LEADERSHIP, DIRECTION AND FACILITATION FOR THE PROGRAM THAT RUNS MONDAY THROUGH THURSDAY, FROM 6PM TO 8 PM, WHENEVER THE SCHOOLS ARE IN SESSION HEALTH PROBLEM -SEDENTARY LIFESTYLE OR LACK OF EXERCISE A SEDENTARY LIFESTYLE OR LACK OF EXERCISE HAS BEEN IDENTIFIED AS A LEADING RISK FACTOR BY THE CENTERS FOR DISEASE CONTROL (CDC) AND THE PENNSYLVANIA DEPARTMENT OF HEALTH FOR OBESITY, HEART DISEASE, DIABETES, HYPERTENSION, AND A NUMBER OF OTHER CHRONIC DISEASES NEED/PROBLEM IDENTIFICATION WMH'S TOGETHER FOR HEALTH ("TFH") SCHOOL PROGRAM WAS ESTABLISHED IN 1995, FOLLOWING A SERIES OF MEETINGS INVOLVING THE HOSPITAL, SCHOOL DISTRICTS AND OTHER AREA HEALTH AND HUMAN SERVICE PROVIDERS THE PROGRAM HAS BEEN RUN DURING THE FALL AND SPRING SEMESTERS SINCE THAT TIME AND RESULTS OF CLINICAL AND SELF-EVALUATIONS OF THE STUDENTS PROVIDED THE IMPETUS FOR OTHER COMMUNITY BENEFIT ACTIVITIES, INCLUDING THE IN-SCHOOL WALKING PROGRAM THE TOGETHER FOR HEALTH PROGRAM ADDRESSES SCHOOL IDENTIFIED NEEDS OF YOUTH THROUGH PROVIDING SCREENINGS, RISK ASSESSMENT, AND HANDS ON PROGRAMS THE PROGRAM OCCURS IN 3 SCHOOL DISTRICTS AND UTILIZES PARTNERSHIPS WITH COMMUNITY RESOURCES DIRECT COMMUNITY BENEFIT IS THE DECISIONS OF YOUTH TO IMPROVE LIFESTYLE CHOICES AND ULTIMATELY, IMPROVING THE LONG RANGE COMMUNITY HEALTH STATUS IMPORTANCE OF THE HEALTH PROBLEM LACK OF EXERCISE HAS MANIFOLD NEGATIVE AFFECTS ON INDIVIDUALS OF ALL AGES AND INCOME LEVELS RURAL, LOW INCOME, ELDERLY AND INDIVIDUALS WITH DISABILITIES ARE PARTICULARLY VULNERABLE COMMUNITY MEMBERS WHOSE STATUS LEADS TO POOR ACCESS, AND POOR MOTIVATIONAL DRIVE TO ACCESS, THERE ARE LIMITED RESOURCES TO ADDRESS THIS ISSUE MAKING SAFE, ACCESSIBLE AREAS FOR WALKING IN LARGE, PROTECTED BUILDINGS WHEN THEY ARE NOT IN USE, LED TO THE CONCEPT OF WALKING IN THE SCHOOLS PROVIDING A SAFE ATMOSPHERE WITHIN THE SCHOOLS LOCATED NEAR WHERE THEY LIVE HAS ASSISTED MORE THAN 500 PEOPLE THIS YEAR ACTIVITY IMPACT PARTICIPANT RESPONSES TO THE PROGRAM INDICATE THAT IT HAS HELPED THEM FEEL BETTER, LOSE WEIGHT, ENJOY FELLOWSHIP WITH PAST AND NEW FRIENDS, AND GIVEN THEM ENERGY, BETTER HEALTH AND A BETTER SELF IMAGE THAN PRIOR TO THEIR PARTICIPATION COMMUNITY BENEFIT ENHANCING PUBLIC HEALTH, ADVANCING WELLBEING KNOWLEDGE AND, ULTIMATELY, RELIEF OF THE GOVERNMENTAL BURDEN OF CARING FOR THOSE INDIVIDUALS INVOLVED WHOSE SEDENTARY AND CARELESS LIFESTYLES WOULD OTHERWISE INHIBIT GOOD HEALTH ARE THE PRINCIPAL BENEFITS OF THE PROGRAM THE PROGRAM IS OPEN TO ANY MEMBERS OF THE COMMUNITY WHO WISH TO PARTICIPATE PURPOSE THE PURPOSE OF THE PROGRAM IS EXCLUSIVELY FOR THE BENEFIT OF THE INDIVIDUALS PARTICIPATING, WITH THE ULTIMATE BENEFIT OF IMPROVING THE HEALTH STATUS OF THE COMMUNITY SUPPORT THERE ARE A NUMBER OF WAYS IN WHICH THE COMMUNITY SUPPORTS THE DESCRIBED PROGRAMS THE LOCAL RADIO STATION PROVIDES PUBLIC SERVICE ANNOUNCEMENTS FREE OF CHARGE TO LET THE PUBLIC KNOW HOW THEY CAN PARTICIPATE FLYERS ARE DISTRIBUTED THROUGH THE WAYNE/PIKE STATE HEALTH IMPROVEMENT PLAN (SHIP) PARTNERSHIP MEMBER BUSINESSES, ORGANIZATIONS, SCHOOLS, DOCTOR'S OFFICES, AND OTHERS FURTHER, THE WAYNE MEMORIAL HOSPITAL COMMUNITY HEALTH DEPARTMENT HAS RESPONDED TO OPPORTUNITIES FOR INVOLVEMENT IN COMMUNITY BENEFIT INITIATIVES BY ENTHUSIASTICALLY DEDICATING THEIR TIME, EXPERTISE AND RESOURCES THE PREVENTION INITIATIVE IS THE PENNSYLVANIA STATE HEALTH IMPROVEMENT PLAN (SHIP) PARTNERSHIP FOR WAYNE AND PIKE COUNTIES IT IS COMPRISED OF GREATER THAN 300 ORGANIZATIONS, BUSINESSES, AND CONCERNED PEOPLE THAT MEET TOGETHER TO IDENTIFY NEEDS, REVIEW AVAILABLE RESOURCES AND BECOME THE CATALYST FOR CHANGE ACCOMPLISHING A HEALTHIER COMMUNITY AND REDUCING THE BURDEN ON MANY GOVERNMENT ENTITIES

Identifier	ReturnReference	Explanation
		PART III, LINE 4 THE BAD DEBT COST ENTERED ON LINE 2, PART III OF SCHEDULE H WAS CALCULATED BY TAKING THE BAD DEBT EXPENSE SHOWN ON THE HOSPITAL'S FINANCIAL STATEMENTS ($6,032,663) AND APPLYING THE COST TO CHARGE RATIO FROM WORKSHEET 2 FROM THE INSTRUCTIONS FOR THE 990 SCHEDULE H THE HOSPITAL DOES NOT TRACK BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY IF THE HOSPITAL IS AWARE OR BECOMES AWARE OF A PATIENT'S ELIGIBILITY FOR CHARITY CARE THEN BAD DEBT EXPENSE WOULD NOT BE RECORDED FOR SUCH A PATIENT CHARITY CARE WOULD BE RECORDED THE HOSPITAL'S FINANCIAL STATEMENTS DID NOT CONTAIN A FOOTNOTE THAT DESCRIBED BAD DEBT EXPENSE THE HOSPITAL RECORDS BAD DEBT EXPENSE AS THE BALANCE WRITTEN OFF ON A GIVEN ACCOUNT IF THERE ARE NO PAYMENTS OR ADJUSTMENTS ON THE ACCOUNT THE AMOUNT WRITTEN OFF WOULD REPRESENT THE AMOUNT CHARGED FOR SERVICES IF THERE ARE PAYMENTS AND / OR ADJUSTMENTS THEN THE AMOUNT WRITTEN OFF WOULD BE THE NET BALANCE ON THE ACCOUNT THE ADJUSTMENTS ON THE ACCOUNT WOULD BE FOR CONTRACTUAL ADJUSTMENTS WITH THIRD PARTIES INCLUDING MEDICARE, MEDICAID AND COMMERCIAL INSURERS AS WELL AS ANY OTHER DISCOUNT AVAILABLE TO ALL PATIENTS ACCOUNTS ARE WRITTEN OFF WHEN THEY ARE DETERMINED TO BE UNCOLLECTIBLE BASED UPON MANAGEMENT'S ASSESSMENT OF INDIVIDUAL ACCOUNTS THE ALLOWANCE FOR DOUBTFUL COLLECTIONS IS ESTIMATED BASED UPON A PERIODIC REVIEW OF THE ACCOUNTS RECEIVABLE AGING, PAYER CLASSIFICATIONS AND APPLICATIONS OF HISTORICAL WRITE-OFF PERCENTAGES

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE HOSPITAL IS A MEDICARE DEPENDENT HOSPITAL (MDH) A MDH MUST HAVE 60% OF ITS INPATIENT DAYS OR ADMISSIONS ATTRIBUTABLE TO ITS MEDICARE PATIENTS IN 2 OUT OF 3 OF ITS MOST RECENT FISCAL YEARS A MDH IS PAID SIMILARLY TO A SOLE COMMUNITY HOSPITAL BUT AT A LESSER RATE A MDH IS PAID THE GREATER OF THE FEDERAL INPATIENT PROSPECTIVE PAYMENT SYSTEM (IPPS) RATES OR 75% OF THE DIFFERENCE BETWEEN ITS HOSPITAL SPECIFIC COST FOR A BASE PERIOD ROLLED FORWARD FOR MARKET BASKET INCREASES FROM THE BASE PERIOD AND THE IPPS RATES THE MDH EXTRA PAYMENT AMOUNTED TO JUST UNDER $2,133,315 IN OUR FISCAL 2012

Identifier	ReturnReference	Explanation
		PART III, LINE 9B THE WRITTEN HOSPITAL COLLECTION POLICY CONTAINS PROVISION FOR FINANCIAL COUNSELING FOR PATIENTS INCLUDING APPLYING TO INSURANCE AVAILABLE SUCH AS BLUE CHIP OR ADULT BASIC ASSISTANCE WILL ALSO BE PROVIDED TO HELP PATIENTS WITH MEDICAL ASSISTANCE APPLICATIONS AND CHARITY CARE APPLICATIONS CHARITY CARE APPLICANTS ARE URGED TO APPLY FOR MEDICAL ASSISTANCE BUT IT IS NOT A REQUIREMENT QUALIFICATION FOR CHARITY CARE IS BASED ON 200% OF THE CURRENT POVERTY GUIDELINES THE PATIENT ACCOUNTS MANAGER REVIEWS THE APPLICATIONS AND NOTIFIES THE APPLICANT WHETHER THEIR APPLICATION HAS BEEN APPROVED THOSE PATIENTS QUALIFYING FOR CHARITY CARE HAVE THEIR PATIENT ACCOUNT BALANCES WRITTEN OFF COMPLETELY IF A PATIENT HAS FUTURE BILLS THEY ARE REVIEWED AND IF FINANCIAL INFORMATION IS STILL CURRENT THEY ARE ALSO WRITTEN OFF IF THE PATIENT HAS A FUTURE BILL AND THE FINANCIAL INFORMATION IS NOT CURRENT WE REQUEST THE CURRENT INFORMATION SO WE CAN REVIEW FOR CHARITY CARE

Identifier	ReturnReference	Explanation
WAYNE MEMORIAL HOSPITAL		PART V, SECTION B, LINE 19D IF ELIGIBLE FOR CHARITY CARE, NO AMOUNT IS COLLECTED FROM THE PATIENT CHARITY CARE IS 100% WRITTEN OFF

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 THE FOLLOWING NARRATIVE RELATES TO WAYNE MEMORIAL HOSPITAL (WMH)'S MOST R ECENTLY COMPLETED COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA), COMPLETION DATE APRIL 2009 WA YNE MEMORIAL HOSPITAL IS CURRENTLY ENGAGED IN A NEW CHNA AND HAS CONTRACTED WITH THE SAME PROVIDER THAT WAS USED FOR THE 2009 STUDY, HMS ASSOCIATES FROM GETZVILLE, NY THE SCOPE AN D PROJECT WORKPLAN OF THE NEW STUDY IS ESSENTIALLY THE SAME AS THE 2009 STUDY WITH THE INC LUSION OF THE COMMUNITY OF CARBONDALE, LACKAWANNA COUNTY, PENNSYLVANIA AS A FOCUS OF THE A SSESSMENT, ALONG WITH WAYNE AND PIKE COUNTIES, PA THE STUDY'S PLANNED COMPLETION DATE IS MAY 27, 2013 THE COMMUNITY NEEDS ASSESSMENT METHODOLOGY THAT WAYNE MEMORIAL HOSPITAL USED , RELATED TO THE TIME FRAME 7/1/2010 - 6/30/2011, FOLLOWED A MODEL THAT INVOLVED CONTRACTI NG WITH AN OUTSIDE ORGANIZATION, A CONSULTING FIRM, TO CONDUCT THE STUDY THIS ASSESSMENT IS THE SAME COMMUNITY NEEDS ASSESSMENT REPORTED ON IN THE PREVIOUS YEAR'S SCHEDULE H FORM 990, WHICH CONFORMS WITH THE IRS REQUIREMENT THAT NONPROFIT HOSPITALS MUST COMPLETE A COMM UNITY NEEDS ASSESSMENT EVERY THREE YEARS WAYNE MEMORIAL HOSPITAL WILL BEGIN A NEW COMPLIA NT NEEDS ASSESSMENT PRIOR TO THE END OF JUNE 30, 2013 BACKGROUND IN THE SPRING OF 2007, U NDER THE GUIDANCE OF WAYNE MEMORIAL HOSPITAL, A GROUP OF INDIVIDUALS REPRESENTING VARIOUS HEALTH CARE AND HUMAN SERVICE PROVIDERS IN WAYNE AND PIKE COUNTIES, PA MET TO CONSIDER A P LAN TO PRODUCE A COMPREHENSIVE NEEDS AND RESOURCE ASSESSMENT FOR THE AREA THE PRODUCT WOU LD BENEFIT HEALTH CARE AND HUMAN SERVICE PROVIDER ORGANIZATIONS/ AGENCIES AND LOCAL GOVERN MENTS IN PIKE AND WAYNE COUNTIES IN TERMS OF ORGANIZATIONAL POLICY CONSIDERATIONS AND IN P REPARATION OF FUNDING PROPOSALS TO GOVERNMENTAL AND PRIVATE FUNDERS AS A RESULT OF THAT O RIGINAL MEETING, A PIKE/WAYNE COMMUNITY NEEDS ASSESSMENT STEERING COMMITTEE WAS STARTED AS AN INDEPENDENT GRASS ROOTS COLLABORATION OF COMMUNITY ACTIVISTS AND BEGAN REGULAR MEETING S TO COMPOSE A REQUEST FOR PROPOSALS (RFP) TO ACCOMPLISH THE ASSESSMENT THE COMMITTEE INC LUDED REPRESENTATIVES FROM WAYNE MEMORIAL HOSPITAL (WMH), UNITED WAY OF PIKE COUNTY, WAYNE AND PIKE COUNTY GOVERNMENTS, PPL, INC AND CAMP SPEERS-ELJABAR YMCA, THE PIKE INTERAGENCY COUNCIL AND WAYNE MEMORIAL COMMUNITY HEALTH CENTERS (WMCHC) AN RFP WAS CREATED AND SENT TO QUALIFIED REGIONAL CONSULTING FIRMS TO COMPLETE A COMMUNITY HEALTH AND HUMAN SERVICES N EEDS AND RESOURCES ASSESSMENT FOR THE COUNTIES OF PIKE AND WAYNE IN NORTHEASTERN PENNSYLVA NIA THE ASSESSMENT IN JANUARY 2008, A FIRM WAS CHOSEN, HMS ASSOCIATES OF GETZVILLE, NY, T HAT HAD PERFORMED A PREVIOUS HEALTH NEEDS ASSESSMENT IN PIKE COUNTY IN 2004 FROM APRIL TH ROUGH NOVEMBER 2008 THE PIKE AND WAYNE COUNTY HEATH AND HUMAN SERVICE NEEDS ASSESSMENT WAS PERFORMED INVOLVING STATISTICAL DATA COLLECTION FROM SOURCES IN PENNSYLVANIA, NEW YORK AN D NEW JERSEY AND CONSIDERED ALONG WITH COMMUNITY PERCEPTIONS AND LOCAL EXPERT OPINIONS GAT HERED THROUGH NUMEROUS FOCUS GROUPS AND ONE-ON-ONE INTERVIEWS GEOGRAPHIC AREA ASSESSED TH E AREA ASSESSED IS THE SAME AS THAT DESCRIBED IN QUESTION #4 HOW FREQUENTLY THE ASSESSMENT IS CONDUCTED THIS WAS THE FIRST INCIDENCE OF A NEEDS ASSESSMENT OF THIS DEPTH HAVING BEE N PERFORMED FOR THE SERVICE AREA PRIOR TO THIS, A HEALTHCARE ONLY NEEDS ASSESSMENT WAS PE RFORMED APPROXIMATELY EVERY TWO YEARS BY THE WAYNE MEMORIAL HOSPITAL COMMUNITY ADVISORY BO ARD STARTING IN 1996 IT IS THE INTENTION OF WAYNE MEMORIAL TO FULFILL THE REQUIREMENT OF THE IRS COMMUNITY BENEFIT MANDATE TO PERFORM A SIMILAR NEEDS ASSESSMENT TO THE 2009 STUDY EVERY THREE YEARS PROCESS FOR PRIORITIZING NEEDS AN IN-DEPTH ANALYSIS WAS MADE OF ALL COL LECTED DATA, WHICH WAS WEIGHTED THROUGH A FORMULA DEVELOPED THAT JUXTAPOSED THE DATA COLLE CTED WITH MASLOW'S HIERARCHY OF NEEDS AND EMPIRICAL EMPHASIS IDENTIFIED BY EXPERTS AND PRO VIDERS INVOLVED IN THE STUDY THIS FORMULA WAS USED TO ESTABLISH A FINAL ACTIONABLE LIST O F THE HIGHEST PRIORITY HEALTH AND HUMAN SERVICE NEEDS FOR THE TWO-COUNTY REGION THOSE PRI ORITY ITEMS WERE (RANK/NEED) 1 ACCESS TO PRIMARY CARE, 2 MENTAL HEALTH, 3 EMERGENCY MED ICAL SERVICES, 4 YOUTH SUPPORT AND PROGRAMS, 5 ELDERLY SUPPORT AND PROGRAMS, 6 ORAL HEA LTH, 7 INFRASTRUCTURE, 8 TRANSPORTATION, 9 AFFORDABLE HOUSING AVAILABILITY OF THE ASSES SMENT TO THE COMMUNITY THE FINAL ASSESSMENT PRODUCT WAS MADE AVAILABLE TO THE GENERAL PUB LIC VIA, WAYNE MEMORIAL HOSPITAL'S AND UNITED WAY OF PIKE COUNTY'S WEBSITES AND 92-PAGE HA RDCOPIES PRESENTED AT AN OPEN FORUM AT THE PPL ENVIRONMENTAL CENTER AT LAKE WALLENPAUPACK IN APRIL 2009 IN JUNE OF 2009, THE NEEDS ASSESSMENT WAS NAMED THE TOP ECONOMIC DEVELOPMEN T PROJECT FOR THAT YEAR IN THE 7-COUNTY SERVICE AREA OF THE NONPROFIT COMMUNITY ASSISTANCE CENTER, AN ARM OF NEPA - THE NORTHEAST PENNSYLVANIA ALLIANCE - WHICH IS ONE OF SEVEN REGI ONAL AGENCIES THAT HELP COORDINATE COMMUNITY AND ECONOMIC DEVELOPMENT ACTIVITIES IN PENNSY LVANIA THE PROJECT WAS FUNDED BY THE WMH, PA DEPT

