See a Social Security Number? Say Something!
Report Privacy Problems to https://public.resource.org/privacy
Or call the IRS Identity Theft Hotline at 1-800-908-4490

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134060693

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
Beebe Medical Center Inc

Doing Business As

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

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

D Employer identification number
51-0067938

E Telephone number
(302)645-3300

G Gross receipts $ 279,518,550

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

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

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

H(c) Group exemption number ▶

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

J Website: ▶ HTTP //WWW BEEBEMED ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1916 | **M** State of legal domicile DE

Part I Summary

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

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	24
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	17
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	1,946
6	Total number of volunteers (estimate if necessary)	**6**	629
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	1,466,711	1,094,336
	9 Program service revenue (Part VIII, line 2g)	254,548,011	271,481,238
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,444,922	107,062
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,798,875	2,773,053
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	260,258,519	275,455,689
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	592,208	497,048
	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)	118,697,336	126,912,045
	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)	132,242,664	141,103,385
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	251,532,208	268,512,478
	19 Revenue less expenses Subtract line 18 from line 12	8,726,311	6,943,211

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	285,289,708	396,099,307
	21 Total liabilities (Part X, line 26)	164,884,128	291,589,823
	22 Net assets or fund balances Subtract line 21 from line 20	120,405,580	104,509,484

Part II Signature Block

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

Sign Here

▶ Signature of officer — 2013-05-14 Date

▶ Paul J Pernice CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶	Date	Check if self-employed ▶☐	Preparer's taxpayer identification number (see instructions)
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ PricewaterhouseCoopers LLP 2001 MARKET ST SUITE 1700 PHILADELPHIA, PA 19103			EIN ▶ Phone no ▶ (267) 330-3000

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

Part III **Statement of Program Service Accomplishments**

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

1 Briefly describe the organization's mission

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

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

4 Describe the 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 $ 223,693,307 including grants of $ 491,379) (Revenue $ 269,107,112)

General Medical Surgical Patient care Beebe Medical Center experienced 8,761 discharges in 2012 resulting in 36,333 patient days of which 4,988 discharges and 23,713 patient days were covered under the Medicare program The Medicaid program covered 1,309 discharges and 4,430 patient days Additional volumes achieved in 2012 include 50,849 Emergency Visits, 6,590 Operating Room Cases of which 119 were Open Heart Surgeries, 1,709 Cardiac Catherization Procedures, and 108,728 OutPatient Imaging Procedures Total Sellf-pay inpatient days were 995 and Self-pay discharges were 263 in 2012

4b (Code) (Expenses $ 2,708,309 including grants of $) (Revenue $ 2,374,126)

Beebe Home Health program covers eastern Sussex County In 2012 BHHA admitted 1,237 new patients and had an active case load of 2,239 patients There was a total of 13,824 visits during the year

4c (Code) (Expenses $ 1,893,583 including grants of $ 5,669) (Revenue $ 320,495)

Beebe School of Nursing had 57 students enrolled as freshmen and 38 students enrolled in their second year of nursing

(Code) (Expenses $ 783,793 including grants of $) (Revenue $)

SCHOOL WELLNESS PROGRAMS

(Code) (Expenses $ 364,908 including grants of $) (Revenue $ 82,452)

COMMUNITY OUTREACH

(Code) (Expenses $ 635,118 including grants of $) (Revenue $ 191,210)

ADULT DAY CARE - GULL HOUSE

4d Other program services (Describe in Schedule O)

(Expenses $ 1,783,819 including grants of $) (Revenue $ 273,662)

4e **Total program service expenses** ▶ $ 230,079,018

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		
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, 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**	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer 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**	Yes	
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		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**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	**35a**	Yes	
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
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**	177		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	1,946			
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	24		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	17		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		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		No
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		No
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		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

			Yes	No
10a	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	Yes	
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b		No

Section C. Disclosure

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

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 ▶

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (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			
See Additional Data Table										
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								5,380,043	0	533,540

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 ▶ 90

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
MCKESSON TECHNOLOGIES PO BOX 98347 CHICAGO, IL 60693	IS CONSULTING	4,225,346
PHILLIPS MEDICAL SYSTEMS PO BOX 100355 ATLANTA, GA 30384	BIOMED EQUIP MAINT	2,817,985
DELAWARE ANESTHESIA ASSOCIATES 424 SAVANNAH ROAD LEWES, DE 19958	CRNA CONTRACT LABOR	2,277,961
MTM TECHNOLOGIES PO BOX 27986 NEW YORK, NY 10087	INFO SYSTEMS CONSULT	1,572,309
SODEXO INC AFFILIATES 500 ROSS STREET PITTSBURGH, PA 15262	PLANT ENG MGMT SVCS	1,567,303

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 ▶ 57

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	127,170			
	e	Government grants (contributions)	1e	967,155			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	11			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		1,094,336			
Program Service Revenue			Business Code				
	2a	GENERAL MEDICAL SURGICAL	900099	269,107,112	269,107,112		
	b	HOME HEALTH	621610	2,374,126	2,374,126		
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		271,481,238			
	3	Investment income (including dividends, interest and other similar amounts)		-20,779			-20,779
	4	Income from investment of tax-exempt bond proceeds		19,613			19,613
	5	Royalties		0			
			(i) Real / (ii) Personal				
	6a	Gross rents	323,054 /				
	b	Less rental expenses	/				
	c	Rental income or (loss)	323,054 /				
	d	Net rental income or (loss)		323,054			323,054
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	4,057,525 / 113,564				
	b	Less cost or other basis and sales expenses	4,007,268 / 55,593				
	c	Gain or (loss)	50,257 / 57,971				
	d	Net gain or (loss)		108,228			108,228
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events		0			
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities		0			
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory		0			
		Miscellaneous Revenue	Business Code				
	11a	CAFETERIA	900099	973,049			973,049
	b	PREMIER DISTRIBUTION	900099	444,482			444,482
	c	SCHOOL OF NURSING	900099	320,495	320,495		
	d	All other revenue		711,973	273,662		438,311
	e	**Total.** Add lines 11a–11d		2,449,999			
	12	**Total revenue.** See Instructions		275,455,689	272,075,395		2,285,958

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	491,379	491,379		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	5,669	5,669		
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	3,689,685	1,080,662	2,609,023	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	406,263	294,057	112,206	
7	Other salaries and wages	89,364,726	81,115,351	8,249,375	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	3,857,770	3,478,852	378,918	
9	Other employee benefits	22,956,913	20,702,040	2,254,873	
10	Payroll taxes	6,636,688	5,936,098	700,590	
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	2,052,539	28,690	2,023,849	
c	Accounting	363,045		363,045	
d	Lobbying	0			
e	Professional fundraising *See Part IV, line 17* . .	0			
f	Investment management fees	290,687		290,687	
g	Other	16,689,617	13,993,934	2,695,683	
12	Advertising and promotion	1,125,189	19,615	1,105,574	
13	Office expenses	61,307,095	60,456,614	850,481	
14	Information technology	5,716,893	1,116,505	4,600,388	
15	Royalties . .	0			
16	Occupancy	6,032,021	5,862,673	169,348	
17	Travel	159,506	143,170	16,336	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	605,453	414,498	190,955	
20	Interest	2,236,273	2,225,373	10,900	
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	19,376,458	12,332,045	7,044,413	
23	Insurance	1,951,633	1,951,633		
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	BAD DEBT	12,599,406	12,599,406	0	0
b	MAINTENANCE	5,489,401	5,152,669	336,732	0
c	LITIGATION SETTLEMENT	2,543,459		2,543,459	0
d	EMPLOYEE RECRUITMENT	792,853	714	792,139	0
e					
f	All other expenses	1,771,857	677,371	1,094,486	
25	**Total functional expenses.** Add lines 1 through 24f	268,512,478	230,079,018	38,433,460	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		0	1	0
	2	Savings and temporary cash investments		20,004,154	2	15,727,023
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		30,932,176	4	31,993,642
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		840,000	7	840,000
	8	Inventories for sale or use		5,866,899	8	6,873,287
	9	Prepaid expenses and deferred charges		2,467,073	9	3,502,585
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 283,636,263			
	b	Less accumulated depreciation	10b 160,597,539	123,820,951	10c	123,038,724
	11	Investments—publicly traded securities		66,973,883	11	82,386,815
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		3,104,085	14	3,104,085
	15	Other assets See Part IV, line 11		31,280,487	15	128,633,146
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		285,289,708	16	396,099,307
Liabilities	17	Accounts payable and accrued expenses		39,168,676	17	45,351,690
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		56,630,000	20	53,920,000
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*		0	21	0
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		69,085,452	25	192,318,133
	26	**Total liabilities.** Add lines 17 through 25		164,884,128	26	291,589,823
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		109,715,458	27	92,441,364
	28	Temporarily restricted net assets		9,365,635	28	10,689,166
	29	Permanently restricted net assets		1,324,487	29	1,378,954
		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		120,405,580	33	104,509,484
	34	Total liabilities and net assets/fund balances		285,289,708	34	396,099,307

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	275,455,689
2	Total expenses (must equal Part IX, column (A), line 25)	2	268,512,478
3	Revenue less expenses Subtract line 2 from line 1	3	6,943,211
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	120,405,580
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-22,839,307
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	104,509,484

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		

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134060693

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
Beebe Medical Center Inc

Employer identification number
51-0067938

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

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

1 ☐ A church, convention of churches, or association of churches **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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134060693

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
Beebe Medical Center Inc	51-0067938

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

1 Provide a description of the organization's direct and indirect political campaign activities 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?	Yes		350
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV		No	
j	Total lines 1c through 1i			350
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		No	

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

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

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

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

Part IV **Supplemental Information**

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

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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134060693

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
Beebe Medical Center Inc

Employer identification number
51-0067938

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	39,348,689	36,498,710	61,285,071	73,575,651	
b Contributions		1,401,000	4,000,000	2,006,685	
c Investment earnings or losses	416,423	1,917,505	9,572,221	-13,373,799	
d Grants or scholarships					
e Other expenditures for facilities and programs	547	264,704	37,995,956	662,343	
f Administrative expenses	249,915	203,822	362,626	261,123	
g End of year balance	39,514,650	39,348,689	36,498,710	61,285,071	

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

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

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

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

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

Part VI 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		10,670,646		10,670,646
b Buildings		138,098,223	65,831,259	72,266,964
c Leasehold improvements		1,525,745	425,999	1,099,746
d Equipment		128,038,027	94,340,281	33,697,746
e Other		5,303,622		5,303,622
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				123,038,724

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

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

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

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

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

(a) Description	(b) Book value
See Additional Data Table	
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	128,633,146

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
See Additional Data Table	
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	192,318,133

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

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

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

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

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

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

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

Part XIV Supplemental Information

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

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

Additional Data

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

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

(a) Description	**(b)** Book value
NET DEFERRED FINANCING COSTS	666,350
DEFERRED COMPENSATION	1,141,974
EQUITY IN BEEBE PHYS NETWORK	617,619
FDN INT UNRESTR NET ASSETS	4,986,528
FDN INT RESTRICT NET ASSETS	11,321,948
TEMPORARILY RESTRICTED FUNDS	543,464
PERMANENTLY RESTRICTED FUNDS	308,476
WORK COMP & MALP INS RECVBLE	3,003,178
LAND HELD FOR FUTURE SALE	1,838,339
DUE FROM INSURANCE SETTLEMENT	103,796,542
OTHER RECEIVABLES	408,728

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

1 **(a)** Description of Liability	**(b)** Amount
ACC POST RETIREMENT BENEFIT	34,946,550
DEFERRED COMPENSATION OBLIG	1,824,610
NET CAPITAL LEASE OBLIGATIONS	421,448
ACCRUED PENSION LIABILITY	25,162,717
ACCRUED MEDICAL MALPRACTICE	3,002,667
ACC WORKERS COMP LIABILITY	4,039,458
ASBESTOS REMOVAL OBLIGATION	2,837,858
LITIGATION SETTLEMENT	118,100,000
UNAMORTIZED BOND PREMIUM	582,825
SETTLEMENT LIABILITY	1,400,000