Identifier	ReturnReference	Explanation
		OF HEALTH, WMCHC, THE COUNTIES OF WAYNE AND PIKE, UNITED WAYS, AND OTHER LOCAL BUSINESSE S, AGENCIES AND ORGANIZATIONS

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 THE HOSPITAL EDUCATES AND INFORMS 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 HOSPITAL'S CHARITY CARE POLICY THROUGH ITS SCHEDULING, REGISTRATION, SOCIAL SERVICES AND BILLING DEPARTMENTS ITS PATIENTS AND PERSONS WHO MAY BE BILLED FOR PATIENT CARE ARE ALSO MADE AWARE OF THEIR ELIGIBILITY THROUGH WAYNE MEMORIAL COMMUNITY HEALTH CENTERS ("WMCHC"), A CLINICAL AFFILIATE OF THE HOSPITAL, WHO RECEIVES SUBSTANTIAL FINANCIAL SUPPORT FROM THE HOSPITAL AND IS A FEDERALLY QUALIFIED HEALTH CENTER FEDERALLY QUALIFIED HEALTH CENTERS IMPROVE THE HEALTH OF THE NATION'S UNDERSERVED COMMUNITIES AND VULNERABLE POPULATIONS BY ASSURING ACCESS TO COMPREHENSIVE, CULTURALLY COMPETENT, QUALITY PRIMARY HEALTH CARE SERVICES HEALTH CENTER PROGRAM GRANTS SUPPORT A VARIETY OF COMMUNITY-BASED AND PATIENT-DIRECTED HEALTH CARE SERVICES, PRINCIPALLY TO AN INCREASING NUMBER OF THE NATION'S UNDERSERVED WMCHC RECEIVES AN ANNUAL BASE GRANT OF $813,118 TO PROVIDE SERVICES TO THE AREA'S UNINSURED AND UNDERINSURED POPULATIONS IN FY 2012, WMCHC RECEIVED ADDITIONAL FUNDING IN THE AMOUNT OF $52,740 FROM THE MEDICAL HOME GRANT AND $37,500 FROM THE WRIGHT CENTER PATIENTS AND OTHERS ARE MADE AWARE OF THE FINANCIAL ASSISTANCE PROGRAMS AVAILABLE ANYTIME FROM THE SCHEDULING OF AN APPOINTMENT TO FINAL DISPOSITION OF THEIR BILL IF THERE IS ANY INDICATION OF THE NEED OR REQUEST FOR HELP IN PAYING FOR SERVICES BEING SCHEDULED, PROVIDED OR BILLED FOR WAYNE MEMORIAL IS THE LEAD AGENT FOR THE PENNSYLVANIA STATE HEALTH IMPROVEMENT PLAN ("SHIP") PARTNERSHIP FOR WAYNE AND PIKE COUNTIES WITH ABOUT 300 MEMBERS THIS NETWORKING PARTNERSHIP PROVIDES A MODALITY TO ASSIST THE LOW INCOME AND THE UNINSURED THE "TOGETHER FOR HEALTH" PROGRAM RUN BY THE HOSPITAL FOR 700 SEVENTH GRADERS AND 700 ELEVENTH GRADERS PROVIDES SCREENINGS FOR ANEMIA, LEUKEMIA, DIABETES, HYPERTENSION, ELEVATED BMI, MENTAL ILLNESS, ELEVATED CHOLESTEROL, ETC EDUCATIONAL WRITTEN MATERIALS, LIFESTYLE TOOLS AND PROFESSIONAL PRESENTATION ARE PROVIDED STUDENTS PARTICIPATE IN THE PROGRAM FOR ABOUT 6 HOURS THE STUDENTS THAT DO NOT HAVE A PRIMARY CARE PROVIDER ARE TOLD ABOUT THE LOCAL FEDERALLY QUALIFIED HEALTH CARE CENTERS (WMCHC) THAT PROVIDES PRIMARY CARE, BEHAVIORAL HEALTH AND DENTAL SERVICES A COPY OF OUR COLLECTION POLICY, CHARITY CARE APPLICATION AND "DOES WAYNE MEMORIAL PARTICIPATE WITH MY INSURANCE?" IS MADE AVAILABLE AT MANY LOCATIONS HEALTH AND HUMAN SERVICES AGENCIES ARE MADE AWARE OF THE WAYNE MEMORIAL COLLECTION POLICY, CHARITY CARE APPLICATION PROCESS AND KEPT INFORMED OF INSURANCE PARTICIPATION THROUGH A WELL ESTABLISHED NETWORK TO INCLUDE, BUT IS NOT LIMITED TO, A DISCUSSION AND WRITTEN MATERIAL AT COUNTY INTERAGENCY MEETING, SHIP PARTNERSHIP DISTRIBUTION LIST, LOBBY DISPLAYS, PHYSICIAN PRACTICES NETWORK MEETINGS, AND "HEALTHWORKS," A 15 MINUTE WEEKLY RADIO SHOW, TO NAME A FEW IT IS THE POLICY OF THE HOSPITAL TO OBTAIN ASSISTANCE, WHEN POSSIBLE, FOR NON-ENGLISH SPEAKING PATIENTS AND/OR THOSE WITH A LANGUAGE BARRIER AN AUXILLARY AID OR INDIVIDUAL CERTIFIED IN SIGN LANGUAGE WILL BE PROVIDED AT THE REQUEST OF THE PATIENT, OR PATIENT'S AUTHORIZED REPRESENTATIVE, OR AS OTHERWISE DETERMINED TO BE NECESSARY

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 THE PRIMARY SERVICE AREA OF WAYNE MEMORIAL HOSPITAL INCLUDES ALL OF WAYNE COUNTY, PENNSYLVANIA AND ALL OF WESTERN, NORTHERN AND PORTIONS OF EASTERN AND SOUTHERN PI KE COUNTY, PENNSYLVANIA AND THE SOUTHWESTERN PORTION OF WESTERN SULLIVAN COUNTY, NEW YORK THE SECONDARY SERVICE AREA INCLUDES THE BALANCE OF PIKE COUNTY AND EASTERN PORTIONS OF LA CKAWANNA AND SUSQUEHANNA AND NORTHERN MONROE COUNTY IN PENNSYLVANIA ALTHOUGH SOME PORTION S OF PIKE COUNTY THAT ARE INCLUDED IN THE NEWBURGH, NY MSA (METROPOLITAN STATISTICAL AREA) AND ALL OF LACKAWANNA, WHICH ARE URBAN, THE WMH SERVICE AREA IS ALMOST EXCLUSIVELY RURAL SERVICE AREA CONGRESSIONAL DISTRICTS SERVICE AREA CONGRESSIONAL DISTRICTS INCLUDED IN TH E WMH SERVICE AREA ARE PA-L0 AND NY-22 SERVICE AREA CENSUS TRACTS THE CENSUS TRACTS INCL UDED IN THE WMH SERVICE ARE ARE THE FOLLOWING 9502, 9523, 9524, 9601, 9602, 9603, 9604, 9 605, 9606, 9607, 9608, 9609, 9610, 9611, 9612, 9613, 9614, 1101, 1106, 1107, 1108, AND 110 9 SERVICE AREA ZIP CODES THE ZIP CODES INCLUDED IN THE WMH SERVICE AREA ARE THE FOLLOWIN G 12723, 12741, 12748, 12764, 18324, 18328, 18336, 18337, 18405, 18407, 18415, 18417, 184 21, 18425, 18426, 18427, 18428, 18431, 18436, 18437, 18439, 18443, 18444, 18445, 18453, 18 455, 18461, 18462 AND 18470 HOSPITALS IN SERVICE AREA THE ONLY HOSPITAL IN WAYNE CO , PA IS WAYNE MEMORIAL HOSPITAL, A NONPROFIT ACUTE CARE HOSPITAL, THERE IS NO HOSPITAL LOCATED IN PIKE COUNTY, PA, THE ONLY HOSPITAL IN THE PORTION OF MONROE CO , PA THAT IS PART OF WMH 'S SERVICE AREA IS POCONO MEDICAL CENTER, A NONPROFIT ACUTE CARE HOSPITAL, THE ONLY HOSPIT AL IN THE PORTION OF LACKAWANNA CO , PA THAT IS PART OF WMH'S SERVICE AREA IS MARIAN COMMU NITY HOSPITAL, A CRITICAL ACCESS HOSPITAL (NOTE MARIAN COMMUNITY HOPSITAL CLOSED ITS DOOR S ON FEBRUARY 28, 2012), THERE IS NO HOSPITAL IN THE PORTION OF SULLIVAN CO , NY THAT IS P ART OF WMH'S SERVICE AREA MEDICALLY UNDERSERVED AREAS FEDERALLY DESIGNATED MEDICALLY UND ERSERVED AREAS (MUAS) IN THE WMH SERVICE AREA INCLUDE THE FOLLOWING LACKAWANNA CO , MUA - 8 CENSUS TRACTS, MONROE CO , STROUDSBURG -LOW INCOME MUP, PIKE CO GREENE SERVICE AREA, M UA, WAYNE CO - DAMASCUS SERVICE AREA MUA, SULLIVAN CO, NY - 3 LOW INCOME MUPS, WESTERN SU LLIVAN SERVICE AREA, WAWARSING/FALLSBURG SERVICE AREA, MONTICELLO COMMUNITY DEMOGRAPHICS BESIDES THE INCREASE IN WMH'S SERVICE AREA CAUSED BY THE AFOREMENTIONED CLOSURE OF MARION COMMUNITY HOSPITAL IN CARBONDALE, THE CONTINUED RATE OF RAPID GROWTH OF THE POPULATION IS ONE OF THE MOST SIGNIFICANT ASPECTS OF THE WMH SERVICE AREA THE MOST RECENT POPULATION ES TIMATE PROVIDED BELOW FOR 2011, HOWEVER, SHOWS A REVERSAL OF THE DECADES-LONG GROWTH FOR P IKE COUNTY THE TARGET POPULATION FOR WHM AND WMCHC SERVICES IS COMPRISED OF PREDOMINANTLY LOW INCOME, DISPROPORTIONATELY ELDERLY, MOBILITY/TRANSPORTATION CHALLENGED, OFTEN SIGNIFI CANTLY OVERWEIGHT AND PRONE TO REFRAIN FROM HEALTH-RELATED PHYSICAL ACTIVITIES THEY ARE F REQUENTLY UNMOTIVATED TO TAKE RESPONSIBILITY FOR THEIR HEALTH STATUS THE CORE OF THE HOSP ITAL'S USERS CONSISTS IN LARGE PART OF RURAL LOW TO MODERATE INCOME RESIDENTS ANOTHER DOM INANT FACTOR OF SERVICE AREA DEMOGRAPHICS IS THE SIGNIFICANT IN-MIGRATION THAT WAYNE, AND ESPECIALLY PIKE, COUNTIES' POPULATIONS HAVE EXPERIENCED IN RECENT TIMES THE 2009 NEEDS AS SESSMENT, DESCRIBED IN QUESTION 2 ABOVE, AND U S CENSUS BUREAU DATA FOR THE LAST TWO DECA DES SHOWS THAT WAYNE COUNTY INCREASED BY 19 5% FROM 1990 TO 2000 AND 7 6% GROWTH IS PROJEC TED FROM 2000 TO 2009 PIKE, AT THE SAME TIME, INCREASED BY 65 6% FROM 1990 TO 2000 AND PR OJECTED TO GROW BY 30 7% FROM 2000 TO 2010 A SIGNIFICANT NUMBER OF THESE NEW RESIDENTS AR RIVE WITHOUT ESTABLISHED CARE PATTERNS THE TWO-HOUR PROXIMITY TO NEW YORK CITY ACCELERATE D THIS MIGRATION AFTER THE TERRORIST ATTACKS OF 2001, THESE MIGRANTS, IN LARGE PART, CONSI ST OF LOW INCOME, YOUNG ADULTS AND FAMILIES SEEKING TO ESCAPE THE HIGH COST OF THE URBAN A REAS, ALONG WITH RETIREES MOVING FOR THE SAME REASON THE RETIREES CONSIST OF BOTH MEDICAR E AGE POPULATION AND A SIGNIFICANT NUMBER OF 55 TO 65 YEAR OLD RETIREES WITHOUT THE BENEFI T OF CORPORATE RETIREMENT BENEFITS AND THEY OFTEN PRESENT SEEKING SLIDING FEE SCALE SERVIC ES BOTH MIGRANT GROUPS REPRESENT A SIGNIFICANT NEED FOR THE COMMUNITY HAVING MOVED TO A DISTANT COMMUNITY, THESE PATIENTS OFTEN SEEK EPISODIC CARE AT VARIOUS LOCATIONS AND ARE AB USERS OF EMERGENCY ROOM SERVICES SPECIAL POPULATIONS THE DATA SHOWN IN THE TABLE BELOW I S FROM THE U, S CENSUS BUREAU AMERICAN COMMUNITY SURVEY, LAST REVISED 06-DEC-2012 ITEM PI KE CO WAYNE CO CARBONDALE TARGET POP PA USTOTAL POP 56,852 53,004 8,878 10,221 12,742,886 311,591,917MEDIAN AGE 40 3 42 5 41 4 39 7 36 7%POP >65 YRS 16 5% 20 2% 19 6% 18 8% 5 4% 1 3 3%%POP RACE/WHITE 90 4% 94 8% 96 3% 93 8% 81 9% 78 1%% POP RACE/BLACK 6 3% 3 4% 1 0% 3 6% 10 8% 13 1%% POP HISP (ANY RACE) 9 2% 3 5% 3 1% 5 3% 5 7% 16 7% %POP HIGH SCH GRAD 92 2% 87 2% 85 6% 88 3% 87 9% 85 4% %POP BS/BA 22 5% 19 5%

Identifier	ReturnReference	Explanation
		14 1% 18 7% 26 7% 28 2% VETERANS>18 YRS 9 4% 10 6% 9 5% 9 8% 10 9% 7 1% MEDIAN HOUSEHOLD INC $58,672 $49,020 $34,286 $47,326 $51,651 $52,762PERSONS BELOW POV LEV 9 3% 10 6% 20 2% 13 4% 12 6% 14 3%RATES OF UNINSURED AND UNDERINSURED (NOTE SOME DATA SETS ARE NOT AVAILA BLE IN THE 06-DEC-2012 SET THE DATA PROVIDED ARE FROM THE 2006-2008 AMERICAN COMMUNITY SU RVEY 3-YEAR ESTIMATES SURVEY) ACCORDING TO THE U S CENSUS BUREAU, 2006-2008 ACS ESTIMAT ES, SERVICE AREA POPULATION OF UNINSURED NUMBERS 8,849, OR 8 0% OF THE POPULATION PERCENT OF FAMILIES ON MEDICAID OR OTHER ASSISTANCE ACCORDING TO THE U S CENSUS BUREAU, 2006-2 008 AMERICAN COMMUNITY SURVEY 3-YEAR ESTIMATES, THE NUMBER OF FAMILIES IN THE SERVICE AREA ON MEDICAID IS 16,639, OR 15 1% OF THE POPULATION AGE BREAKDOWN AND RECENT TRENDS ACCOR DING TO THE U S CENSUS BUREAU, 2006-2008 AMERICAN COMMUNITY SURVEY 3-YEAR ESTIMATES, AGE BREAKDOWN OF THE SERVICE AREA POPULATION IS AS FOLLOWS UNDER 5 YEARS OF AGE 4,954 OR 4 5% 5-17 YEARS 12,373 OR 11 2%18-34 YEARS 18,070 OR 16 4% 35-64 YEARS 46,874 OR 42 5%65 AND OLD ER 27,297 OR 24 8%PERCENTAGES OF NON-ENGLISH SPEAKING POPULATIONS ACCORDING TO THE U S CENSUS BUREAU, AMERICAN COMMUNITY SURVEY, 06-DEC-2012, NON-ENGLISH SPEAKING POPULATIONS IN THE SERVICE AREA TOTAL 6 9% OF THE TOTAL POPULATION MAJOR HEALTH PROBLEMS AND HEALTH STA TISTICS THE FOLLOWING SELECT HEALTH PROBLEMS AND STATISTICS ARE INDICATIVE OF MAJOR AREAS OF CONCERN FOR THE SERVICE AREA (ALL DERIVE FROM HEALTHY PEOPLE 2020 INITIATIVES, 2009 DA TA SETS) (NOTE CARBONDALE DATA IS ENCOMPASSED IN LACKAWANNA COUNTY STATISTICS)CORONARY H EART DISEASE - (# OF DEATHS/100,000) PIKE - 116 3, WAYNE - 174 6, LACKAWANNA - 166 7, PA - 128 3, HP2020 TARGET - 100 8BREAST CANCER - (# OF DEATHS/100,000) PIKE - 21 2, WAYNE - 27 7, LACKAWANNA - 21 6, PA - 24 0, HP2020 TARGET - 20 6PROSTATE CANCER - (# OF DEATHS/100,0 00) PIKE - 23 5, WAYNE 29 3, LACKAWANNA - 24 0, PA 21 0, HP2020 TARGET - 21 2UNINTENTIAL I NJURY - (# OF DEATHS/100,000) PIKE - 37 6, WAYNE 57 0, LACKAWANNA - 42 8, PA 39 2, HP2020 TARGET - 36 0MOTOR VEHICLE CRASH - (# OF DEATHS/100,000) PIKE - 15 8, WAYNE 26 9, LACKAWAN NA - 14 8, PA 12 2, HP2020 TARGET - 10 2SUICIDE - (# OF DEATHS/100,000) PIKE - 10 3, WAYNE 16 3, LACKAWANNA - 14 8, PA 12 2, HP2020 TARGET - 10 2YOUNG ADULT - (# OF DEATHS/100,000) PIKE - 192 8, WAYNE 166 3, LACKAWANNA - 106 7, PA 85 9, HP2020 TARGET - 88 5ALL CANCER - (# OF DEATHS/100,000) PIKE - 153 5, WAYNE 197 2, LACKAWANNA - 195 4, PA 184 0, HP2020 TARG ET - 160 6

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 THE MAJORITY OF MEMBERS OF THE WAYNE MEMORIAL HOSPITAL GOVERNING BOARD ARE INDEPENDENT BOARD MEMBERS, COMPRISED OF RESIDENTS OF THE ORGANIZATION'S PRIMARY SERVICE AREA OF WAYNE AND PIKE COUNTY, PENNSYLVANIA THERE ARE ONLY THREE OUT OF FOURTEEN BOARD MEMBERS THAT ARE EMPLOYEES OF THE HOSPITAL OR PROVIDE SERVICES OR MERCHANDISE TO THE HOSPITAL OR RELATED ENTITIES THE WAYNE MEMORIAL HOSPITAL EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY FOR ALL OF ITS DEPARTMENTS, WITH THE EXCEPTION OF ANESTHESIOLOGY, LABORATORY AND RADIOLOGY, AS SERVICES IN THESE DEPARTMENTS ARE PROVIDED ON AN EXCLUSIVE BASIS TO BENEFIT PATIENT CARE MEMBERS OF OUR MEDICAL STAFF ARE REQUIRED, WHILE PARTICIPATING AT THE HOSPITAL, TO TREAT ALL PATIENTS, REGARDLESS OF THEIR ABILITY TO PAY OR THEIR INSURANCE STATUS WAYNE MEMORIAL HOSPITAL UTILIZES ANY EXCESS FUNDS OVER EXPENSES TO IMPROVE PATIENT CARE, CONDUCT MEDICAL EDUCATION, OR SUPPORT OTHER NOT FOR PROFIT ORGANIZATIONS WAYNE MEMORIAL HOSPITAL'S EMERGENCY DEPARTMENT SERVES ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY THE HOSPITAL PARTICIPATES IN MEDICARE, MEDICAID, CHAMPUS, TRI-CARE AND OTHER GOVERNMENTAL SPONSORED HEALTHCARE PROGRAMS FURTHER, THE HOSPITAL HAS A CHARITY CARE POLICY, WHICH STRIVES TO QUALIFY THOSE PATIENTS FOR CHARITY CARE, WHO MEET CERTAIN INCOME LEVELS THE HOSPITAL IS A SAFETY NET HOSPITAL IN RURAL PENNSYLVANIA, AS IT IS A DESIGNATED MEDICARE DEPENDENT HOSPITAL

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 WAYNE MEMORIAL HOSPITAL ("HOSPITAL") IS PART OF AN AFFILIATED HEALTH CARE SYSTEM UNDER THE COMMON GOVERNANCE AND CONTROL OF WAYNE MEMORIAL HEALTH SYSTEM, INC ("SYSTEM") THE SYSTEM CONTROLS THE HOSPITAL, WAYNE MEMORIAL LONG TERM CARE, INC ("WMLTC"), AND WAYNE MEMORIAL HEALTH FOUNDATION, INC ("FOUNDATION") THE FOUNDATION CONTROLS WAYNE HEALTH SERVICES, INC ("SERVICES") SYSTEM PROVIDES MANAGEMENT OVER THE SYSTEM'S ORGANIZATIONS THROUGH THE DIRECT EMPLOYMENT OF DIRECTORS AND OFFICERS OF THE ORGANIZATION MANAGEMENT SERVICES ARE REIMBURSED TO SYSTEM THROUGH A MANAGEMENT FEE FOUNDATION'S PURPOSE IS TO SUPPORT PROGRAMMATICALLY AND FINANCIALLY THE ACTIVITIES OF THE SYSTEM AND THE HOSPITAL THE FOUNDATION OWNS 99% OF THE OUTSTANDING COMMON STOCK OF SERVICES WHICH IS A FOR-PROFIT CORPORATION THE PRIMARY ACTIVITY OF SERVICES IS THE SALE AND RENTAL OF DURABLE MEDICAL EQUIPMENT AND THE RENTAL OF OFFICE AND RETAIL SPACE WMLTC OPERATES WAYNE WOODLANDS MANOR WAYNE WOODLANDS MANOR WAS OPENED IN 1994 AND HAS PROVIDED AND CONTINUES TO PROVIDE SERVICES PRIMARILY TO MEDICAID RECIPIENTS (OVER 75% OF ITS RESIDENTS) MOST COUNTIES IN PENNSYLVANIA HAVE COUNTY OWNED AND OPERATED NURSING HOMES THAT PROVIDE SERVICES TO THIS SEGMENT OF THEIR COUNTY POPULATION WAYNE COUNTY DOES NOT HAVE A "COUNTY" NURSING HOME THIS COMMUNITY NEED IS MET BY WAYNE MEMORIAL LONG TERM CARE BY ITS OPERATION OF WAYNE WOODLANDS MANOR THE HOSPITAL IS ALSO A CLINICAL AFFILIATE OF WAYNE MEMORIAL COMMUNITY HEALTH CENTERS ("WMCHC") WHICH IT SUPPORTS CLINICALLY AND FINANCIALLY WMCHC SERVES A NUMBER OF MUA'S AND MUP'S THE HOSPITAL HAS FINANCED WMCHC WORKING CAPITAL NEEDS WITH A LINE OF CREDIT THAT WAS AND CONTINUES TO BE NECESSARY BECAUSE THE COMMONWEALTH OF PENNSYLVANIA'S MEDICAID PROGRAM DID NOT PAY ADEQUATELY (PRIOR TO NOVEMBER 2010) NOR MAKE A SETTLEMENT FOR CARE PROVIDED THE HOSPITAL ALSO HAS AN AFFILIATION WITH THE COMMONWEALTH MEDICAL COLLEGE (SCRANTON, PA) FOR THE PROVISION OF CLINICAL EDUCATION EXPERIENCES AT THE HOSPITAL AND WITHIN THE COMMUNITY THE HOSPITAL CONSIDERS THIS A RESPONSIBILITY CONSISTENT WITH ITS MISSION TO BE INVOLVED IN EDUCATION THE SYSTEM AND HOSPITAL PROVIDE SIGNIFICANT COMMUNITY BENEFITS IN TERMS OF NEEDED HEALTH CARE SERVICES, PROVIDING SERVICES REGARDLESS OF THE ABILITY TO PAY, CLINICAL EDUCATION, AND PROVIDING A VAST NETWORK OF PRIMARY CARE PHYSICIANS IN ITS SERVICE AREA

Identifier	ReturnReference	Explanation
	PART VI, LINE 7	THE ORGANIZATION IS NOT REQUIRED TO FILE A COMMUNITY BENEFIT REPORT WITH ANY STATE

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
WAYNE MEMORIAL HOSPITAL

Employer identification number
24-0798839

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed . . . . . ▶ ☐

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) WAYNE MEMORIAL COMMUNITY HEALTH CENTERS601 PARK STREET HONESDALE,PA 18431	23-2180889	501(C)(3)	1,707,109		N/A	N/A	TO FURTHER THE EXEMPT PURPOSE OF THE CENTERS

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 THE BOARD MONITORS THE FUNDS GIVEN TO WAYNE MEMORIAL COMMUNITY HEALTH CENTERS ("WMCHC") BY REVIEWING THE WORKINGS AND PROGRESS OF THAT CORPORATION THERE IS A CLINICAL RELATIONSHIP AND THE HOSPITAL WORKS DIRECTLY WITH WMCHC SO THEY ARE ABLE TO MAKE SURE THE FUNDS ARE BEING USED PROPERLY

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493044012803

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
WAYNE MEMORIAL HOSPITAL

Employer identification number
24-0798839

Part I Questions Regarding Compensation

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

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use 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) DR DAVID CAUCCI	(i)	432,928	0	0	14,700	14,654	462,282	0
	(ii)	0	0	0	0	0	0	0
(2) DAVID HOFF	(i)	0	0	0	0	0	0	0
	(ii)	332,591	26,467	0	48,601	14,654	422,313	0
(3) MICHAEL CLIFFORD	(i)	0	0	0	0	0	0	0
	(ii)	182,946	17,578	0	16,500	13,604	230,628	0
(4) LILLIAN LONGENDORFER	(i)	236,065	0	0	13,622	5,510	255,197	0
	(ii)	0	0	0	0	0	0	0
(5) IFTIKHAR-AHMAD SHAHID CHOUHDRY	(i)	296,379	0	0	14,700	14,654	325,733	0
	(ii)	0	0	0	0	0	0	0
(6) JEFFREY A MOGERMAN	(i)	708,469	0	0	14,700	13,830	736,999	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 4B	PART I, LINE 4B DAVID HOFF, CEO, WAS COVERED BY A 457(F) SUPPLEMENTAL RETIREMENT AGREEMENT (SERP) WHICH WAS FUNDED THIS YEAR IN THE AMOUNT OF $32,101

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
WAYNE MEMORIAL HOSPITAL

Employer identification number
24-0798839

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	THE WAYNE MEMORIAL HOSPITAL AND HEALTH AUTHORITY	23-2152053	946016GB2	11-14-2007	9,830,000	TO REFUND 1997A BONDS, FUND A DEBT SERVICE RESERVE FUND, PAY ISSUANCE COSTS		X	X			X
B	THE WAYNE MEMORIAL HOSPITAL AND HEALTH AUTHORITY	23-2152053	946016FL1	09-22-2005	8,265,000	TO REFUND 1997B BONDS, PAY ISSUANCE COSTS	X		X			X
C	THE WAYNE MEMORIAL HOSPITAL AND HEALTH AUTHORITY	23-2152053	946016ER9	07-01-2003	17,354,798	TO REFUND 1993 BONDS, FND VARIOUS PRJ, FND A DEBT SVC RES FND, PAY ISS COSTS		X	X			X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	1,280,000	1,435,000	5,985,000	
2	Amount of bonds defeased				
3	Total proceeds of issue	9,830,000	8,265,000	17,250,000	
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	221,775	183,508	224,348	
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds				
11	Other spent proceeds	9,608,225	8,081,492	6,550,297	
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?		X		X		X		
15	Were the bonds issued as part of an advance refunding issue?		X		X	X			
16	Has the final allocation of proceeds been made?		X		X		X		
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?		X		X		X		

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

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

Part IV Arbitrage

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

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
SCHEDULE K, PART VI		BOND C THE DIFFERENCE BETWEEN THE ISSUE PRICE REPORTED IN PART I, COLUMN E AND THE TOTAL PROCEEDS REPORTED IN PART II, LINE 3 IS THE ORIGINAL ISSUE DISCOUNT OF $209,915 AND THE ORIGINAL ISSUE PREMIUM OF $314,713

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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

Open to Public Inspection

Name of the organization
WAYNE MEMORIAL HOSPITAL

Employer identification number
24-0798839

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 2	A QUESTIONNAIRE IS SENT TO EVERY BOARD MEMBER TO DETERMINE IF THERE ARE ANY BUSINESS OR FAMILY RELATIONSHIPS THE FOLLOWING RELATIONSHIPS WERE DISCLOSED GARY BEILMAN AND MAUREEN BEILMAN - FAMILY RELATIONSHIP
	FORM 990, PART VI, SECTION A, LINE 3	WAYNE MEMORIAL HEALTH SYSTEM, INC PROVIDES MANAGEMENT OVER THE ORGANIZATION THROUGH DIRECT EMPLOYMENT OF THE DIRECTORS AND OFFICERS OF THE ORGANIZATION THE MANAGEMENT SERVICES PROVIDED ARE REIMBURSED TO WAYNE MEMORIAL HEALTH SYSTEMS THROUGH A MANAGEMENT FEE
	FORM 990, PART VI, SECTION A, LINE 6	THE BOARD SHALL CONSIST OF THOSE INDIVIDUALS WHO ARE TRUSTEES OF WAYNE MEMORIAL HEALTH SYSTEM FROM TIME TO TIME THEIR TERM OF OFFICE SHALL COINCIDE WITH THEIR TERM OF OFFICE ON THE BOARD OF WAYNE MEMORIAL HEALTH SYSTEM RESIGNATION OR REMOVAL FROM THE BOARD OF WAYNE MEMORIAL HEALTH SYSTEM SHALL CONSTITUTE RESIGNATION OR REMOVAL FROM THE BOARD OF THIS CORPORATION
	FORM 990, PART VI, SECTION A, LINE 7A	THE WAYNE MEMORIAL HEALTH SYSTEM BOARD APPROVES THE ELECTION OF THE DIRECTORS AND OFFICERS OF WAYNE MEMORIAL HOSPITAL
	FORM 990, PART VI, SECTION A, LINE 7B	THE FOLLOWING DECISIONS OF THE GOVERNING BODY ARE SUBJECT TO APPROVAL BY WAYNE MEMORIAL HEALTH SYSTEM, INC (A) AMENDMENT OF THE BYLAWS OR THE ARTICLES OF CORPORATION, (B) MERGER OR CONSOLIDATION WITH ANY OTHER ENTITY, (C) DISSOLUTION AND DISTRIBUTION OF ASSETS IN CONNECTION THEREWITH, (D) ELECTION OF OFFICERS OF THIS CORPORATION, (E) ADOPTION OF INVESTMENT POLICIES AND SELECTION OF INVESTMENT ADVISORS, (F) INVESTMENT OF RESTRICTED GIFTS, (G) SELECTION OF AUDITORS AND ATTORNEYS, (H) ADOPTION OF OPERATING AND CAPITAL BUDGETS, (I) APPROVAL OF FUND-RAISING PROGRAMS, (J) DONATION OR TRANSFER OF ANY ASSET WITH AN AGGREGATE VALUE IN EXCESS OF SUCH AMOUNT AS MAY BE DETERMINED BY THE BOARD OF WAYNE MEMORIAL HEALTH SYSTEM FROM TIME TO TIME, (K) CREATION OF ANY LIEN OR SECURITY INTEREST IN ASSETS OF THE CORPORATION, (1) DESIGNATION OR RESTRICTION OF GIFTS WITH A MARKET VALUE IN EXCESS OF SUCH AMOUNT AS MAY BE DETERMINED BY THE BOARD OF WAYNE MEMORIAL HEALTH SYSTEM FROM TIME TO TIME, AND (M) ANY OTHER MATTER THAT WOULD REQUIRE THE APPROVAL OF THE MEMBERS OF A PENNSYLVANIA NONPROFIT CORPORATION
	FORM 990, PART VI, SECTION B, LINE 11	A COPY OF THE FORM 990 WILL BE REVIEWED WITH THE RESOURCE MANAGEMENT COMMITTEE WHICH IS RESPONSIBLE FOR THE FINANCIAL OVERSIGHT OF ALL ENTITIES OF THE WAYNE MEMORIAL HEALTH SYSTEM A COPY OF THE 990 WILL BE DISTRIBUTED VIA E-MAIL TO EACH BOARD MEMBER BEFORE THE RETURN IS SUBMITTED TO THE IRS MANAGEMENT WILL DISCUSS ANY QUESTIONS THAT ANY BOARD MEMBER MAY HAVE AT THE NEXT FULL BOARD MEETING
	FORM 990, PART VI, SECTION B, LINE 12C	CONFLICT OF INTEREST STATEMENTS ARE COMPLETED BY EVERY BOARD MEMBER AND MANAGER ANNUALLY EACH INDIVIDUAL IS REQUIRED TO SIGN AND RETURN THE STATEMENTS TO THE ADMINISTRATION OFFICE THE BOARD SECRETARY IS RESPONSIBLE FOR MONITORING COMPLIANCE WITH ANY CONFLICT OF INTEREST THROUGHOUT THE YEAR IF A CONFLICT ARISES, THE PERSON WITH THE CONFLICT WILL RECUSE THEMSELVES FROM VOTING AND/OR DISCUSSING THE MATTER
	FORM 990, PART VI, SECTION B, LINE 15	WAYNE MEMORIAL HEALTH SYSTEM, INC (AND ALL RELATED ENTITIES) UTILIZES A COMPENSATION COMMITTEE OF THE BOARD TO SET COMPENSATION OF ITS CEO AND OTHER SENIOR MANAGERS, INCLUDING CFO, DIRECTOR OF PATIENT CARE SERVICES, DIRECTOR OF HUMAN RESOURCES, DIRECTOR OF FACILITY SERVICES, DIRECTOR OF ANCILLARY SERVICES AND THE EXECUTIVE DIRECTOR OF THE WAYNE MEMORIAL HEALTH FOUNDATION THE COMPENSATION COMMITTEE IS MADE UP OF INDEPENDENT DIRECTORS, WHO, WITH THE ASSISTANCE OF A NATIONAL COMPENSATION CONSULTING FIRM, UTILIZE COMPARABLE DATA FROM THE MARKETPLACE, LOOKING AT SUCH THINGS AS COMPARABLE ORGANIZATIONS IN TERMS OF REVENUE, SIZE, COMPLEXITY AND GEOGRAPHIC REGION THE ORGANIZATION HAS ADOPTED A PHILOSOPHY OF PAYING AT THE 50TH PERCENTILE OF THE MARKETPLACE ALL MEETINGS OF THE COMPENSATION COMMITTEE ARE DOCUMENTED AND MINUTES ARE MAINTAINED OF THE DELIBERATION AND DECISION MAKING PROCESS THE PROCESS NORMALLY OCCURS IN OCTOBER OF THE YEAR THE COMPENSATION CHANGES ARE GRANTED THE LAST REVIEW OF EXECUTIVE COMPENSATION WAS IN OCTOBER 2012
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND/OR FINANCIAL STATEMENTS AVAILABLE TO PUBLIC UPON REQUEST
	FORM 990, PART VII, SECTION A, COLUMN (B)	THE FOLLOWING OFFICERS HAVE WORKED AN AVERAGE OF 40 HOURS PER WEEK IN TOTAL BETWEEN WAYNE MEMORIAL HOSPITAL AND ALL RELATED ORGANIZATIONS OF WAYNE MEMORIAL HEALTH SYSTEMS, INC , THE PARENT COMPANY DAVID HOFF, CEO MICHAEL CLIFFORD, CFO
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -1,388,518 CHANGE IN INTEREST IN NET ASSETS OF AFFILIATE -51,334 PENSION LIABILITY ADJUSTMENT -3,936,381 VALUATION CHANGE, BENEFICIAL INTEREST IN PERPETUAL TRUSTS 74,109 TOTAL TO FORM 990, PART XI, LINE 5 -5,302,124
	FORM 990, PART XII, LINE 2C	THE RESOURCE MANAGEMENT COMMITTEE IS RESPONSIBLE FOR THE OVERSIGHT OF THE AUDIT OF ITS FINANCIAL STATEMENTS AND THE SELECTION OF AN INDEPENDENT ACCOUNTANT THIS PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR