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134060693

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
Beebe Medical Center Inc

Employer identification number
51-0067938

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☑ 200% ☐ Other ____ %	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☑ 400% ☐ Other ____ %	3b	Yes	
c	If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit reportduring the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			14,725,565	8,982,595	5,742,970	2 240 %
b Medicaid (from Worksheet 3, column a)			34,737,005	30,499,733	4,237,272	1 660 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			49,462,570	39,482,328	9,980,242	3 900 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			1,957,004	722,361	1,234,643	0 480 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			10,581,694		10,581,694	4 130 %
h Research (from Worksheet 7)			185,271	38,875	146,396	0 060 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			148,812		148,812	0 060 %
j **Total** Other Benefits			12,872,781	761,236	12,111,545	4 730 %
k **Total.** Add lines 7d and 7j			62,335,351	40,243,564	22,091,787	8 630 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development						
3	Community support						
4	Environmental improvements						
5	Leadership development and training for community members			103,885		103,885	0 040 %
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development			3,888,919		3,888,919	1 520 %
9	Other						
10	**Total**			3,992,804		3,992,804	1 560 %

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	12,599,406		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	0		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	102,252,806
6	Enter Medicare allowable costs of care relating to payments on line 5	6	156,966,075
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-54,713,269
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	BEEBE MEDICAL CENTER 424 SAVANNAH ROAD LEWES, DE 19958	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)

BEEBE MEDICAL CENTER

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 %			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 %			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☑ Asset level			
	c ☑ Medical indigency			
	d ☑ Insurance status			
	e ☐ Uninsured discount			
	f ☑ Medicaid/Medicare			
	g ☐ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☑ The policy was posted at all times on the hospital facility's web site			
	b ☐ The policy was attached to all billing invoices			
	c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☐ The policy was posted in the hospital facility's admissions offices			
	e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon request			
	g ☑ Other (describe in Part VI)			

Billing and Collections

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

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**18**		
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? **12**

	Name and address	Type of Facility (Describe)
1	See Additional Data Table	
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 7, COLUMN F		THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A) BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS $12,599,406 PART III, LINE 4 B eebe Medical Center has adopted Healthcare Financial Management Association Statement No 15, Valuation and Financial Statement Presentation of Charity Care and Bad Debts by Instit utional Healthcare Providers The organization's audited financial statements do not inclu de a footnote discussing bad debt expense, accounts receivable or allowance for doubtful a ccounts Bad debt expense represents uncollectible balances on patient accounts after dedu cting discounts and payments PART III, LINE 8 Beebe Medical Center serves the community as a whole It is the only hospital within 23 miles and is the only tertiary hospital with in 40 miles Beebe Medical Center accepts all patients regardless of ability to pay Beebe Medical Center's primary service area is rural with a very high Medicare population Medi care represents over 56% of hospital business Medicare rates do not keep up with health c are costs and with the high percentage of Medicare volumes the Medicare shortfall of $54,7 13,269 is considered a community benefit PART III, LINE 9B Beebe Medical Center is a not -for-profit, community-based healthcare facility It is hospital policy that no one will b e denied medically necessary hospital services based upon the patient's ability to pay for those services A public notice of the availability of financial aid is visible within th e hospital Beebe Medical Center complies with all federal, state, and contractual laws, r egulations, and Requirements Objective The patient or guarantor has the ultimate financi al responsibility for care received from Beebe Medical Center Beebe Medical Center cooper ates and assists all patients in the fulfillment of their financial responsibility This c ooperation includes assistance with enrollment in public or private insurance programs, ch arity-based programs, financial assistance programs, or other third-party payment programs Patients have the responsibility to provide timely and accurate information when seeking consideration under the Beebe Medical Center Charity and Financial Aid Policy Procedures 1 Self Pay Patient receives services from Beebe Medical Center (BMC) and is registered as a self pay with no insurance coverage a A statement of charges is sent to the patient 5 days from date of service, listing the summary of charges and insurance on file if appl icable b A Financial Assistance Program letter is sent 10 days from date of service expl aining the hospital financial assistance options, listing the federal poverty levels The letter encourages the patient to contact Patient Financial Service to see eligibility in t he programs offered at BMC 2 Patient applies and submits all relative documentation for the BMC financial assistance program application process a Approval for eligibility for the BMC financial assistance program is communicated in a letter indicating the coverage p eriod The patient may receive 50% to 100% of financial assistance based on financial info rmation presented All accounts on the hospital books are written off to charity or financ ial assistance based on the approval level b Financial assistance expires annually at wh ich time the patient is asked to update the information on file c The patient receives a laminated card indicating the application time period and the financial assistance number d The patient is instructed to present the card at each episode of care at registration BMC financial assistance in entered in the registration in the same manner as insurer co verage 3 Patient returns for services at BMC presenting with the financial assistance ca rd at registration a Self pay is registered as the primary plan and financial assistance is registered as secondary coverage b A weekly report is generated listing all patients that visited the hospital with a financial assistance listed in the secondary insurance c The report is reviewed by the hospital financial counselor and the account is written o ff according to the assistance program of which the patient is eligible i If patient qua lifies for the BMC Charity program, BMC Charity write off is 100% of charges Patient rece ives no further statements from Beebe Medical Center ii If patient qualifies for the BMC Financial assistance discounted program - account is written off for the percentage of di scount that the patient qualified for Financial assistance can be granted for up to 50% o f charges 1 Patient will then receive a bill for the balance on the account 2 Patient statement advises them to contact the financial counselor for payment arrangements 3 The new accounts are combined with existing payment arrangements and a monthly payment is rec alculated based on feedback from the patient on ability to pay PART V, LINE 13G - MEASURE TO PUBLICIZE Beebe currently publishes our Polic

Identifier	ReturnReference	Explanation
PART I, LINE 7, COLUMN F		ies and Procedures via our website with the ability to apply online, Community Outreach Ev ents Coordinated by Population Health to include Annual Health Fair and onsite via Patent Financial Services Beebe also sends the following to all patients with in our Charity res idential area that are Uninsured to make them aware of the program as well as educate them via phone calls when making arrangements PART VI, ITEM 2 - NEEDS ASSESSMENT Beebe Medic al Center has various methods for assessing the health status of the communities it serves o Community-based Board of Directors o Community Health Committee of the Board of Direct ors o Non-director members of the Community Health Committee, Building and Equipment Commi ttee, and Quality and Safety committee o Consumer Perception Survey o Neighbors' Committee o Patient Family Advisory Council o Press-Ganey patient satisfaction survey o Public data o Community focus groups PART VI, ITEM 3 - PATIENT EDUCATION OF ELIGIBILITY ASSISTANCE A ll inpatient self pay patients are presented with a financial assistance information packa ge during the hospital stay A letter is sent on the 3rd day after billing, outlining char ity eligibility guidelines Self pay accounts in which patient is not eligible to particip ate in a payment contract are counseled by financial assistance representatives Charity a nd financial assistance policy is published on the hospital website Statements on account s have messages informing patients to contact the hospital if in need of financial assista nce Part VI, Item 4 - COMMUNITY INFORMATION The Medical Center is located in Sussex Coun ty, the southern-most of three Delaware counties, which consists of 938 square miles, or 4 8% of Delaware's entire land area Because of its climate and low property taxes, Sussex C ounty has become an attractive retirement community All of the county's growth over the n ext decade is projected to come from persons moving into the county Traditionally, Sussex County has been regarded as a rural agricultural area In many respects, it remains an ag ricultural area with 167 persons per square mile compared with the statewide average of 40 1 persons However, the eastern edge of Sussex County that fronts on the Delaware Bay and Atlantic Ocean has become a major tourist resort and, most recently, a favored retirement area, retail, and hospitality center Eastern and Southeastern Sussex County, which is Bee be Medical Center's primary service area, is particularly attractive due to its proximity to the Atlantic Ocean and Delaware Bay As a result, the Medical Center generally experien ces a significant increase in patient visits during the summer periods The retirement age group is the fastest growing segment of the population in the Medical Center's service ar ea due to the many retirement communities that have developed in the Sussex County area W ith the 2000 Census, the Medicare age group comprised 22% of the population in the Medical Center's primary service area, compared with 18 5% for all of Sussex County The 10-year (1990-2000) national growth rate of persons age 65 and older was at 12%, while in Delaware , the rate was 26% However, in Sussex County, the 10-year growth rate of persons age 65 a nd older is 53%, or four times the national average and twice the statewide average The p opulation of Sussex County increased 37 8% between 2000 and 2010, growing to 215,900 peopl e in 2010 residing year-round in the hospital's service area The most recent population g rowth projection for persons older than 65 years for the Medical Center's primary service area is expected to be 24 3% PART VI, ITEM 5 - PROMOTION OF COMMUNITY HEALTH Community b uilding activities include interpretation services to support increasing Hispanic populati on Providing mentors in conjunction with colleges and high schools in the area for studen ts pursuing nursing/healthcare careers Recruitment and retention of physicians in underse rved areas relative to community needs a

Additional Data

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

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

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size from largest to smallest) How many non-hospital facilities did the organization operate during the tax year? **12** Name and address	Type of Facility (Describe)
GEORGE TOWN IMAGINGLAB 20163 OFFICE CIRLCE GEORGETOWN, DE 19947	IMAGING CENTER & LAB DRAWS
GEORGE TOWN IMAGINGLAB 20163 OFFICE CIRLCE GEORGETOWN, DE 19947	IMAGING CENTER & LAB DRAWS
GEORGE TOWN IMAGINGLAB 20163 OFFICE CIRLCE GEORGETOWN, DE 19947	IMAGING CENTER & LAB DRAWS
GEORGE TOWN IMAGINGLAB 20163 OFFICE CIRLCE GEORGETOWN, DE 19947	IMAGING CENTER & LAB DRAWS
GEORGE TOWN IMAGINGLAB 20163 OFFICE CIRLCE GEORGETOWN, DE 19947	IMAGING CENTER & LAB DRAWS
GEORGE TOWN IMAGINGLAB 20163 OFFICE CIRLCE GEORGETOWN, DE 19947	IMAGING CENTER & LAB DRAWS
GEORGE TOWN IMAGINGLAB 20163 OFFICE CIRLCE GEORGETOWN, DE 19947	IMAGING CENTER & LAB DRAWS
GEORGE TOWN IMAGINGLAB 20163 OFFICE CIRLCE GEORGETOWN, DE 19947	IMAGING CENTER & LAB DRAWS
GEORGE TOWN IMAGINGLAB 20163 OFFICE CIRLCE GEORGETOWN, DE 19947	IMAGING CENTER & LAB DRAWS
GEORGE TOWN IMAGINGLAB 20163 OFFICE CIRLCE GEORGETOWN, DE 19947	IMAGING CENTER & LAB DRAWS
GEORGE TOWN IMAGINGLAB 20163 OFFICE CIRLCE GEORGETOWN, DE 19947	IMAGING CENTER & LAB DRAWS
GEORGE TOWN IMAGINGLAB 20163 OFFICE CIRLCE GEORGETOWN, DE 19947	IMAGING CENTER & LAB DRAWS

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134060693

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
Beebe Medical Center Inc

Employer identification number
51-0067938

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. 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) BEEBE MEDICAL FOUNDATION902 SAVANNAH ROAD LEWES,DE 19958	51-0319455	501(c)(3)	491,379		fmv		GENERAL SUPPORT

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

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
(1) NURSING SCHOLARSHIPS	1	5,669		fmv	

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

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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134060693