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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
WAYNE MEMORIAL HOSPITAL

Employer identification number
24-0798839

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) WAYNE MEMORIAL HEALTH FOUNDATION INC 601 PARK STREET HONESDALE, PA 18431 23-2208596	FUND RAISING, FUND MGMT, AND RELATED ACTIVITIES TO SUPPORT RELATED ORGS	PA	501(C)(3)	11B	WAYNE MEMORIAL HEALTH SYSTEM INC		No
(2) WAYNE MEMORIAL HEALTH SYSTEM INC 601 PARK STREET HONESDALE, PA 18431 23-2221292	PROMOTE HEALTH IN SERVICE AREA THROUGH OVERSIGHT OF RELATED ENTITIES	PA	501(C)(3)	11A	N/A		No
(3) WAYNE MEMORIAL LONG TERM CARE INC DBA WAYNE WOODLANDS MANOR 37 WOODLANDS DRIVE WAYMART, PA 18472 23-2719336	OPERATE A NURSING FACILITY AND AN ASSISTED LIVING FACILITY	PA	501(C)(3)	9	WAYNE MEMORIAL HEALTH SYSTEM INC		No

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

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

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) WAYNE HEALTH SERVICES INC 601 PARK STREET HONESDALE, PA 18431 23-2376183	SALE/RENTAL OF DURABLE MEDICAL EQUIPMENT, RENTAL OF OFFICE & RETAIL SPACE	PA	WAYNE MEMORIAL HEALTH FOUNDATION INC	C	1,496	31,711	1 000 %

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III or IV			
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	Yes	
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		No
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	Yes	
n Sharing of paid employees with related organization(s)	1n		No
o Reimbursement paid to related organization(s) for expenses	1o		No
p Reimbursement paid by related organization(s) for expenses	1p	Yes	
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)			
(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	

Wayne Memorial Health System, Inc. and Controlled Entities

Financial Statements and
Supplementary Information

June 30, 2012 and 2011

Wayne Memorial Health System, Inc. and Controlled Entities

Table of Contents
June 30, 2012 and 2011

ParenteBeard

Independent Auditors' Report

Board of Directors
Wayne Memorial Health System, Inc.

We have audited the accompanying consolidated balance sheet of Wayne Memorial Health System, Inc. and controlled entities (collectively, the "Corporation") 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 financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wayne Memorial Health System, Inc. and controlled entities as of June 30, 2012 and 2011, and the results of their operations, changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Corporation adopted the updated authoritative guidance pertaining to the presentation of insurance claims and related insurance recoveries in 2012.

ParenteBeard LLC

Williamsport, Pennsylvania
October 24, 2012

Wayne Memorial Health System, Inc. and Controlled Entities

Consolidated Balance Sheet
June 30, 2012 and 2011

	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	$ 5,739,913	$ 5,580,639
Assets whose use is limited under trust indenture, held by trustee	2,601,247	2,566,752
Restricted cash, resident funds	16,363	19,092
Accounts receivable		
Patients, net of allowance for doubtful accounts of $3,768,000 in 2012 and $3,593,000 in 2011	9,827,157	8,421,153
Other	1,927,636	1,034,242
Assets held for sale	404,944	438,107
Due from Wayne Memorial Community Health Centers	318,766	145,456
Inventories	949,125	1,067,725
Prepaid expenses and other current assets	1,397,679	1,621,905
Total current assets	23,182,830	20,895,071
Assets Whose Use Is Limited		
By board for future capital improvements	49,815,959	49,411,835
Under trust indenture, held by trustee	1,640,426	1,658,014
For self-insured workers' compensation	883,610	1,022,655
Pledges Receivable, Net	21,097	31,468
Note Receivable, Wayne Memorial Community Health Centers, Net	1,163,868	1,169,716
Property and Equipment, Net	29,473,086	30,203,532
Deferred Financing Costs, Net	391,944	451,858
Investments in Joint Ventures	1,316,900	821,864
Beneficial Interest in Perpetual Trusts	1,690,188	1,616,079
Estimated Medical Malpractice Insurance Recoveries	1,792,518	-
Total assets	$ 111,372,426	$ 107,282,092

	2012	2011
Liabilities and Net Assets		
Current Liabilities		
Current maturities of.		
Revenue bonds	$ 1,995,000	$ 1,930,000
Mortgage payable	76,380	71,817
Capital lease obligation	42,726	-
Resident trust funds	16,363	19,092
Accounts payable	2,546,781	1,741,478
Estimated third-party payor settlements	15,000	38,947
Accrued expenses		
Vacation wages	3,071,483	2,780,208
Salaries and wages	2,119,708	1,968,561
Interest	630,131	662,401
Pension costs	467,118	419,168
Other	81,232	73,679
Current portion of charitable gift annuity payable	36,000	36,000
Total current liabilities	11,097,922	9,741,351
Long-Term Debt		
Revenue bonds, net	27,715,270	29,685,699
Mortgage payable	95,100	171,471
Capital lease obligation	96,215	-
Estimated Medical Malpractice Claims Liability	2,881,987	1,332,122
Accrued Workers' Compensation	414,000	285,000
Pension Liability	8,248,723	4,291,501
Charitable Gift Annuity Payable	212,314	219,010
Total liabilities	50,761,531	45,726,154
Net Assets		
Unrestricted	58,707,627	59,652,437
Temporarily restricted	109,166	183,508
Permanently restricted	1,794,102	1,719,993
Total net assets	60,610,895	61,555,938
Total liabilities and net assets	$ 111,372,426	$ 107,282,092

See notes to consolidated financial statements

Wayne Memorial Health System, Inc. and Controlled Entities

Consolidated Statement of Operations
Years Ended June 30, 2012 and 2011

	2012	2011
Unrestricted Revenues, Gains, and Other Support		
Net patient service revenues	$ 79,772,009	$ 75,380,700
Other operating revenues	2,826,519	2,349,167
Equipment rentals and sales	1,238,336	1,188,405
Office rentals	544,774	670,679
Net assets released from restrictions	29,885	105,024
Total unrestricted revenues, gains, and other support	84,411,523	79,693,975
Expenses		
Salaries and wages	32,885,911	31,710,444
Supplies and expenses	27,910,700	26,740,292
Employee benefits	8,084,072	8,474,960
Provision for bad debts	6,495,237	6,159,359
Depreciation and amortization	3,217,699	3,846,986
Professional fees	2,047,229	1,343,894
Interest	1,286,011	1,351,152
Insurance	889,569	832,081
Total expenses	82,816,428	80,459,168
Operating income (loss)	1,595,095	(765,193)
Other Income (Expense)		
Investment income	1,046,014	8,105,109
Contributions	205,725	51,928
Credit (provision) for income taxes	1,055	(36,016)
Other	(16,062)	(9,467)
Equity in loss of joint venture	(32,602)	(23,813)
Total other income, net	1,204,130	8,087,741
Revenues in excess of expenses	2,799,225	7,322,548
Pension Liability Adjustment	(3,936,381)	2,898,152
Net Assets Released from Restrictions Used for Purchase of Property and Equipment	308,181	331,477
Grant Income Used for the Purchase of Equipment	-	62,500
(Decrease) Increase in Unrestricted Net Assets from Continuing Operations	(828,975)	10,614,677
Loss from Discontinued Operations	(115,835)	(129,922)
(Decrease) increase in unrestricted net assets	$ (944,810)	$ 10,484,755

See notes to consoldiated financial statements

Wayne Memorial Health System, Inc. and Controlled Entities

Consolidated Statement of Changes in Net Assets
Years Ended June 30, 2012 and 2011

	2012	2011
Unrestricted Net Assets		
Revenues in excess of expenses	$ 2,799,225	$ 7,322,548
Pension liability adjustment	(3,936,381)	2,898,152
Net assets released from restrictions used for purchase of property and equipment	308,181	331,477
Grant income used for the purchase of equipment	-	62,500
(Decrease) increase in unrestricted net assets from continuing operations	(828,975)	10,614,677
Loss from discontinued operations	(115,835)	(129,922)
(Decrease) increase in unrestricted net assets	(944,810)	10,484,755
Temporarily Restricted Net Assets		
Contributions	251,001	270,130
Change in value of pledges receivable	6,110	11,699
Net assets released from restrictions	(338,066)	(436,501)
Interest and dividend income	6,613	8,100
Decrease in temporarily restricted net assets	(74,342)	(146,572)
Permanently Restricted Net Assets		
Valuation gain, beneficial interest in perpetual trusts	74,109	130,681
Increase in permanently restricted net assets	74,109	130,681
(Decrease) increase in net assets	(945,043)	10,468,864
Net Assets, Beginning	61,555,938	51,087,074
Net Assets, Ending	$ 60,610,895	$ 61,555,938

See notes to consolidated financial statements

Wayne Memorial Health System, Inc. and Controlled Entities

Consolidated Statement of Cash Flows
Years Ended June 30, 2012 and 2011

	2012	2011
Cash Flows from Operating Activities		
(Decrease) increase in net assets	$ (945,043)	$ 10,468,864
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities		
Depreciation and amortization	3,250,862	3,877,788
Amortization of bond discount	24,571	28,335
Provision for bad debts	6,495,237	6,159,359
Pension liability adjustment	3,936,381	(2,898,152)
Net realized and unrealized loss (gain) on investments	420,424	(6,833,348)
Valuation gain, beneficial interest in perpetual trusts	(74,109)	(130,681)
Change in value of pledges receivable	(6,110)	(11,699)
Restricted contributions	(211,116)	(162,607)
Grant income used for the purchase of equipment	-	(62,500)
Contributions, pledges receivable	-	(2,500)
Distribution from CHART	(527,638)	(405,050)
Equity in loss of joint venture	32,602	23,813
Loss on disposal of equipment	24,152	9,602
Change in value of charitable gift annuity	29,304	28,641
Changes in assets and liabilities:		
Accounts receivable	(8,788,787)	(6,580,396)
Inventories	118,600	(134,303)
Prepaid expenses and other current assets	224,226	(103,863)
Estimated medical malpractice insurance recoveries	(1,792,518)	-
Accounts payable	805,303	(633,641)
Estimated third-party payor settlements	(23,947)	(168,083)
Accrued expenses	2,165,361	354,150
Net cash provided by operating activities	5,157,755	2,823,729
Cash Flows from Investing Activities		
Purchase of property and equipment	(2,275,226)	(1,437,299)
Net purchases of investments	(702,410)	(816,717)
Net advances to Wayne Memorial Community Health Centers	(173,310)	(199,400)
Proceeds from sale of equipment	-	5,355
Net advances - note receivable, Wayne Memorial Communtiy Health Centers	-	(399,922)
Net cash used in investing activities	(3,150,946)	(2,847,983)
Cash Flows from Financing Activities		
Repayment of long-term debt	(2,001,808)	(1,942,607)
Repayment of capital lease obligation	(37,324)	-
Proceeds from restricted contributions	211,116	162,607
Collections, pledges receivable	16,481	130,497
Payments made on charitable gift annuity	(36,000)	(36,000)
Grant income used for the purchase of equipment	-	62,500
Net cash used in financing activities	(1,847,535)	(1,623,003)
Net increase (decrease) in cash and cash equivalents	159,274	(1,647,257)
Cash and Cash Equivalents, Beginning	5,580,639	7,227,896
Cash and Cash Equivalents, Ending	$ 5,739,913	$ 5,580,639
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 1,293,710	$ 1,353,679
Income taxes paid	$ 12,902	$ 11,000
Noncash Investing and Financing Activity		
Capital lease obligation incurred for the acquisition of property and equipment	$ 176,265	$ -

See notes to consolidated financial statements

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Wayne Memorial Health System, Inc. (the "System") is a not-for-profit corporation. The System's operations are located in Honesdale, Pennsylvania. Its general purposes are to promote and advance charitable, health, scientific, social, and educational purposes and to enhance the quality of life and benefit the inhabitants of Wayne County, Pennsylvania, and surrounding areas and, among other things, to:

a) Support, promote, advance, and strengthen Wayne Memorial Hospital (the "Hospital") in providing for the care and relief of injured and sick persons;

b) Promote the health and welfare of residents of Wayne County and surrounding areas through involvement in various health care and related activities; and

c) Provide assistance in whatever form to the Hospital.

The System controls the Hospital; Wayne Memorial Long-Term Care, Inc. ("WMLTC"); and Wayne Memorial Health Foundation, Inc. (the "Foundation"). The Foundation controls Wayne Health Services, Inc. ("Services"). The operations and activities of these organizations are briefly described in the following paragraphs.

The Hospital operates inpatient acute care and inpatient rehabilitation beds and provides outpatient, emergency, and home health care to patients in its service area. The Hospital's operations are located in Honesdale, Pennsylvania. Its primary service area includes Honesdale, Pennsylvania and surrounding communities in Wayne County, Pennsylvania.

WMLTC operates a 121-bed skilled nursing facility in Waymart, Pennsylvania, known as Wayne Woodlands Manor (the "Manor"), and a 29-bed personal care facility located in Damascus Township, Pennsylvania, known as Wayne Delaware Manor. A significant portion of WMLTC's revenue is generated from the Medical Assistance and Medicare programs (Note 3). In May 2012, the WMLTC Board of Directors approved the closure of Wayne Delaware Manor as of July 31, 2012 (Note 2).

The Foundation is located in Honesdale, Pennsylvania. Its purpose is to support programmatically and financially the activities of the System and the Hospital.

The Foundation owns 99% of the outstanding common stock of Services which is located in Honesdale, Pennsylvania. Services is a for-profit corporation subject to federal and state income taxes. Its operations include the sale and rental of durable medical equipment to the general public and the rental of office and retail space.

Basis of Consolidation

The consolidated financial statements include the accounts of the System, the controlling parent; the Hospital; WMLTC; the Foundation; and Services (collectively, the "Corporation"). All significant intercorporate transactions and balances are eliminated in consolidation.

Use of Estimates

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

Cash and Cash Equivalents

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

Accounts Receivable, Patients

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

Pledges Receivable

Pledges receivable are primarily unsecured and receivable from individuals and businesses located in Wayne, Pike, and Sullivan Counties. Pledges receivable represent unconditional promises to give that are expected to be collected in future years. The pledges are recorded as temporarily restricted contributions at the present value of estimated future cash flows. The discounts on the pledged amounts approximate current market rates at initial recognition. Amortization of the discounts is reported as a change in value of pledges receivable in the temporarily restricted net asset class.

Inventories

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

Investments and Investment Risk

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheet. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in revenues in excess of expenses unless the income or loss is restricted by donor or law. Interest income is measured as earned on the accrual basis. Dividends are measured using the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

The Corporation's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the consolidated balance sheet are subject to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the consolidated balance sheet could change materially in the near term.

Investments in Joint Ventures

Investments in joint ventures include the Corporation's investment in several entities in which the Corporation has a financial interest. Where the Corporation has the ability to influence management or has a twenty percent or more interest in the entity, the investment is recorded at cost, adjusted for the Corporation's proportionate share of their undistributed earnings or losses. All other investments in such entities are recorded at cost.

The Corporation owns a 2% interest in Community Hospital Alternative for Risk Transfer, a reciprocal risk retention group (Note 10).

The Foundation is a one-third member in Pike County Cancer Consortium, Inc., which is a 75% general partner of Upper Delaware Valley Cancer Center, a facility for radiation therapy services in Pike County, Pennsylvania.

Assets Whose Use is Limited

Assets whose use is limited include assets set aside by the board of directors for future capital improvements, over which the board retains control and may, at its discretion, subsequently use for other purposes; assets held by a bond trustee under a trust indenture; and assets held under a self-insured workers' compensation program. Amounts available to meet current liabilities have been classified as current assets in the consolidated balance sheet.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Equipment under capital lease obligation is amortized using the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation in the accompanying consolidated statement of operations. Depreciation was $3,190,948 in 2012 and $3,813,759 in 2011.

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

Deferred Financing Costs

Costs incurred in connection with the issuance of long-term debt have been deferred and are being amortized over the term of the debt using an effective interest method. Amortization expense was $59,914 in 2012 and $64,029 in 2011.

Resident Trust Funds

Resident funds are accounted for as trust funds and are maintained separate from other funds.

Beneficial Interest in Perpetual Trusts

The Hospital is the beneficiary of various perpetual trusts held with local banks serving as trustees. The terms of the trusts are such that the Hospital receives a portion of the income earned on the trust assets in perpetuity. Income earned is reported as unrestricted investment income. The assets are reported at fair value. Changes in fair value are recorded as valuation gains or losses in permanently restricted net assets.

Estimated Medical Malpractice Claims Liability

The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported, including costs associated with litigating or settling claims. Anticipated insurance recoveries associated with reported claims are reported separately in the Corporation's consolidated balance sheet at net realizable value.

Charitable Gift Annuity

The Foundation received a contribution of land under a charitable gift annuity arrangement. The donor, referred to as the annuitant, transferred land to the Foundation and, in turn, is receiving a fixed amount payable annually for life.

The Foundation recorded the land at fair value as of the date of the contribution and the liability to the annuitant at the present value of the estimated future payments to be distributed by the Foundation to the annuitant. The amount of the contribution was the difference between the asset and the liability and was recorded as unrestricted revenue. Subsequent changes in the present value of the estimated future payments to be distributed by the Foundation to the annuitant are recorded in unrestricted net assets.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Corporation has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Corporation in perpetuity.

Net Patient Service Revenues

The Hospital and the Manor have agreements with third-party payors that provide for payments to the Hospital and the Manor at amounts different from their established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed cost, discounted charges, and per diem payments. Net patient service revenues are reported at the estimated net realizable amounts from patients, residents, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. It is reasonably possible that the estimates used could change in the near term.

Net patient service revenues increased by approximately $40,000 in 2012 and $525,000 in 2011 for net adjustments and settlements related to prior years.

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Such patients are identified based on financial information obtained from the patient (or their guarantor) and subsequent analysis which includes the patient's ability to pay for services rendered. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as a component of net patient service revenue or patient accounts receivable. The costs associated with charity care services provided are estimated by applying a cost-to-charge ratio to the amount of gross uncompensated charges for the residents receiving charity care. The Hospital provided charity care at a cost of approximately $402,000 in 2012 and $240,000 in 2011.

The Corporation provides its facilities, personnel, and services to the community. The cost of these services has not been quantified for purposes of financial statement disclosure.

Rental Operations

Services rents property and equipment under short-term rental agreements, all of which are accounted for as operating leases for financial reporting purposes.

Revenues in Excess of Expenses

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

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the consolidated statement of operations.

Income Taxes

The System, the Hospital, WMLTC, and the Foundation are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on their exempt income under Section 501(a) of the Internal Revenue Code.

Services is a for-profit corporation. The principal items giving rise to deferred income tax provisions are the utilization of accelerated depreciation methods for tax purposes and the difference between the provision for doubtful collections and bad debt write-offs.

The Corporation accounts for uncertainty in income taxes by prescribing a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management determined that there were no tax uncertainties that met the recognition threshold in 2012 and 2011.

The federal Returns of Organization Exempt from Income Tax for the Hospital, WMLTC, and the Foundation, and the U.S. Corporation Income Tax Returns for Services, for the years ended prior to June 30, 2009 are no longer subject to examination by the Internal Revenue Service.

Subsequent Events

The Corporation evaluated subsequent events for recognition or disclosure through October 24, 2012, the date the consolidated financial statements were issued.

New Accounting Standards

Charity Care

In August 2010, the Financial Accounting Standards Board ("FASB") issued amended disclosure guidance relating to the measurement of charity care provided. The guidance requires that direct and indirect costs be used as the basis of measurement for charity care disclosure purposes. The guidance also requires disclosure of the method used to identify or determine such costs. The adoption of the amended guidance revised the disclosure in the notes to the Corporation's consolidated financial statements but did not impact amounts reported in the consolidated financial statements.

Insurance Claims

In August 2010, the FASB issued Accounting Standards Update 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries,* which amended guidance relating to the presentation of insurance claims and related insurance recoveries. The guidance clarifies that health care entities may not net insurance recoveries against a related claim liability. In addition, the amount of the claim liability should be determined without consideration of insurance recoveries and estimated insurance recoveries, if any, should be measured and presented separately within the balance sheet. The adoption of the amended guidance did not have an impact on the Corporation's consolidated financial statements.

Provision for Bad Debts

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

Fair Value Measurement and Disclosure

In 2011, FASB issued Accounting Standards Update ("ASU") No. 2011-04, Fair Value Measurements and Disclosures (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. ASU No. 2011-04 includes new and clarified guidance on fair value measurements (highest and best use, equity instruments, managed net portfolio positions, and applications of premiums and discounts) and disclosure (quantitative information, valuation processes and sensitivity of unobservable inputs, assets no in highest and best use, and assets not measured at fair value). ASU No. 2011-04 is effective for periods beginning after December 15, 2011. ASU No. 2011-04 will not have a material impact on the Corporation's consolidated financial statements, but may modify financial statement disclosures for fair value measurement.

Reclassifications

Certain 2011 amounts were reclassified to conform to the 2012 reporting format.

2. Discontinued Operations

In May 2012, the WMLTC's Board of Directors approved the closure of Wayne Delaware Manor's operations effective July 31, 2012. In September 2012, Wayne Delaware Manor's facility was subsequently sold for $625,000 (Note 17).

Due to the approved closure and subsequent sale of Wayne Delaware Manor, its operations have been reported as discontinued operations in the accompanying consolidated statement of operations. The following amounts related to discontinued operations are included in the loss from discontinued operations in the accompanying consolidated statement of operations:

- Total unrestricted revenues, gains and other support were $646,163 in 2012 and $612,088 in 2011.
- Total expenses were $761,998 in 2012 and $742,010 in 2011.
- Revenues less than expenses were ($115,835) in 2012 and ($129,922) in 2011.

The assets held for sale are presented separately in the accompanying consolidated balance sheet. These assets consist of property and equipment, net which is $404,944 at June 30, 2012 and $438,107 at June 30, 2011. There are no liabilities associated with the assets held for sale.

3. Net Patient Service Revenues

The Hospital and the Manor have agreements with third-party payors that provide for payments to the Hospital and the Manor at amounts different from their established rates. A significant portion of the Corporation's net patient service revenues is derived from these third-party payor programs. A summary of the principal payment arrangements with major third-party payors follows:

Hospital

- **Medicare**: Inpatient acute and nonacute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. The Hospital is reimbursed for cost reimbursable items at tentative interim rates, with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been settled through June 30, 2009. Approximately 37% in both 2012 and 2011 of net patient service revenue was attributable to the Medicare program.
- **Medical Assistance**: Inpatient acute care services rendered to Medical Assistance program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services are paid based on a published fee schedule. Approximately 6% in 2012 and 7% in 2011 of net patient service revenue was attributable to the Medical Assistance Program.

- **Blue Cross**: Inpatient acute care services rendered to Blue Cross subscribers are paid at prospectively determined rates per discharge. Outpatient services are paid based on a percentage of established charges Approximately 16% in 2012 and 17% in 2011 of net patient service revenue was attributable to Blue Cross.

The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Manor

- **Medical Assistance**: Nursing services provided to Medical Assistance program beneficiaries are paid at prospectively determined rates per day. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors and the reimbursement methodology is subject to various limitations and adjustments. Approximately 5% in both 2012 and 2011 of net patient service revenue was attributable to the Medical Assistance program.

- **Medicare**: Nursing and ancillary services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a patient-specific classification system that is based on clinical, diagnostic, and other factors and the reimbursement methodology is subject to various limitations and adjustments. Approximately 3% in 2012 and 2% in 2011 of net patient service revenue was attributable to the Medicare program.

As described above, the Medical Assistance and Medicare Part A rates are based on clinical, diagnostic, and other factors. The determination of these rates is partially based on the Manor's clinical assessment of its patients. The Manor is required to clinically assess its patients at predetermined time periods throughout the year. The documented assessments are subject to review and adjustment by the Medical Assistance and Medicare programs.

4. Assets Whose Use is Limited

The Corporation's assets whose use is limited are presented on the consolidated balance sheet as follows:

	2012	2011
Under trust indenture, held by trustee:		
Current portion	$ 2,601,247	$ 2,566,752
Noncurrent portion	1,640,426	1,658,014
By board for future capital improvements	49,815,959	49,411,835
For self-insured workers' compensation	883,610	1,022,655
Total	$ 54,941,242	$ 54,659,256

The composition of assets whose use is limited is set forth in the following table:

	2012	2011
By board for future capital improvements:		
Cash and cash equivalents	$ 1,600,589	$ 4,700,804
Marketable equity securities	13,270,821	14,001,057
Mutual funds, equity	12,801,392	6,890,583
Mutual funds, fixed income	10,906,130	5,515,721
U.S. government agency obligations	6,484,730	9,457,489
Certificates of deposit	2,369,875	1,335,110
Corporate bonds	1,989,036	1,533,642
Municipal bonds	204,889	101,092
U.S. government notes	188,497	357,746
Exchange traded fund, equity	-	5,518,591
Total	$ 49,815,959	$ 49,411,835
Under trust indenture, held by trustee:		
Cash and cash equivalents	$ 4,241,673	$ 3,473,590
U.S. government agency obligations	-	751,176
Total	4,241,673	4,224,766
Less assets held by trustee available for current liabilities	2,601,247	2,566,752
Noncurrent portion of assets held by trustee	$ 1,640,426	$ 1,658,014
For self-insured workers' compensation:		
Cash and cash equivalents	$ 451,828	$ 692,552
Certificates of deposit	431,782	330,103
Total	$ 883,610	$ 1,022,655

Investment income is comprised of the following:

	2012	2011
Interest and dividend income	$ 1,177,673	$ 1,139,264
Net realized gain on sales of investments	1,180,410	2,835,626
Net unrealized (loss) gain on investments	(1,600,834)	3,997,722
Distribution from CHART – reinvested (Note 10)	527,638	405,050
Investment advisory fees	(238,873)	(272,553)
Total	$ 1,046,014	$ 8,105,109

5. Property and Equipment and Accumulated Depreciation

Property and equipment and accumulated depreciation are as follows:

	2012	2011
Land	$ 3,285,034	$ 3,285,034
Land improvements	1,696,157	1,690,083
Buildings and building improvements	43,990,642	43,963,598
Major moveable equipment	29,663,606	32,612,699
Fixed equipment	12,150,461	12,247,404
Leasehold improvements	1,965,805	2,184,222
Construction in progress	530,733	219,224
Total	93,282,438	96,202,264
Less accumulated depreciation	63,809,352	65,998,732
Property and equipment, net	$ 29,473,086	$ 30,203,532

Equipment under capital lease included in major moveable equipment was $176,265 and accumulated amortization was $14,689 at June 30, 2012 There was no equipment under capital lease at June 30, 2011.

Property and equipment held for sale (Note 2) at net realizable value are as follows:

	2012	2011
Land	$ 81,470	$ 81,470
Buildings and building improvements	255,507	276,555
Major moveable equipment	67,968	80,082
Property and equipment, net	$ 404,945	$ 438,107

Property and equipment held for sale is reflected at carrying value, which is less than fair value based upon recent independent appraised values. As such, no write-downs were required for these assets during 2011 and 2012.

6. Revenue Bonds

2007 Bonds

In November 2007, the Wayne County Hospital and Health Facilities Authority (the "Authority") issued, on behalf of the Hospital, $9,830,000 of County Guaranteed Hospital Revenue Refunding Bonds (the "2007 Bonds"). The proceeds from the 2007 Bonds were used to advance refund the Authority's 1997A Bonds and pay the costs and expenses of issuing the 2007 Bonds. The Corporation is in the process of refinancing a portion of these bonds subsequent to year-end (Note 17).

2005 Bonds

In September 2005, the Authority issued, on behalf of the Hospital, $8,265,000 of County Guaranteed Hospital Revenue Refunding Bonds (the "2005 Bonds"). The proceeds from the 2005 Bonds were used to advance refund the Authority's 1997B Bonds and pay the costs and expenses of issuing the 2005 Bonds. The Corporation is in the process of refinancing these bonds subsequent to year-end (Note 17).

2003 Hospital Bonds

In July 2003, the Authority issued, on behalf of the Hospital, $17,250,000 of County Guaranteed Hospital Revenue Bonds (the "2003 Hospital Bonds"). The proceeds from the 2003 Hospital Bonds were used to advance refund the Authority's Series 1993 bonds, fund various capital expenditures and projects, fund a debt service reserve fund, and pay the costs and expenses of issuing the 2003 Hospital Bonds.

2003 WMLTC Bonds

In July 2003, the Authority issued, on behalf of WMLTC, $4,495,000 of Health Facilities Revenue Bonds (the "2003 WMLTC Bonds"). The proceeds from the 2003 WMLTC Bonds were used to advance refund the Authority's Series 1993 bonds (Wayne Woodlands Manor Project), fund a debt service reserve fund, and pay the costs and expenses of issuing the 2003 WMLTC Bonds.

Summary

The Hospital and WMLTC are obligated for annual payments under the terms of loan agreements which are structured to meet the Authority's annual principal and interest payments due on the 2007 Bonds, 2005 Bonds, 2003 Hospital Bonds, and 2003 WMLTC Bonds (collectively, the "Bonds") as follows:

	2012	2011
2007 Bonds		
Bonds due in varying annual installments through July 1, 2024, plus interest at rates ranging from 3.6% to 4.2%	$ 8,550,000	$ 9,050,000
2005 Bonds		
Bonds due in varying annual installments through July 1, 2027, plus interest at rates ranging from 3.25% to 4.35%	6,830,000	7,135,000
2003 Hospital Bonds		
Bonds due in varying annual installments through July 1, 2021, plus interest at rates ranging from 3.2% to 5.25%	11,265,000	12,175,000
2003 WMLTC Bonds		
Bonds due in varying annual installments through July 1, 2023, plus interest at rates ranging from 3.15% to 4.4%	3,260,000	3,475,000
Total	29,905,000	31,835,000
Less current maturities	1,995,000	1,930,000
Total	27,910,000	29,905,000
Less bond discount	194,730	219,301
Long-term debt, net	$ 27,715,270	$ 29,685,699

To secure the required loan payments due to the Authority in connection with the Bonds, the Hospital and WMLTC granted the Authority a security interest in and a first lien on their gross receipts and substantially all property and equipment and have unconditionally guaranteed the payment of their portion of the Bonds. The Bonds are also secured by a Guaranty of Wayne County, Pennsylvania. Further, a trustee for the Authority holds certain funds for the benefit of the holders of the Bonds (Note 4).

Scheduled principal payments on the Bonds are as follows:

Years ending June 30:	
2013	$ 1,995,000
2014	2,060,000
2015	2,130,000
2016	2,200,000
2017	2,310,000
Thereafter	19,210,000
Total	$ 29,905,000

7. Mortgage Payable

Mortgage payable consists of the following:

	2012	2011
Mortgage payable, bank, payable in monthly installments of $7,059, including interest at 6%, maturing August 2014; secured by land and buildings known as the Stourbridge Mall	$ 171,480	$ 243,288
Less current maturities	76,380	71,817
Noncurrent portion of mortgage payable	$ 95,100	$ 171,471

Scheduled principal payments are as follows:

Years ending June 30:	
2013	$ 76,380
2014	81,158
2015	13,942
Total	$ 171,480

8. Obligation Under Capital Lease

The Corporation entered into an equipment lease classified as a capital lease. The following is a schedule of the future minimum lease payments under the capital lease, together with the present value of the net monthly lease payments:

Years ending June 30:	
2013	$ 48,744
2014	48,744
2015	48,744
2016	8,124
Total minimum lease payments	154,356
Less amounts representing interest	15,415
Present value of net minimum lease payments	$ 138,941

The interest rate on the capitalized lease is imputed based on the lower of the Corporation's incremental borrowing rate at the inception of the lease or the lessor's implicit rate of return.