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
Beebe Medical Center Inc

Employer identification number
51-0067938

Part I Questions Regarding Compensation

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

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use 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) JEFFREY FRIED	(i)	467,746	181,226	142,194	69,813	28,084	889,063	0
	(ii)	0	0	0	0	0	0	0
(2) JAMES W BARTLE	(i)	265,368	91,454	76,330	46,522	16,897	496,571	0
	(ii)	0	0	0	0	0	0	0
(3) DONNA STRELETZKY	(i)	170,092	36,330	19,572	16,500	12,636	255,130	0
	(ii)	0	0	0	0	0	0	0
(4) BARBARA VUGRINEC	(i)	190,313		33,378	19,118	23,247	266,056	0
	(ii)	0	0	0	0	0	0	0
(5) WALLACE HUDSON JR	(i)	102,181	30,240	47,663	12,692	12,863	205,639	0
	(ii)	0	0	0	0	0	0	0
(6) PAUL MINNICK	(i)	199,339	45,000	24,983	33,284	19,584	322,190	0
	(ii)	0	0	0	0	0	0	0
(7) ALEX SYDNOR	(i)	156,306	30,600	5,568	14,149	26,729	233,352	0
	(ii)	0	0	0	0	0	0	0
(8) AASIM SEHBAI MD	(i)	394,472	173,975	15,871	0	24,206	608,524	0
	(ii)	0	0	0	0	0	0	0
(9) SRIHARI PERI MD	(i)	496,664	178,825	84,740	0	28,993	789,222	0
	(ii)	0	0	0	0	0	0	0
(10) NOUMAN ASIT MD	(i)	396,809	28,475	486	0	23,547	449,317	0
	(ii)	0	0	0	0	0	0	0
(11) JOAN THOMAS	(i)	172,518	39,212	34,134	0	4,408	250,272	0
	(ii)	0	0	0	0	0	0	0
(12) CATHERINE HALEN	(i)	165,735	31,730	20,456	28,933	13,028	259,882	0
	(ii)	0	0	0	0	0	0	0
(13) THOMAS STEINER	(i)	49,311	0	175,729	16,500	18,011	259,551	0
	(ii)	0	0	0	0	0	0	0
(14) MUHAMMAD ARIF MD	(i)	406,528	95,575	540	0	23,796	526,439	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
SCHEDULE J, PAGE I, LINE 4A		THOMAS STEINER RECEIVED $175,385 IN SEVERANCE PAYMENTS SCHEDULE J, PAGE I, LINE 4B Voluntary participation is open to all Executive staff members or employed physicians who are designated by the Committee of the Board of Directors Participants elect to reduce the amount of compensation which would otherwise be earned and payable in the following plan year in whole dollar amounts or in 1% increments up to 100% to be deposited into a trust account Participants become vested at the time specified in their deferral election Title to the trust remains with Beebe Medical Center until requirements are fulfilled SCHEDULE J, PART I, LINE 7 Executives and management team members are eligible for bonuses if they meet specific organizational objectives including quality and safety issues, patient satisfaction scores, and certain financial goals For Vice presidents, 60% of their eligible incentive is based upon organization - wide goals and 40% is based upon individual goals For the CEO, 100% of the eligible incentive is based upon organization - wide or team goals Certain physicians are eligible for an incentive based on the physician's individual practice number of worked RVU's the physician's individual practice number of worked RVU's

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134060693

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
Beebe Medical Center Inc

Employer identification number
51-0067938

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	DELAWARE HEALTH FACILITIES AUTH SERIES 2005A	51-0272458	246388NU2	09-21-2005	24,127,494	FINANCE PORTION OF COST OF EXPANSI		X		X		X
B	DELAWARE HEALTH FACILITIES AUTH SERIES 2004a	51-0272458	246388NC2	07-16-2004	29,997,057	USED TO REFUND THE DHFA SERIES 199		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	4,102,494	12,907,057		
2	Amount of bonds defeased	0	0		
3	Total proceeds of issue	25,711,456	29,997,057		
4	Gross proceeds in reserve funds	1,708,907	64,721		
5	Capitalized interest from proceeds	0	0		
6	Proceeds in refunding escrow	0	0		
7	Issuance costs from proceeds	160,663	243,578		
8	Credit enhancement from proceeds	0	0		
9	Working capital expenditures from proceeds	0	0		
10	Capital expenditures from proceeds	24,002,576	0		
11	Other spent proceeds	0	29,688,758		
12	Other unspent proceeds	0	0		
13	Year of substantial completion	2010	2004		
		Yes / No	Yes / No	Yes / No	Yes / No
14	Were the bonds issued as part of a current refunding issue?	No: X	Yes: X		
15	Were the bonds issued as part of an advance refunding issue?	No: X	No: X		
16	Has the final allocation of proceeds been made?	Yes: X	Yes: X		
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	Yes: X	Yes: 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?	No: X			
2	Are there any lease arrangements that may result in private business use of bond-financed property?	Yes: X			

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?	X							
b	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?	X							
c	Are there any research agreements that may result in private business use of bond-financed property?	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?	X							
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶		0 960 %		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 ▶								
6	Total of lines 4 and 5		0 960 %						
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X							

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X				
2	Is the bond issue a variable rate issue?		X		X				
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X				
b	Name of provider	0		0					
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X	X					
b	Name of provider	0		LEHMAN BROTHERS					
c	Term of GIC				20				
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?			X					
5	Were any gross proceeds invested beyond an available temporary period?	X			X				
6	Did the bond issue qualify for an exception to rebate?		X	X					

Part V 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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134060693

Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Beebe Medical Center Inc

Employer identification number
51-0067938

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) DELAWARE ANESTHESIA ASSOCIATES	SEE PART V	2,150,000	ANESTHESIA SERVICES		No
(2) SALIBA FAMILY LLC	SEE PART V	233,071	SEE PART V		No
(3) SUSSEX EMERGENCY ASSOCIATES	SEE PART V	358,580	SEE PART V		No
(4) DELAWARE ANESTHESIA ASSOCIATES	SEE PART V	791,808	BMC REIMBURSED FOR EMPLOYEE		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
SCHEDULE L, PART IV		FOR THE TRANSACTIONS WITH DELAWARE ANESTHESIA ASSOCIATES, STEPHEN M FANTO, MD, A DIRECTOR OF BEEBE MEDICAL CENTER, IS A PARTNER IN THIS ENTITY FOR THE TRANSACTIONS WITH SUSSEX EMERGENCY ASSOCIATES, THE SPOUSE OF PATRICIA SHREEVE, A DIRECTOR OF BEEBE MEDICAL CENTER, IS AN OWNER OF THIS ENTITY IN ADDITION, PAUL T COWAN, JR , MD, A DIRECTOR OF BEEBE MEDICAL CENTER, IS AN OWNER OF THIS ENTITY SUSSEX EMERGENCY ASSOCIATES, IS UNDER CONTRACT WITH BEEBE MEDICAL CENTER TO PROVIDE EMERGENCY ROOM PHYSICIAN SERVICES FOR THE TRANSACTIONS WITH SALIBA FAMILY LLC, ANIS SALIBA, MD, A DIRECTOR OF BEEBE MEDICAL CENTER, IS A MEMBER OF THE LLC BEEBE MEDICAL CENTER RENTS OFFICE SPACE FROM THE LLC