The present value of future net minimum lease payments has been classified in the accompanying consolidated balance sheet at June 30, 2012 as follows:

Current maturities of obligations under capital lease	$ 42,726
Long-term liabilities	96,215
Total	$ 138,941

9. Pension Plans

The Hospital sponsors a defined benefit pension plan for its employees. The Hospital offered non-union employees and employees in the nurses union the option to freeze their activity in the pension plan effective April 1, 2009 and participate in a defined contribution plan.

The following table sets forth the change in the projected benefit obligation, the change in fair value of plan assets, and the accumulated benefit obligation:

	2012	2011
Change in projected benefit obligation:		
Projected benefit obligation, beginning of year	$ 17,742,935	$ 18,321,564
Service cost	456,542	510,886
Interest cost	976,889	987,660
Actuarial loss (gain)	3,321,320	(903,367)
Benefits paid	(921,226)	(1,173,808)
Projected benefit obligation, end of year	21,576,460	17,742,935
Change in fair value of plan assets:		
Fair value of plan assets, beginning of year	13,451,434	11,331,955
Actual return on plan assets (net of expense)	107,880	2,307,962
Employer contributions	689,649	985,325
Benefits paid	(921,226)	(1,173,808)
Fair value of plan assets, end of year	13,327,737	13,451,434
Funded status, end of year	$ (8,248,723)	$ (4,291,501)
Accumulated benefit obligation	$ 20,568,925	$ 16,888,898

Amounts recognized in the consolidated balance sheet are as follows:

	2012	2011
Pension liability, noncurrent	$ 8,248,723	$ 4,291,501

The following table sets forth the components of net periodic pension cost:

	2012	2011
Service cost	$ 456,542	$ 510,886
Interest cost	976,889	987,660
Expected return on plan assets	(1,059,570)	(903,378)
Amortization of actuarial loss	353,246	606,818
Amortization of unrecognized prior service credit	(16,617)	(16,617)
Net periodic pension cost	$ 710,490	$ 1,185,369

The measurement date used to determine the pension plan asset and benefit obligation information was June 30.

A net loss of $9,528,508 and $5,608,744 and net prior service credit of $36,526 and $53,143 represent the unrecognized components of net periodic pension cost included in unrestricted net assets at June 30, 2012 and 2011, respectively. Approximately $17,000 of the net prior service credit and $781,000 of the net loss are expected to be recognized in net periodic pension cost in 2013.

Assumptions

The weighted-average assumptions used in computing the Hospital's benefit obligations are as follows:

	2012	2011
Discount rate	4.08 %	5 67 %
Expected return on plan assets	7.25	8 00
Rate of compensation increase	3.50	3 50

The weighted-average assumptions used in the measurement of the Hospital's net periodic pension cost are as follows:

	2012	2011
Discount rate	5.67 %	5 45 %
Expected return on plan assets	8.00	8.00
Rate of compensation increase	3.50	3.50

The expected return on plan assets is based upon historical returns for specified benchmark investment categories that are weighted by target allocations of plan assets. Such returns are reviewed to ascertain the reasonableness of the assumptions utilized for the current plan year. Adjustments are made to the expected return on plan assets assumption when deemed necessary based upon revised expectations of future investment performance of the overall capital markets.

Plan Assets

The following table sets forth the actual asset allocation and target asset allocation for the plan assets:

	2012	2011	Target Asset Allocation
Equity securities	57 %	57 %	60 %
Fixed income	38	34	40
Cash and cash equivalents	5	9	-

The target asset allocation for large-capitalization and mid/small-capitalization domestic equity securities is 42% and 8%, respectively. The target asset allocation for international equity securities is 10%. The target asset allocation for investment grade domestic fixed income securities is 40%.

Investment objectives for the plan assets are to:

- Maximize the investment return with the least amount of risk through a combination of capital appreciation and income, and
- Comply with the Employee Retirement Income Security Act of 1974 ("ERISA") by investing the funds in a manner consistent with ERISA's fiduciary standards.

Fair Value of Plan Assets

The following table sets forth by level, within the fair value hierarchy (Note 16), the plan assets at fair value at June 30, 2012 and 2011:

	June 30, 2012			
	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Other Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 610,297	$ 610,297	$ -	$ -
Marketable equity securities	4,828,178	4,828,178	-	-
Mutual funds, equity, Large blend	2,773,065	2,773,065	-	-
Corporate bonds, investment grade	2,131,652	-	2,131,652	-
U.S. government notes	2,085,883	-	2,085,883	-
U.S. government agency obligations	787,359	-	787,359	-
Other	111,303	-	111,303	-
Total	$ 13,327,737	$ 8,211,540	$ 5,116,197	$ -

	June 30, 2011			
	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Other Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 1,205,280	$ 1,205,280	$ -	$ -
Marketable equity securities	5,421,694	5,421,694	-	-
Mutual funds, equity, Large blend	1,034,711	1,034,711	-	-
Corporate bonds, investment grade	2,161,147	-	2,161,147	-
U.S. government notes	1,261,299	-	1,261,299	-
U.S. government agency obligations	650,307	-	650,307	-
Other	121,625	-	121,625	-
Exchange traded funds, equity	1,178,226	1,178,226	-	-
Mortgage and asset backed securities	321,518	-	321,518	-
International bonds	95,627	-	95,627	-
Total	$ 13,451,434	$ 8,839,911	$ 4,611,523	$ -

The following is a description of the valuation methodologies used to determine fair value:

Cash and cash equivalents, marketable equity securities, equity mutual funds, and exchange traded funds are classified as Level 1, and are valued at fair value based on quoted market prices in active markets.

Corporate bonds, U.S. government notes, U.S. government agency obligations, other, mortgage and asset backed securities, and international bonds are classified as Level 2 investments, and are valued at fair value using quoted prices for similar securities.

Cash Flows

The Hospital intends to contribute approximately $1,458,000 to the pension plan in 2013.

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

Years ending June 30:	
2013	$ 2,499,679
2014	1,116,426
2015	1,372,632
2016	841,437
2017	1,189,159
2018 – 2022	6,496,155

Defined Contribution Plan

The Hospital established a defined contribution plan in 2007 for all non-union employees. Pension expense was approximately $813,000 in 2012 and $778,000 in 2011.

10. Medical Malpractice Claims Coverage

At June 30, 2012, the Corporation's medical malpractice insurance coverages are provided under the provisions of the following insurance arrangements:

Primary coverage – Primary coverage is provided under the terms of an insurance contract which covers losses, if any, which are reported during the period the contract is in force, "claims-made coverage."

Excess coverage – Excess liability coverage is provided under the terms of an insurance contract which insures against losses in excess of the above coverages reported during the period of policy coverage.

MCARE Fund coverage – The Pennsylvania Medical Care Availability and Reduction of Error Fund ("MCARE Fund") provides excess coverage per the Pennsylvania law governing the MCARE Fund. Pursuant to the per occurrence and aggregate limits set forth in the controlling Pennsylvania statutes, the MCARE Fund provides coverage for losses in excess of the primary coverage that was in effect on the date of the incident. The cost of MCARE Fund coverage is recognized as expense in the period incurred. Increases in annual surcharges and concerns over the MCARE Fund's ability to manage and pay claims continue to result in proposals to reform or restructure the MCARE Fund. MCARE Fund coverage is currently scheduled to be reduced in 2013, unless the Pennsylvania Insurance Commissioner determines that additional primary coverage capacity is not available at that time, and eliminated three years after such reduction. The Corporation will be required to purchase additional primary insurance to take the place of the MCARE coverage if it is reduced. Depending upon the ultimate resolution of this matter, the Corporation may incur additional insurance costs.

The primary and excess coverages are provided by Community Hospital Alternative For Risk Transfer ("CHART"). CHART has been formed as a reciprocal risk retention group to provide liability insurance, reinsurance, and risk management services for its subscribers. The Corporation is a subscriber in CHART, and has invested $1,048,188 at June 30, 2012 and $520,550 at June 30, 2011 in CHART. This investment is included in investments in joint ventures in the accompanying consolidated balance sheet. It is accounted for using the cost method since the Corporation's ownership is less than 20%.

A portion of the annual primary coverage premiums may be retrospectively adjusted based on the actual costs incurred by CHART on behalf of the Corporation. As of June 30, 2012, premiums totaling approximately $190,000 are subject to retrospective adjustment. The Corporation can be assessed additional premiums up to 200% of this amount.

At June 30, 2012, the Corporation cannot determine the amount of any additional premiums it may be assessed nor any premium refunds it may ultimately be entitled to and has, therefore, expensed the billed premiums ratably over the term of the policy.

The Corporation believes it has adequate insurance coverages for all asserted claims and it has no knowledge of unasserted claims which would exceed its insurance coverages. The Corporation's estimated medical malpractice claims liability was calculated using a discount rate of 3% at June 30, 2012 and 2011.

11. Transactions with Wayne Memorial Community Health Centers

Through September 30, 2007, Wayne Memorial Community Health Centers ("WMCHC") (formerly known as Community Health Concern, Inc.) was a controlled entity of the System. Effective October 1, 2007, the Health Resources and Services Administration, a Division of the U.S. Department of Health and Human Services, required WMCHC to become a wholly autonomous organization in order to receive grant funding as a Federally Qualified Health Center.

The more significant transactions between the Corporation and WMCHC are as follows:

- The System provides administrative, accounting, and management services to WMCHC. Revenues recognized related to these services were $114,852 in 2012 and $129,522 in 2011.

- The Hospital provided funds to WMCHC to support its operations. Funds provided were $1,295,923 in 2012 and $1,076,984 in 2011. These amounts are recorded as supplies and expenses in the consolidated statement of operations.

- WMCHC owed the Hospital $437,895 and $145,456 at June 30, 2012 and 2011, respectively.

- WMCHC has a $1,650,000 loan agreement with the Hospital Borrowings are unsecured and are due on demand. Interest is payable monthly at the prime rate (3.25% at June 30, 2012). Through June 30, 2012 and 2011, the Hospital advanced $1,449,921 to WMCHC. The Hospital does not expect WMCHC to repay, and does not plan to demand repayment of, the outstanding balance of the loan prior to June 30, 2012. As a result, the amount due from WMCHC is classified as a non-current asset in the consolidated balance sheet. The Hospital has established an allowance for doubtful accounts of $286,053 and $280,205 related to this loan at June 30, 2012 and 2011, respectively.

- On May 11, 2011, the Hospital executed a promissory note (the "Note") with WMCHC allowing for the advance of $250,000 in funds, payable at the request of WMCHC. Under the terms of the Note, principal and interest shall be payable in monthly installments over a period of 36 months following the final advance. Interest on the Note is fixed at 3 25%. There were advances made in the amount of $250,000 during 2012. These advances were paid in full prior to June 30, 2012 and expired once the funds were paid in full. There were no advances made during 2011.

12. Contingencies

Real Estate Taxes

As not-for-profit corporations in the Commonwealth of Pennsylvania, the Hospital and WMLTC are organizations which presently qualify for an exemption from real property taxes; however, a number of cities, municipalities, and school districts in the Commonwealth of Pennsylvania have challenged and continue to challenge such exemption. The possible future effects of this matter, if any, are not determinable.

Self-Insurance Program

The Hospital maintains a self-insurance program for the portion of its workers' compensation costs not covered by insurance and is liable for annual claims up to $400,000 per employee. An excess limits insurance policy insures individual claims above $400,000 up to $1,000,000. Estimated self-insurance costs are accrued based upon internal calculations, which are generated using information provided by the third-party plan administrator and include the estimated liability for reported claims and the liability for claims incurred but not reported. The Hospital maintains a $900,000 irrevocable stand-by letter of credit to secure future obligations under the terms of this self-insured program.

Healthcare Industry

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

Pennsylvania Act 49 of 2010

Effective July 1, 2010, DPW implemented the Act, which modernized Pennsylvania's fee-for-service hospital payment system, established enhanced hospital payments through the state's Medical Assistance managed care program, and secured additional matching Medical Assistance funds through the establishment of the Hospital Quality Care Assessment. The Act is only effective through June 30, 2013, after which time the additional reimbursement is not guaranteed to remain. The future financial effects of this matter are not presently determinable.

13. Concentrations of Credit Risk

The Corporation grants credit without collateral to its patients, most of whom are local residents insured under third-party payor arrangements, primarily with Medicare, Medical Assistance, Blue Cross, health maintenance organizations, and various commercial insurance companies.

The Corporation maintains allowances for potential credit losses and such losses have historically been within management's expectations. The mix of receivables at June 30, 2012 from patients and third party payors is a follows:

Medicare	24 %
Medical Assistance	18
Blue Cross	12
Commercial	2
Self pay	16
Other	28
	100 %

The Corporation maintains cash accounts, which, at times, may exceed federally insured limits. The Corporation has not experienced any losses from maintaining cash accounts in excess of federally insured limits. Management believes it is not subject to any significant credit risk on its cash accounts.

14. Concentrations of Labor Subject to Collective Bargaining Agreements

The Corporation has contracts with the Service Employees International Union ("SEIU") and OPEIU Healthcare ("OPEIU") as of June 30, 2012. Approximately 35% of the Corporation's employees are covered by these contracts. The SEIU contract expires in January 2014 and the OPEIU contract expires in December 2012

15. Functional Expenses

The Corporation provides general acute care, long-term care, and related services to individuals within its geographic locations. Approximate expenses related to providing these services are as follows (in thousands):

	2012	2011
Healthcare and other related services	$ 71,093	$ 70,254
General and administrative	11,336	9,866
Fund raising	387	339
Total expenses	$ 82,816	$ 80,459

The Corporation also incurred expenses related to its discontinued operations (Note 2). The health care and other related services included in discontinued operations were approximately $608,000 in 2012 and $575,000 in 2011. General and administrative expenses included discontinued operations were approximately $154,000 in 2012 and $167,000 in 2011.

16. Fair Value Measurement and Financial Instruments

The Corporation measures its assets whose use is limited and beneficial interest in perpetual trusts at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America.

Fair value is defined as the price that would be received to sell an asset or the price that would be paid to dispose of a liability in an orderly transaction between market participants at the measurement date. The framework that the authoritative guidance establishes for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 – Fair value is based on unadjusted quoted prices in active markets that are accessible to the Corporation for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 – Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs

Level 3 – Fair value would be based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows, and other similar techniques.

The Corporation's assets whose use is limited and beneficial interest in perpetual trusts were measured using the following inputs at June 30, 2012 and 2011:

	June 30, 2012			
	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets whose use is limited (Note 4):				
Cash and cash equivalents	$ 6,294,090	$ 6,294,090	$ -	$ -
Marketable equity securities	13,270,821	13,270,821	-	-
Mutual funds, equity, Large blend	12,801,392	12,801,392	-	-
Mutual funds, fixed income:			-	-
Short-term bond	6,363,634	6,363,634		
Intermediate-term bond	4,542,496	4,542,496		
U.S. government agency obligations	6,484,730	-	6,484,730	-
Certificates of deposit	2,801,657	2,801,657	-	-
Corporate bonds	1,989,036	-	1,989,036	-
Municipal bonds	204,889		204,889	
U.S. government notes	188,497	-	188,497	-
Total	54,941,242	46,074,090	8,867,152	-
Beneficial interest in perpetual trusts	1,690,188	-	-	1,690,188
Total	$ 56,631,430	$ 46,074,090	$ 8,867,152	$ 1,690,188

	June 30, 2011			
	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets whose use is limited (Note 4):				
Cash and cash equivalents	$ 8,866,946	$ 8,866,946	$ -	$ -
Marketable equity securities	14,001,057	14,001,057	-	-
Mutual funds, equity, Large blend	6,890,583	6,890,583	-	-
Mutual funds, fixed income:			-	-
Short-term bond	3,947,694	3,947,694		
Intermediate-term bond	1,568,027	1,568,027	-	-
U.S. government agency obligations	10,208,665	-	10,208,665	-
Certificates of deposit	1,665,213	1,665,213	-	-
Exchange traded fund, equity	5,518,591	5,518,591	-	-
Corporate bonds	1,533,642	-	1,533,642	-
Municipal bonds	101,092	-	101,092	-
U.S government notes	357,746	-	357,746	-
Total	54,659,256	42,458,111	12,201,145	-
Beneficial interest in perpetual trusts	1,616,079	-	-	1,616,079
Total	$ 56,275,335	$ 42,458,111	$ 12,201,145	$ 1,616,079

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

	2012	2011
Beginning balance, July 1	$ 1,616,079	$ 1,485,398
Interest and dividend income	55,469	56,894
Distributions	(55,469)	(56,894)
Valuation gain	74,109	130,681
Ending balance, June 30	$ 1,690,188	$ 1,616,079

Financial Instruments

The carrying amounts of cash and cash equivalents, accounts and other receivables, and accounts payable, and estimated third-party payor settlements approximate fair value due to the short-term nature of these instruments.

Assets whose use is limited are valued at fair value based on quoted market prices in active markets for cash and cash equivalents, marketable equity securities, mutual funds, certificates of deposit, and exchange traded fund or estimated using quoted prices for similar securities for U.S. government agency obligations, U.S. government notes, corporate bonds, and municipal bonds.

The carrying amount and fair value of bonds payable was $29,905,000 and $30,187,000, respectively, at June 30, 2012. The carrying amount and fair value of bonds payable was $31,616,000 and $30,506,000, respectively, at June 30, 2011. The fair values are based on quoted market prices for the same or similar issues. The carrying amount of the mortgage payable approximates fair value at June 30, 2012 and 2011 based on borrowing notes available to the Corporation for debt with similar terms, maturity, and credit risk.

The beneficial interest in perpetual trusts is valued at fair value based on the Corporation's interest in the fair values of the underlying assets, which approximate the present value of estimated future cash flows to be received from the trusts.