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493134060693

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
Beebe Medical Center Inc

Employer identification number
51-0067938

Identifier	Return Reference	Explanation
SUPPLEMENTAL INFORMATION		FORM 990, PART VI, SECTION A, LINE 2 TWO DIRECTORS OF BEEBE MEDICAL CENTER AND ONE BEEBE MEDICAL FOUNDATION BOARD MEMBER ALSO SERVE AS SHAREHOLDERS AND DIRECTORS OF A LOCAL BANK FORM 990, PART VI, SECTION B, LINE 11B THE FORM 990 IS REVIEWED INTERNALLY BY MANAGEMENT OF BEEBE MEDICAL CENTER, INC THE RETURN IS REVIEWED BY A THIRD PARTY ACCOUNTING FIRM, PRICEWATERHOUSECOOPERS LLP A COPY OF THE FORM 990 WAS PROVIDED TO THE GOVERNING BODY BEFORE IT WAS FILED FORM 990, PART VI, SECTION B, LINE 12C BEEBE MEDICAL CENTER REQUIRES ANNUAL COMPLETION OF A CONFLICT OF INTEREST STATEMENT FOR ALL BOARD MEMBERS, EXECUTIVES, AND MANAGEMENT TEAM MEMBERS NON-MANAGEMENT TEAM MEMBERS ARE REQUIRED TO SUBMIT A CONFLICT OF INTEREST STATEMENT UPON HIRE CONFLICT OF INTEREST STATEMENTS ARE REVIEWED BY THE BOARD FOR THE EXISTENCE OF ANY ADVERSE INTEREST FORM 990, PART VI, SECTION B, LINES 15A AND 15B THE EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES GOVERNS AND CONTROLS EXECUTIVE COMPENSATION PAY IS DETERMINED BY COMPARING like positions TO OTHER TAX-EXEMPT HEALTH SYSTEMS SIMILAR TO BEEBE MEDICAL CENTER IN SIZE AND COMPLEXITY LOCATED REGIONALLY AND THROUGHOUT THE UNITED STATES PAY IS POSITIONED AT a range around THE 50TH PERCENTILE OF BEEBE MEDICAL CENTER'S PEER GROUP, on a national basis THE EXECUTIVE COMMITTEE UTILIZES A CONSULTANT FOR EXECUTIVE COMPENSATION ADVICE MINUTES OF MEETINGS ARE MAINTAINED TO DOCUMENT DELIBERATION AND DECISIONS form 990, part vi, section c, line 19 THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE UPON REQUEST FORM 990, PART XI, LINE 5 EQUITY LOSSES IN SUBSIDIARIES (10,242,401) UNREALIZED GAINS ON INVESTMENTS 687,729 INCREASE IN THE INTEREST IN FOUNDATION NET ASSETS 1,459,897 CHANGE IN BENEFIT PLAN LIABILITIES (14,621,208) NET ASSETS RELEASED FROM RESTRICTIONS FOR OTHER PURPOSES (43,837) INCREASE IN VALUE OF REMAINDER TRUST (44,545) INCREASE IN VALUE OF PERPETUAL TRUST (34,942) ---------- (22,839,307) ==========
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME JEFFREY FRIED TITLE PRESIDENT & CEO HOURS 2
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME JAMES W BARTLE TITLE VP CFO HOURS 2
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME ALEX SYDNOR TITLE VP CORPORATE AFFAIRS HOURS 18

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134060693

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
Beebe Medical Center Inc

Employer identification number
51-0067938

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) SOUTHERN DELAWARE SURGERY CENTER 18941 JOHN J WILLIAMS HIGHWAY REHOBETH, DE 19971 57-1188197	O/P SURGERY	DE		0	BEEBE MED CT

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) BEEBE PHYSICIAN NETWORK INC PO BOX 760 LEWES, DE 19958 21-2011066	PHYS SUPPORT	DE	501(c)(3)	9	BEEBE MEDCTR	Yes	
(2) BEEBE MEDICAL FOUNDATION 902 SAVANNAH ROAD LEWES, DE 19958 51-0319455	FUNDRAISING	DE	501(c)(3)	11-TYPE I	BEEBE MEDCTR	Yes	

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

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

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

Note. Complete line 1 if any entity is listed in Parts II, III or IV

		Yes	No
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	1a		No
b Gift, grant, or capital contribution to related organization(s)	1b	Yes	
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Sale of assets to related organization(s)	1f		No
g Purchase of assets from related organization(s)	1g		No
h Exchange of assets with related organization(s)	1h		No
i Lease of facilities, equipment, or other assets to related organization(s)	1i		No
j Lease of facilities, equipment, or other assets from related organization(s)	1j		No
k Performance of services or membership or fundraising solicitations for related organization(s)	1k	Yes	
l Performance of services or membership or fundraising solicitations by related organization(s)	1l		No
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m		No
n Sharing of paid employees with related organization(s)	1n		No
o Reimbursement paid to related organization(s) for expenses	1o		No
p Reimbursement paid by related organization(s) for expenses	1p		No
q Other transfer of cash or property to related organization(s)	1q		No
r Other transfer of cash or property from related organization(s)	1r		No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) BEEBE PHYSICIAN NETWORK INC	B	7,600,000	FMV
(2) BEEBE MEDICAL FOUNDATION	B	491,379	FMV
(3) BEEBE MEDICAL FOUNDATION	C	127,170	FMV
(4) BEEBE PHYSICIAN NETWORK INC	K	17,479,762	FMV
(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
SCHEDULE R, PART I		IDENTIFICATION OF DISREGARDED ENTITIES SOUTHERN DELAWARE SURGERY CENTER WAS INACTIVE DURING THE YEARS ENDED JUNE 30, 2011 AND JUNE 30, 2012

Additional Data

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

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

4d. Other program services

(Code) (Expenses $ 783,793 including grants of $) (Revenue $)
SCHOOL WELLNESS PROGRAMS

(Code) (Expenses $ 364,908 including grants of $) (Revenue $ 82,452)
COMMUNITY OUTREACH

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

4d. Other program services

(Code) (Expenses $ 635,118 including grants of $) (Revenue $ 191,210)

ADULT DAY CARE - GULL HOUSE

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
JEFFREY FRIED PRESIDENT & CEO	40 0	X		X				791,166	0	97,897
ROBERT J WHITE DIRECTOR	2 0	X						0	0	0
JAMES P MARVEL JR MD DIRECTOR	2 0	X						0	0	0
JANET B MCCARTY DIRECTOR	2 0	X		X				0	0	0
PAUL H MYLANDER DIRECTOR	2 0	X		X				0	0	0
JAMES D BARR DIRECTOR	2 0	X						0	0	0
STEPHEN D BERLIN MD DIRECTOR	2 0	X						25,625	0	0
WILLIAM L BERRY DIRECTOR	2 0	X						0	0	0
EUGENE D BOOKHAMMER DIRECTOR	2 0	X						0	0	0
WILLIAM SWAIN LEE CHAIRPERSON	2 0	X		X				0	0	0
JOSEPH W BOOTH DIRECTOR	2 0	X						0	0	0
THOMAS L KING DIRECTOR	2 0	X						0	0	0
STEPHEN M FANTO MD DIRECTOR	2 0	X						0	0	0
HALSEY G KNAPP DIRECTOR	2 0	X						0	0	0
JOSEPH R HUDSON DIRECTOR	2 0	X						0	0	0
ROBERT H MOORE DIRECTOR	2 0	X						0	0	0
ESTHELDA R PARKER-SELBY DIRECTOR	2 0	X						0	0	0
MICHAEL L WILGUS DIRECTOR	2 0	X						0	0	0
PAUL T COWAN JR DO TREASURER	2 0	X		X				0	0	0
JAMES BEEBE JR MD DIRECTOR	2 0	X						0	0	0
PATRICIA SHREEVE DIRECTOR	2 0	X						0	0	0
JACQUELYN O WILSON EDD VICE CHAIR	2 0	X		X				0	0	0
PAUL PEET MD DIRECTOR	2 0	X						76,750	0	0
J KIRKLAND BEEBE MD TRUSTEE	2 0	X						0	0	0
DAVID A HERBERT TRUSTEE	2 0	X						0	0	0

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
ANIS K SALLBA MD DIRECTOR	2 0	X						0	0	0
JAMES W BARTLE VP CFO	40 0			X				433,152	0	63,419
DONNA STRELETZKY VP OPERATIONS	40 0				X			225,994	0	29,136
BARBARA VUGRINEC VP INFORMATION SYSTEM	40 0				X			223,691	0	42,365
PAUL MINNICK VP NURSING SERVICES	40 0				X			269,322	0	52,868
ALEX SYDNOR VP CORPORATE AFFAIRS	22 0				X			192,474	0	40,878
CATHERINE HALEN VP HUMAN RESOURCES	40 0				X			217,921	0	41,961
AASIM SEHBAI MD PHYSICIAN	40 0					X		584,318	0	24,206
SRIHARI PERI MD PHYSICIAN	40 0					X		760,229	0	28,993
NOUMAN ASIT MD PHYSICIAN	40 0					X		425,770	0	23,547
JOAN THOMAS SPECIAL ASSISTANT TO PRESIDENT	40 0					X		245,864	0	4,408
MUHAMMAD ARIF MD PHYSICIAN	40 0					X		502,643	0	23,796
WALLACE HUDSON JR VP CORPORATE AFFAIRS	40 0						X	180,084	0	25,555
THOMAS STEINER VP CHIEF OPERATING OFFICER	40 0						X	225,040	0	34,511

Beebe Medical Center, Inc.

Consolidated Financial Statements and Supplemental Schedules
June 30, 2012 and 2011

Beebe Medical Center, Inc.
Index
June 30, 2012 and 2011

pwc

Report of Independent Auditors

To Board of Directors
Beebe Medical Center, Inc

In our opinion, the accompanying consolidated balance sheets and the related consolidated statement of operations and change in net assets and cash flows present fairly, in all material respects, the financial position of Beebe Medical Center, Inc at June 30, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America These financial statements are the responsibility of the Company's management Our responsibility is to express an opinion on these financial statements based on our audits We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements The consolidating information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual companies and is not a required part of the consolidated financial statements Accordingly, we do not express an opinion on the financial position, results of operations and cash flows of the individual companies

PricewaterhouseCoopers LLP

November 30, 2012

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

Beebe Medical Center, Inc.
Consolidated Balance Sheets
Years Ended June 30, 2012 and 2011

	2012	2011
Assets		
Current assets		
Cash and cash equivalents	$ 17,103,624	$ 20,904,087
Assets limited as to use - current portion		
Letter of Credit collateral fund	18,473,520	18,462,090
Designated for litigation settlement	14,703,458	-
Patient accounts receivable, net of estimated uncollectibles of $9,618,000 in 2012 and $8,687,000 in 2011	32,939,429	31,823,733
Insurance receivable for litigation settlement	103,796,542	-
Prepaid expenses and other current assets	10,543,271	9,068,075
Total current assets	197,559,844	80,257,985
Assets limited as to use		
Board designated funds	43,586,419	43,258,294
Other board designated assets	1,838,339	1,857,905
Restricted under bond agreements		
Debt service reserve fund	5,187,221	4,837,586
Collateral funds	6,157,878	6,054,717
Donor restricted funds	10,595,701	5,641,053
Donor restricted pledges receivable, net	338,428	3,697,642
Total assets limited as to use	67,703,986	65,347,197
Property and equipment, net	123,388,999	124,238,086
Beneficial interest in perpetual trusts, net	308,476	343,418
Assets held in charitable remainder trusts, net	963,464	1,008,009
Other assets	8,494,616	15,752,207
Total assets	$ 398,419,385	$ 286,946,902
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	$ 35,778,530	$ 30,200,204
Accrued litigation settlement	118,600,000	-
Estimated third-party payor settlements	11,068,450	10,078,696
Current portion of long-term debt	3,035,209	2,913,421
Long-term variable rate debt classified as current	16,805,000	16,805,000
Total current liabilities	185,287,189	59,997,321
Accrued pension and post-retirement benefit cost	60,109,267	42,971,889
Other liabilities	13,816,997	25,840,282
Obligations under capital leases, less current portion	421,448	616,830
Long-term debt, less current portion	34,275,000	37,115,000
Total liabilities	293,909,901	166,541,322
Net assets		
Unrestricted	92,441,364	109,715,458
Temporarily restricted	10,689,166	9,365,635
Permanently restricted	1,378,954	1,324,487
Total net assets	104,509,484	120,405,580
Total liabilities and net assets	$ 398,419,385	$ 286,946,902

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

Beebe Medical Center, Inc.
Consolidated Statements of Operations and Changes in Net Assets
Years Ended June 30, 2012 and 2011