17. Subsequent Events

Closure and Sale of Wayne Delaware Manor

WMLTC closed its 29-bed personal care facility, Wayne Delaware Manor, on July 31, 2012. In September 2012, WMLTC sold the Wayne Delaware Manor building and land for $625,000 (Note 2).

Refinancing of 2005 Bonds and 2007 Bonds

The Corporation is currently in the process of refinancing its 2005 Bonds and a portion of its 2007 Bonds (Note 6). The Corporation expects to close on this refinancing in late October 2012. In connection with this refinancing, the Authority will be issuing on behalf of the Corporation $9,990,000 of County Guaranteed Hospital Revenue Refunding Bonds (Wayne Memorial Hospital Project), Series of 2012 (the "2012 Bonds"). The proceeds of the 2012 Bonds will be used to pay the cost of issuance and refund the 2005 Bonds outstanding at the date of issue (which amounts to $6,515,000), and refund a portion of the 2007 Bonds in the amount of $3,200,000. The 2012 Bonds are anticipated to mature in July 2027, and will bear interest at rates ranging from 2% to 3.4%.

ParenteBeard

Independent Accountants' Review Report on Supplementary Information

Board of Directors
Wayne Memorial Health System, Inc.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information for 2012 and 2011 on pages 34 to 43 is presented for purposes of additional analysis rather than to present the financial position, results of operations, and changes in net assets of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and related directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits 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 consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

ParenteBeard LLC

Williamsport, Pennsylvania
October 24, 2012

Wayne Memorial Health System, Inc. and Controlled Entities

Consolidating Schedule, Balance Sheet
June 30, 2012

	Wayne Memorial Health System, Inc.	Wayne Memorial Hospital	Wayne Memorial Long Term Care, Inc.	Wayne Memorial Health Foundation, Inc	Wayne Health Services, Inc.	Consolidation Eliminations	Consolidation Consolidated
Assets							
Current Assets							
Cash and cash equivalents	$ 50,983	$ 5,065,368	$ 384,871	$ 163,174	$ 75,517	$ -	$ 5,739,913
Assets whose use is limited under trust indenture, held by trustee	-	2,316,311	284,936	-	-	-	2,601,247
Restricted cash, resident funds	-	-	16,363	-	-	-	16,363
Accounts receivable							
Patients (net of allowance for doubtful accounts of $3,768,000)	-	8,583,164	1,081,794	-	162,199	-	9,827,157
Other	-	1,929,788	-	-		(2,152)	1,927,636
Assets held for sale	-	-	404,944	-	-	-	404,944
Due from affiliates	-	191,861	-	-	-	(191,861)	-
Due from Wayne Memorial Community Health Centers	-	318,766	-	-	-	-	318,766
Current maturities of notes receivable, affiliates	60,229	193,147	-	-	-	(253,376)	-
Inventories	-	725,334	28,346	-	195,445	-	949,125
Prepaid expenses and other current assets	50,687	1,173,578	137,086	2,696	33,632	-	1,397,679
Total current assets	161,899	20,497,317	2,338,340	165,870	466,793	(447,389)	23,182,830
Assets Whose Use is Limited							
By board for future capital improvements	-	43,562,039	1,519,289	4,734,631	-	-	49,815,959
Under trust indenture, held by trustee	-	1,461,135	179,291	-	-	-	1,640,426
For self-insured workers' compensation	-	883,610	-	-	-	-	883,610
Pledges Receivable, Net	-	-	-	21,097	-	-	21,097
Note Receivable, Wayne Memorial Community Health Centers, Net	-	1,163,868	-	-	-	-	1,163,868
Property and Equipment, Net	-	22,020,254	3,612,941	1,135,629	2,704,262	-	29,473,086
Deferred Financing Costs, Net	-	351,351	40,593	-	-	-	391,944
Investments in							
Joint ventures	1,048,188	-	-	268,712	-	-	1,316,900
Consolidated subsidiaries, at cost	-	300	-	300,000	-	(300,300)	-
Beneficial Interest in Perpetual Trusts	-	1,690,188	-	-	-	-	1,690,188
Estimated Medical Malpractice Insurance Recoveries	-	1,792,518	-	-	-	-	1,792,518
Notes Receivable, Affiliates	751,498	2,187,566	-	-	-	(2,939,064)	-
Interest in Net Assets of Affiliate	-	3,088,104	-	-	-	(3,088,104)	-
Total assets	$ 1,961,585	$ 98,698,250	$ 7,690,454	$ 6,625,939	$ 3,171,055	$ (6,774,857)	$ 111,372,426

Wayne Memorial Health System, Inc. and Controlled Entities

Consolidating Schedule, Balance Sheet
June 30, 2012

	Wayne Memorial Health System, Inc	Wayne Memorial Hospital	Wayne Memorial Long Term Care, Inc.	Wayne Memorial Health Foundation, Inc	Wayne Health Services, Inc	Consolidation Eliminations	Consolidation Consolidated
Liabilities and Net Assets							
Current Liabilities							
Current maturities of							
Revenue bonds	$ -	$ 1,775,000	$ 220,000	$ -	$ -	$ -	$ 1,995,000
Mortgages and notes payable							
Affiliates	60,229	-	61,796	12,168	119,183	(253,376)	-
Other				-	76,380	-	76,380
Capital lease obligation	-	42,726	-	-	-	-	42,726
Resident trust funds			16,363	-			16,363
Account payable - Trade	9,128	2,099,468	273,036	3,458	161,691	-	2,546,781
Due from Wayne Memorial Community Health Centers	-	-					-
Estimated third-party payor settlements	-	-	15,000	-	-	-	15,000
Accrued expenses							
Vacation wages	356,817	2,561,248	153,418	-	-	-	3,071,483
Salaries and wages	108,017	1,923,577	72,193	-	15,921	-	2,119,708
Interest	-	541,311	87,815	-	1,005	-	630,131
Pension cost	7,259	459,859	-	-	-	-	467,118
Other	-	52,810	26,422	-	2,000	-	81,232
Current portion of charitable gift annuity payable	-	-	-	36,000	-	-	36,000
Due to affiliates	13,483	-	1,140	177,982	1,408	(194,013)	-
Total current liabilities	554,933	9,455,999	927,183	229,608	377,588	(447,389)	11,097,922
Long-Term Debt							
Revenue bonds, net	-	24,702,717	3,012,553	-	-	-	27,715,270
Mortgages and notes payable							
Affiliates	751,498		770,175	121,661	1,295,730	(2,939,064)	-
Other	-	-	-	-	95,100	-	95,100
Capital lease obligation	-	96,215	-	-	-	-	96,215
Estimated Medical Malpractice Claims Liability	-	2,881,987	-	-	-	-	2,881,987
Accrued Workers' Compensation	-	414,000	-	-	-	-	414,000
Pension Liability	-	8,248,723	-	-	-	-	8,248,723
Charitable Gift Annuity Payable	-	-	-	212,314	-	-	212,314
Total liabilities	1,306,431	45,799,641	4,709,911	563,583	1,768,418	(3,386,453)	50,761,531
Net Assets							
Common stock					300,300	(300,300)	-
Unrestricted	655,154	51,025,706	2,970,543	5,859,277	1,102,337	(2,905,390)	58,707,627
Temporarily restricted	-	78,801	10,000	99,165		(78,800)	109,166
Permanently restricted	-	1,794,102		103,914		(103,914)	1,794,102
Total net assets	655,154	52,898,609	2,980,543	6,062,356	1,402,637	(3,388,404)	60,610,895
Total liabilities and net assets	$ 1,961,585	$ 98,698,250	$ 7,690,454	$ 6,625,939	$ 3,171,055	$ (6,774,857)	$ 111,372,426

Wayne Memorial Health System, Inc. and Controlled Entities

Consolidating Schedule, Statement of Operations
Year Ended June 30, 2012

	Wayne Memorial Health System, Inc.	Wayne Memorial Hospital	Wayne Memorial Long Term Care, Inc.	Wayne Memorial Health Foundation, Inc.	Wayne Health Services, Inc.	Consolidation Eliminations	Consolidation Consolidated
Unrestricted Revenues, Gains, and Other Support							
Net patient service revenues	$ -	$ 71,806,276	$ 7,965,733	$ -	$ -	$ -	$ 79,772,009
Other operating revenues	1,535,832	3,126,017	188,656	-	-	(2,023,986)	2,826,519
Equipment rentals and sales	-	-	-	-	1,238,336	-	1,238,336
Office rentals	-	405,246	-	69,284	588,387	(518,143)	544,774
Net assets released from restrictions	-	29,885	-	-	-	-	29,885
Total unrestricted revenues, gains, and other support	1,535,832	75,367,424	8,154,389	69,284	1,826,723	(2,542,129)	84,411,523
Expenses							
Salaries and wages	1,371,594	27,906,452	3,353,186	-	254,679	-	32,885,911
Supplies and expenses	230	26,747,164	2,538,402	275,644	891,389	(2,542,129)	27,910,700
Employee benefits	190,210	6,585,130	1,223,181	-	85,551	-	8,084,072
Provision for bad debts	-	6,032,663	302,575	-	159,999	-	6,495,237
Depreciation and amortization	-	2,728,005	281,979	35,430	172,285	-	3,217,699
Professional fees	26,561	1,837,447	77,428	45,787	60,006	-	2,047,229
Interest	-	1,109,525	181,052	29,304	137,722	(171,592)	1,286,011
Insurance	488	753,115	111,781	1,160	23,025	-	889,569
Total expenses	1,589,083	73,699,501	8,069,584	387,325	1,784,656	(2,713,721)	82,816,428
Operating income (loss)	(53,251)	1,667,923	84,805	(318,041)	42,067	171,592	1,595,095
Other Income (Expense)							
Investment income	527,844	637,651	12,311	39,498	302	(171,592)	1,046,014
Contributions	-	-	-	205,725		-	205,725
Income taxes	-	-	-	-	1,055	-	1,055
Miscellaneous	-	-		-	(16,062)	-	(16,062)
Equity in loss of joint venture	-	-	-	(32,602)		-	(32,602)
Total other income (expense), net	527,844	637,651	12,311	212,621	(14,705)	(171,592)	1,204,130
Revenues in excess of (less than) expenses	474,593	2,305,574	97,116	(105,420)	27,362	-	2,799,225
Pension Liability Adjustment	-	(3,936,381)	-	-	-	-	(3,936,381)
Net Assets Released from Restrictions Used for Purchase of Property and Equipment	-	125,721	-	198,059	-	(15,599)	308,181
Transfers from (to) Affiliates	-	177,982	500	(178,482)	-	-	-
Change in Unrestricted Net Assets from Continuing Operations	474,593	(1,327,104)	97,616	(85,843)	27,362	(15,599)	(828,975)
Loss from Discontinued Operations	-	-	(115,835)	-	-	-	(115,835)
Change in unrestricted net assets	$ 474,593	$ (1,327,104)	$ (18,219)	$ (85,843)	$ 27,362	$ (15,599)	$ (944,810)

Wayne Memorial Health System, Inc. and Controlled Entities

Consolidating Schedule, Statement of Changes In Net Assets
Year Ended June 30, 2012

	Wayne Memorial Health System, Inc.	Wayne Memorial Hospital	Wayne Memorial Long Term Care, Inc.	Wayne Memorial Health Foundation, Inc.	Wayne Health Services, Inc.	Consolidation Eliminations	Consolidation Consolidated
Unrestricted Net Assets (Deficit)							
Revenues in excess of (less than) expenses	$ 474,593	$ 2,305,574	$ 97,116	$ (105,420)	$ 27,362	$ -	$ 2,799,225
Pension liability adjustment	-	(3,936,381)	-	-	-	-	(3,936,381)
Net assets released from restrictions used for purchase of property and equipment	-	125,721	-	198,059	-	(15,599)	308,181
Transfers from (to) affiliates	-	177,982	500	(178,482)	-	-	-
(Decrease) increase in unrestricted net assets from continuing operations	474,593	(1,327,104)	97,616	(85,843)	27,362	(15,599)	(828,975)
Loss from discontinued operations	-	-	(115,835)	-	-	-	(115,835)
(Decrease) increase in unrestricted net assets	474,593	(1,327,104)	(18,219)	(85,843)	27,362	(15,599)	(944,810)
Temporarily Restricted Net Assets							
Contributions	-	124,350	10,000	116,651	-	-	251,001
Change in value of pledges receivable	-	-	-	6,110	-	-	6,110
Net assets released from restrictions used for	-	-	-	-	-	-	-
Operations	-	(29,885)	-	-	-	-	(29,885)
Purchase of property and equipment	-	(125,721)	-	(198,059)	-	15,599	(308,181)
Interest and dividend income	-	-	-	6,613	-	-	6,613
Change in interest in net assets of affiliate	-	(51,334)	-	-	-	51,334	-
(Decrease) increase in temporarily restricted net assets	-	(82,590)	10,000	(68,685)	-	66,933	(74,342)
Permanently Restricted Net Assets							
Valuation gain, beneficial interest in perpetual trusts	-	74,109	-	-	-	-	74,109
Increase in permanently restricted net assets	-	74,109	-	-	-	-	74,109
Change in net assets	474,593	(1,335,585)	(8,219)	(154,528)	27,362	51,334	(945,043)
Net Assets, Beginning	180,561	54,234,194	2,988,762	6,216,884	1,375,275	(3,439,738)	61,555,938
Net Assets, Ending	$ 655,154	$ 52,898,609	$ 2,980,543	$ 6,062,356	$ 1,402,637	$ (3,388,404)	$ 60,610,895

Wayne Memorial Health System, Inc. and Controlled Entities

Consolidating Schedule, Statement of Cash Flow
Year Ended June 30, 2012

	Wayne Memorial Health System, Inc	Wayne Memorial Hospital	Wayne Memorial Long Term Care, Inc.	Wayne Memorial Health Foundation, Inc	Wayne Health Services, Inc	Consolidation Eliminations	Consolidation Consolidated
Cash Flows from Operating Activities							
(Decrease) increase in net assets	$ 474,593	$ (1,335,585)	$ (8,219)	$ (154,528)	$ 27,362	$ 51,334	$ (945,043)
Adjustments to reconcile (decrease) increase in net assets to net cash provided by (used in) operating activities							
Depreciation and amortization	-	2,728,005	315,142	35,430	172,285	-	3,250,862
Amortization of bond discount	-	19,963	4,608	-	-	-	24,571
Provision for bad debts	-	6,032,663	302,575	-	159,999	-	6,495,237
Pension liability adjustment	-	3,936,381	-	-	-	-	3,936,381
Transfers (from) to affiliate	-	(177,982)	(500)	178,482	-	-	-
Change in interest in net assets of affiliate		51,334	-	-	-	(51,334)	-
Net realized and unrealized loss on investments	-	354,020	12,803	53,601	-	-	420,424
Valuation gain, beneficial interest in perpetual trusts	-	(74,109)	-	-	-	-	(74,109)
Change in value of pledges receivable	-	-	-	(6,110)	-	-	(6,110)
Restricted contributions	-	(94,465)	-	(116,651)	-	-	(211,116)
Distribution from CHART	(527,638)	-	-	-	-	-	(527,638)
Equity in loss of joint venture		-	-	32,602	-	-	32,602
Loss on disposal of equipment	-	-	-	-	24,152	-	24,152
Change in value of charitable gift annuity	-	-	-	29,304	-	-	29,304
Changes in assets and liabilities							
Accounts receivable	-	(8,053,477)	(608,815)	1,275	(129,922)	2,152	(8,788,787)
Inventories	-	128,196	1,324	-	(10,920)	-	118,600
Prepaid expenses and other current assets	(31,859)	245,946	29,805	1,507	(21,173)	-	224,226
Due from affiliates	(83,467)	123,499	(116,879)	82,615	(3,616)	(2,152)	-
Estimated medical malpractice insurance recoveries	-	(1,792,518)	-	-	-	-	(1,792,518)
Accounts payable	(537)	604,164	116,616	41	85,019	-	805,303
Estimated third-party payor settlements	-	-	(23,947)	-	-	-	(23,947)
Accrued expenses	41,003	2,235,123	(112,357)	-	1,592	-	2,165,361
Net cash provided by (used in) operating activities	(127,905)	4,931,158	(87,844)	137,568	304,778	-	5,157,755
Cash Flows from Investing Activities							
Purchases of property and equipment	-	(2 035,502)	(59,827)	(24,662)	(155,535)	300	(2,275,226)
Net purchases of investments	-	(728,998)	(17,477)	44,365	-	(300)	(702,410)
Net advances to Wayne Memorial Community Health Centers	-	(173,310)	-	-	-	-	(173,310)
Repayments - notes receivable, affiliates	57,048	187,969	-	-	-	(245,017)	-
Net cash (used in) provided by investing activities	57,048	(2,749,841)	(77,304)	19,703	(155 535)	(245,017)	(3,150,946)
Cash Flows from Financing Activities							
Repayment of long-term debt	-	(1,715,000)	(215,000)	-	(71,808)	-	(2,001,808)
Repayment of notes payable, affiliates	(57,048)	-	(58,532)	(12,168)	(117,269)	245,017	-
Repayment of capital lease obligation	-	(37,324)	-	-	-	-	(37,324)
Proceeds from restricted contributions	-	94,465	-	116,651	-	-	211,116
Collections, pledges receivable	-	-	-	16,481	-	-	16,481
Payments made on charitable gift annuity	-	-	-	(36,000)	-	-	(36,000)
Transfers from (to) affiliate	-	177,982	500	(178,482)	-	-	-
Net cash used in financing activities	(57 048)	(1,479,877)	(273,032)	(93,518)	(189,077)	245,017	(1,847,535)
Net increase (decrease) in cash and cash equivalents	(127,905)	701,440	(438,180)	63,753	(39,834)	-	159,274
Cash and Cash Equivalents, Beginning	178,888	4,363,928	823,051	99,421	115,351	-	5,580,639
Cash and Cash Equivalents, Ending	$ 50 983	$ 5,065,368	$ 384,871	$ 163,174	$ 75,517	$ -	5,739,913
Supplemental Disclosure of Cash Flow Information							
Interest paid	$ -	$ 1,116,842	$ 181,278	$ 29,304	$ 137,878	$ (171,592)	1,293,710
Income taxes paid	$ -	$ -	$ -	$ -	$ 12,902	$ -	12 902

Wayne Memorial Health System, Inc. and Controlled Entities

Consolidating Schedule, Balance Sheet
June 30, 2011

	Wayne Memorial Health System, Inc	Wayne Memorial Hospital	Wayne Memorial Long term Care, Inc.	Wayne Memorial Health Foundation, Inc.	Wayne Health Services, Inc.	Consolidation Eliminations	Consolidation Consolidated
Assets							
Current Assets							
Cash and cash equivalents	$ 178,888	$ 4,363,928	$ 823,051	$ 99,421	$ 115,351	$ -	$ 5,580,639
Assets whose use is limited under trust indenture, held by trustee	-	2,283,591	283,161	-	-	-	2,566,752
Restricted cash, resident funds	-	-	19,092	-	-	-	19,092
Accounts receivable							
Patients (net of allowance for doubtful accounts of $3,593,000)	-	7,454,736	774,141		192,276	-	8,421,153
Other	-	1,031,554	1,413	1,275	-	-	1,034,242
Assets held for sale	-	-	438,107	-	-	-	438,107
Due from affiliates	15,204	315,360	-	-	-	(330,564)	-
Due from Wayne Memorial Community Health Centers	-	145,456	-	-	-	-	145,456
Current maturities of notes receivable, affiliates	57,048	217,882	-	-	-	(274,930)	-
Inventories	-	853,530	29,670	-	184,525	-	1,067,725
Prepaid expenses and other current assets	18,828	1,419,524	166,891	4,203	12,459	-	1,621,905
Total current assets	269,968	18,085,561	2,535,526	104,899	504,611	(605,494)	20,895,071
Assets Whose Use is Limited							
By board for future capital improvements	-	43,068,046	1,511,192	4,832,597	-	-	49,411,835
Under trust indenture, held by trustee	-	1,473,525	184,489	-	-	-	1,658,014
For self-insured workers' compensation	-	1,022,655	-	-	-	-	1,022,655
Pledges Receivable, Net	-	-	-	31,468	-	-	31,468
Note Receivable, Wayne Memorial Community Health Centers, Net	-	1,169,716	-	-	-	-	1,169,716
Property and Equipment, Net	-	22,483,692	3,828,279	1,146,397	2,745,164	-	30,203,532
Deferred Financing Costs, Net	-	404,451	47,407	-	-	-	451,858
Investments in							
Joint ventures	520,550	-	-	301,314	-	-	821,864
Consolidated subsidiaries, at cost	-	300	-	300,000	-	(300,300)	-
Other Assets	-	1,616,079	-	-	-	-	1,616,079
Notes Receivable, Affiliates	811,727	2,350,800	-	-	-	(3,162,527)	-
Interest in Net Assets of Affiliate	-	3,139,438	-	-	-	(3,139,438)	-
Total assets	$ 1,602,245	$ 94,814,263	$ 8,106,893	$ 6,716,675	$ 3,249,775	$ (7,207,759)	$ 107,282,092

Wayne Memorial Health System, Inc. and Controlled Entities

Consolidating Schedule, Balance Sheet
June 30, 2011

	Wayne Memorial Health System, Inc.	Wayne Memorial Hospital	Wayne Memorial Long term Care, Inc	Wayne Memorial Health Foundation, Inc	Wayne Health Services, Inc.	Consolidation Eliminations	Consolidation Consolidated
Liabilities and Net Assets							
Current Liabilities							
Current maturities of							
Revenue bonds	$ -	$ 1,715,000	$ 215,000	$ -	$ -	$ -	$ 1,930,000
Mortgages and notes payable							
Affiliates	57,047	-	58,532	12,168	147,183	(274,930)	-
Other	-	-	-	-	71,817	-	71,817
Resident trust funds	-	-	19,092	-	-	-	19,092
Account payable - Trade	9,665	1,495,304	156,420	3,417	76,672		1,741,478
Estimated third-party payor settlements	-	-	38,947	-	-	-	38,947
Accrued expenses							
Vacation wages	325,941	2,309,738	144,529	-	-	-	2,780,208
Salaries and wages	98,787	1,657,474	198,127	-	14,173	-	1,968,561
Interest	-	568,591	92,649	-	1,161	-	662,401
Pension cost	6,362	412,806	-	-	-	-	419,168
Other	-	54,779	16,900	-	2,000	-	73,679
Current portion of charitable gift annuity payable	-	-	-	36,000	-	-	36,000
Due to affiliates	112,154	-	118,019	95,367	5,024	(330,564)	-
Total current liabilities	609,956	8,213,692	1,058,215	146,952	318,030	(605,494)	9,741,351
Long-Term Debt							
Revenue bonds, net	-	26,457,754	3,227,945	-	-	-	29,685,699
Mortgages and notes payable							
Affiliates	811,728	-	831,971	133,829	1,384,999	(3,162,527)	-
Other	-	-	-	-	171,471	-	171,471
Estimated Medical Malpractice Claims Liability	-	1,332,122	-	-	-	-	1,332,122
Accrued Workers' Compensation	-	285,000	-	-	-	-	285,000
Accrued Pension Cost	-	4,291,501	-	-	-	-	4,291,501
Charitable Gift Annuity Payable	-	-	-	219,010	-	-	219,010
Total liabilities	1,421,684	40,580,069	5,118,131	499,791	1,874,500	(3,768,021)	45,726,154
Net Assets							
Common stock	-				300,300	(300,300)	-
Unrestricted	180,561	52,352,810	2,988,762	5,945,118	1,074,975	(2,889,789)	59,652,437
Temporarily restricted	-	161,391	-	167,852	-	(145,735)	183,508
Permanently restricted	-	1,719,993	-	103,914	-	(103,914)	1,719,993
Total net assets	180,561	54,234,194	2,988,762	6,216,884	1,375,275	(3,439,738)	61,555,938
Total liabilities and net assets	$ 1,602,245	$ 94,814,263	$ 8,106,893	$ 6,716,675	$ 3,249,775	$ (7,207,759)	$ 107,282,092

Wayne Memorial Health System, Inc. and Controlled Entities

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

	Wayne Memorial Health System, Inc.	Wayne Memorial Hospital	Wayne Memorial Long Term Care, Inc.	Wayne Memorial Health Foundation, Inc.	Wayne Health Services, Inc	Consolidation Eliminations	Consolidated
Unrestricted Revenues, Gains, and Other Support							
Net patient service revenues	$ -	$ 68,036,114	$ 7,344,586	$ -	$ -	$ -	$ 75,380,700
Other operating revenues	1,405,146	2,234,068	189,706	-	-	(1,479,753)	2,349,167
Equipment rentals and sales	-	-	-	-	1,188,405	-	1,188,405
Office rentals	-	374,952	-	62,867	587,598	(354,738)	670,679
Net assets released from restrictions	-	105,024	-	-	-	-	105,024
Total unrestricted revenues, gains, and other support	1,405,146	70,750,158	7,534,292	62,867	1,776,003	(1,834,491)	79,693,975
Expenses							
Salaries and wages	1,397,498	26,713,369	3,349,761	-	249,816	-	31,710,444
Supplies and expenses	1,470	25,173,860	2,243,340	256,040	900,073	(1,834,491)	26,740,292
Employee benefits	172,238	7,000,976	1,215,347	-	86,399	-	8,474,960
Provision for bad debts	-	6,008,033	101,455	-	49,871	-	6,159,359
Depreciation and amortization	-	3,367,882	275,675	32,498	170,931	-	3,846,986
Professional fees	16,408	1,160,606	91,698	20,369	54,813	-	1,343,894
Interest	-	1,164,216	190,983	28,642	148,847	(181,536)	1,351,152
Insurance	566	691,872	117,155	1,345	21,143	-	832,081
Total expenses	1,588,180	71,280,814	7,585,414	338,894	1,681,893	(2,016,027)	80,459,168
Operating (loss) income	(183,034)	(530,656)	(51,122)	(276,027)	94,110	181,536	(765,193)
Other Income (Expense)							
Investment income	405,050	6,919,561	232,233	729,155	646	(181,536)	8,105,109
Contributions	-	-	-	51,928	-	-	51,928
Credit for income taxes	-	-	-	-	(36,016)	-	(36,016)
Miscellaneous	-	-	-	-	(9,467)	-	(9,467)
Equity in loss of joint venture	-	-	-	(23,813)	-	-	(23,813)
Total other income (expense), net	405,050	6,919,561	232,233	757,270	(44,837)	(181,536)	8,087,741
Revenues in excess of expenses	222,016	6,388,905	181,111	481,243	49,273	-	7,322,548
Pension Liability Adjustment	-	2,898,152	-	-	-	-	2,898,152
Net Assets Released from Restrictions Used for Purchase of Property and Equipment	-	247,110	-	230,714	-	(146,347)	331,477
Grant Income Used for Purchase of Property and Equipment	-	-	62,500	-	-	-	62,500
Transfers from (to) Affiliates	-	95,367	1,500	(96,867)	-	-	-
Change in Unrestricted Net Assets from Continuing Operations	222,016	9,629,534	245,111	615,090	49,273	(146,347)	10,614,677
Loss from Discontinued Operations	-	-	(129,922)	-	-	-	(129,922)
Increase in unrestricted net assets	$ 222,016	$ 9,629,534	$ 115,189	$ 615,090	$ 49,273	$ (146,347)	$ 10,484,755

Wayne Memorial Health System, Inc. and Controlled Entities

Consolidating Schedule, Statement of Changes in Net Assets
Year Ended June 30, 2011

	Wayne Memorial Health System, Inc.	Wayne Memorial Hospital	Wayne Memorial Long Term Care, Inc.	Wayne Memorial Health Foundation, Inc.	Wayne Health Services, Inc.	Consolidation Eliminations	Consolidation Consolidated
Unrestricted Net Assets							
Revenues in excess of expenses	$ 222,016	$ 6,388,905	$ 181,111	$ 481,243	$ 49,273	$ -	$ 7,322,548
Pension liability adjustment	-	2,898,152	-	-	-	-	2,898,152
Grant income used for the purchase of property and equipment	-	-	62,500	-	-	-	62,500
Net assets released from restrictions used for purchase of property and equipment	-	247,110	-	230,714	-	(146,347)	331,477
Transfers from (to) affiliates	-	95,367	1,500	(96,867)	-	-	-
(Decrease) increase in unrestricted net assets from continuing operations	222,016	9,629,534	245,111	615,090	49,273	(146,347)	10,614,677
Loss from discontinued operations	-	-	(129,922)	-	-	-	(129,922)
Increase in unrestricted net assets	222,016	9,629,534	115,189	615,090	49,273	(146,347)	10,484,755
Temporarily Restricted Net Assets							
Contributions	-	218,163	-	51,967	-	-	270,130
Change in value of pledges receivable	-	-	-	11,699	-	-	11,699
Net assets released from restrictions used for	-	-	-	-	-	-	-
Operations	-	(105,024)	-	-	-	-	(105,024)
Purchase of property and equipment	-	(247,110)	-	(230,714)	-	146,347	(331,477)
Interest and dividend income	-	-	-	8,100	-	-	8,100
Change in interest in net assets of affiliate	-	(9,798)	-	-	-	9,798	-
Decrease in temporarily restricted net assets	-	(143,769)	-	(158,948)	-	156,145	(146,572)
Permanently Restricted Net Assets							
Valuation gain, beneficial interest in perpetual trusts	-	130,681	-	-	-	-	130,681
Increase in permanently restricted net assets	-	130,681	-	-	-	-	130,681
Change in net assets	222,016	9,616,446	115,189	456,142	49,273	9,798	10,468,864
Net Assets (Deficit), Beginning	(41,455)	44,617,748	2,873,573	5,760,742	1,326,002	(3,449,536)	51,087,074
Net Assets, Ending	$ 180,561	$ 54,234,194	$ 2,988,762	$ 6,216,884	$ 1,375,275	$ (3,439,738)	$ 61,555,938

Wayne Memorial Health System, Inc. and Controlled Entities

Consolidating Schedule, Statement of Cash Flow
Year Ended June 30, 2011

	Wayne Memorial Health System, Inc	Wayne Memorial Hospital	Wayne Memorial Long Term Care, Inc	Wayne Memorial Health Foundation, Inc	Wayne Health Services, Inc	Consolidation Eliminations	Consolidation Consolidated
Cash Flows from Operating Activities							
Increase in net assets	$ 222,016	$ 9,616 446	$ 115,189	$ 456,142	$ 49,273	$ 9,798	$ 10,468,864
Adjustments to reconcile increase in net assets to net cash provided by operating activities							
Depreciation and amortization	-	3,367,882	306,477	32,498	170,931	-	3,877,788
Amortization of bond discount	-	23,424	4,911	-	-	-	28,335
Provision for bad debts	-	6,008,033	101,455	-	49,871	-	6,159,359
Pension liability adjustment	-	(2,898,152)	-	-	-	-	(2,898,152)
Transfers (from) to affiliate	-	(95,367)	(1,500)	96,867	-	-	-
Change in interest in net assets of affiliate	-	9,798	-	-	-	(9,798)	-
Net realized and unrealized gain on investments	-	(5,956,277)	(208,721)	(668,350)	-	-	(6,833,348)
Valuation gain, beneficial interest in perpetual trusts	-	(130,681)	-	-	-	-	(130,681)
Change in value of pledges receivable	-	-	-	(11,699)	-	-	(11,699)
Restricted contributions	-	(113,140)	-	(49,467)	-	-	(162,607)
Grant income used for the purchase of equipment	-	-	(62,500)	-	-	-	(62,500)
Contributions, pledges receivable	-	-	-	(2,500)	-	-	(2,500)
Distribution from CHART	(405,050)	-	-	-	-	-	(405,050)
Equity in loss of joint venture	-	-	-	23,813	-	-	23,813
Loss on disposal of equipment	-	-	-	-	9,602	-	9,602
Change in value of chantable gift annuity	-	-	-	28,641	-	-	28,641
Changes in assets and liabilities							
Accounts receivable	-	(6,248,973)	(238,968)	(775)	(91,680)	-	(6,580,396)
Inventories	-	(133,954)	(1,056)	-	707	-	(134,303)
Prepaid expenses and other current assets	60,104	(177,263)	(8,719)	(1,172)	23,187	-	(103,863)
Due from affiliates	80,245	(264,140)	-	84,714	(1,887)	101,068	-
Accounts payable	(3,981)	(686,565)	164,902	(6,310)	(619)	(101,068)	(633,641)
Estimated third-party payor settlements	-	(250 000)	81,917	-	-	-	(168,083)
Accrued expenses	24,806	317,631	8,289	-	3,424	-	354,150
Net cash provided by (used in) operating activities	(21,860)	2,388,702	261,676	(17,598)	212,809	-	2,823,729
Cash Flows from Investing Activities							
Purchases of property and equipment	-	(934,446)	(184,985)	(202,502)	(115,366)	-	(1,437,299)
Net purchases of investments	-	(724,850)	(23,793)	(68,074)	-	-	(816,717)
Net advances to Wayne Memorial Community Health Centers	-	(199,400)	-	-	-	-	(199,400)
Proceeds from sale of equipment	-	-	-	-	5,355	-	5,355
Repayments - notes receivable, affiliates	54,035	143,770	-	-	-	(197,805)	-
Net advances - note receivable, Wayne Memorial Community Health Centers	-	(399,922)	-	-	-	-	(399,922)
Net cash (used in) provided by investing activities	54,035	(2 114,848)	(208,778)	(270,576)	(110,011)	(197,805)	(2,847,983)
Cash Flows from Financing Activities							
Repayment of long-term debt	-	(1,665,000)	(210,000)	-	(67,607)	-	(1,942,607)
Repayment of notes payable, affiliates	(54,034)	-	(55,441)	(12,168)	(76,162)	197,805	-
Proceeds from restricted contributions	-	113 140	-	49,467	-	-	162,607
Collections, pledges receivable	-	-	-	130,497	-	-	130,497
Payments made on chantable gift annuity	-	-	-	(36,000)	-	-	(36,000)
Grant income used for purchase of equipment	-	-	62,500	-	-	-	62,500
Transfers from (to) affiliate	-	95,367	1,500	(96,867)	-	-	-
Net cash (used in) provided by financing activities	(54,034)	(1,456,493)	(201,441)	34,929	(143,769)	197,805	(1,623,003)
Net decrease in cash and cash equivalents	(21,859)	(1,182,639)	(148,543)	(253,245)	(40,971)	-	(1,647,257)
Cash and Cash Equivalents, Beginning	200,747	5,546,567	971,594	352,666	156,322		7,227,896
Cash and Cash Equivalents, Ending	$ 178,888	$ 4,363,928	$ 823,051	$ 99,421	$ 115,351	$ -	5,580,639
Supplemental Disclosure of Cash Flow Information							
Interest paid	$ -	$ 1,163,369	$ 190,747	$ 28,642	$ 148,847	$ (177,926)	1,353,679
Income taxes paid	$ -	$ -	$ -	$ -	$ 11,000	$ -	11,000

Additional Data

Software ID:
Software Version:
EIN: 24-0798839
Name: WAYNE MEMORIAL HOSPITAL

Form 990, Special Condition Description:

Special Condition Description