	2012	2011
Unrestricted net assets		
Unrestricted revenues and other support		
Net patient service revenue	$ 280,375,081	$ 262,108,200
Other revenues	3,777,807	4,318,759
Net assets released from restrictions used for operations	37,181	307,343
Total unrestricted revenues and other support	284,190,069	266,734,302
Expenses		
Salaries and benefits, physician fees, and contract labor	155,005,988	144,427,168
Medical, surgical, and patient-related supplies and services	56,002,940	51,515,788
Repairs, maintenance and utilities	11,346,573	11,049,716
Insurance	2,331,896	1,284,162
Depreciation and amortization	19,466,986	17,261,030
Interest	2,225,623	2,401,712
Provision for bad debts	13,350,873	13,205,113
Other	27,713,550	25,106,308
Total expenses	287,444,429	266,250,997
Income (loss) from operations	(3,254,360)	483,305
Nonoperating gains (losses)		
Contributions	135,133	153,237
Investment income and net realized gains (losses)	(131,963)	1,252,932
Total nonoperating gains	3,170	1,406,169
Excess (deficit) of revenues and gains over expenses	(3,251,190)	1,889,474
Other changes in unrestricted net assets		
Net assets released from restrictions used for fixed asset purchases	46,652	-
Net unrealized gains on investments	744,012	993,548
Change in benefit plans liability	(14,621,208)	4,486,136
Transfer (to) temporarily restricted net assets	(192,360)	-
Other changes	(137,950)	-
Increase (decrease) in unrestricted net assets	(17,412,044)	7,369,158

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

Beebe Medical Center, Inc.
Consolidated Statements of Operations and Changes in Net Assets (continued)
Years Ended June 30, 2012 and 2011

	2012	2011
Temporarily restricted net assets		
Contributions	1,286,786	4,429,446
Event Expenses	(228,820)	(249,202)
Fundraising Expenses	(186,743)	(205,002)
Change in value of remainder trusts	(44,545)	99,993
Net investment income and realized and unrealized gains on investments	475,123	501,899
Net assets released from restrictions used for fixed asset purchases	(46,652)	-
Net assets released from restrictions used for operations	(37,181)	(307,343)
Net assets released from restrictions used for other	(64,797)	(67,846)
Transfer from unrestricted net assets	192,360	-
Other changes	137,950	-
Transfer (to) from permanently restricted net assets	(22,000)	42,229
Increase in temporarily restricted net assets	1,461,481	4,244,174
Permanently restricted net assets		
Contributions	64,812	53,421
Change in value of beneficial interest in perpetual trust	(34,942)	42,229
Transfer from (to) temporarily restricted net assets	22,000	(42,229)
Net realized and unrealized gains on investments	2,597	19,081
Increase in permanently restricted net assets	54,467	72,502
Increase (decrease) in net assets	(15,896,096)	11,685,834
Net assets		
Beginning of year	120,405,580	108,719,746
End of year	$ 104,509,484	$ 120,405,580

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

Beebe Medical Center, Inc.
Consolidated Statements of Cash Flows
Years Ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities		
Increase (decrease) in net assets	$ (15,896,096)	$ 11,685,834
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Change in benefit plans liability	14,621,208	(4,486,136)
Depreciation and amortization	19,466,986	17,261,030
Restricted contributions	(936,024)	(4,028,663)
Decrease (Increase) in values of remainder trusts and beneficial interest in perpetual trust	79,487	(142,222)
Provision for bad debts	13,350,873	13,205,113
(Gain) loss on disposition of fixed assets	(57,971)	(189,683)
Write-down of land value	-	2,105,621
Net realized, unrealized (gains) losses, and other than temporary impairment losses on investments	(1,089,769)	(2,767,460)
Changes in operating assets and liabilities		
Patients accounts receivable	(14,466,569)	(15,651,021)
Prepaid expenses and other current assets	(1,152,977)	(290,217)
Accounts payable and other accrued expenses	3,747,516	11,038,703
Insurance settlements	8,000,000	-
Estimated third-party payor settlements	989,754	2,434,851
Other assets	(8,932,855)	(6,792,676)
Net cash provided by operating activities	17,723,563	23,383,074
Cash flows from investing activities		
Purchase of property and equipment	(18,841,570)	(12,117,078)
Proceeds from sale of fixed assets	133,130	10,410
(Purchase) sale of investments and assets limited to use, net	(4,657,230)	(806,198)
Net cash used in investing activities	(23,365,670)	(12,912,866)
Cash flows from financing activities		
Proceeds from restricted contributions	4,295,238	963,099
Payment of long-term debt	(2,710,000)	(2,895,000)
Payment of capital lease obligations, net	256,406	(212,712)
Net cash used in financing activities	1,841,644	(2,144,613)
Net increase (decrease) in cash and cash equivalents	(3,800,463)	8,325,595
Cash and cash equivalents		
Beginning of year	20,904,087	12,578,492
End of year	$ 17,103,624	$ 20,904,087
Noncash investing activities		
Property and equipment acquired through accounts payable	$ 369,448	$ 1,958,701
Noncash financing activities		
Assets acquired by incurring capital lease obligations	$ -	$ 253,970

Total interest paid, including capital lease interest, in 2012 and 2011, was approximately $2,148,000 and $2,224,000, respectively

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

1. Summary of Significant Accounting Policies

Organization and Basis of Presentation

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

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

BPN is a not-for-profit tax-exempt corporation that operates a physician network providing integrated physician services in coordination with the Medical Center BPN operates a hospitalist program and fifteen specialty practices, employing 34 physicians as of June 30, 2012

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

Subsequent events have been evaluated through November 30, 2012

Use of Estimates

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

Cash and Cash Equivalents

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

Investments

Investments in equity and debt securities with readily determinable fair values are measured at fair value Fair values are based on quoted market prices Investment income on assets limited as to use under bond indenture agreement is recorded as other revenue All other investment income and realized gains and losses on investments are recorded as non-operating gains and losses, or as a change to temporarily or permanently restricted net assets, if such income is restricted by the donor Unrealized gains and losses on all investments are excluded from the excess of revenues and gains over expenses and reported as a separate component of changes in net assets, except when market value of a security has declined below cost and is deemed to be other than temporary, impairment has occurred and this is included in excess of revenues and gains over expenses The hedge fund investment in a limited liability company is carried at cost as of June 30, 2012 and 2011

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

Property and Equipment
Property and equipment acquisitions are recorded at cost Useful lives are determined using the American Hospital Association's "Estimated Useful Lives of Depreciable Hospital Assets" guide Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method Interest costs associated with the construction of certain capital assets is capitalized and amortized over the life of the asset being depreciated

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

Other Assets
Included in other assets are deferred bond issuance costs and goodwill, which are stated net of amortization The bond issuance costs consist of original issue discount, underwriter's commission, and deferred financing costs, and are being amortized over the life of the bond issues, using the bonds outstanding method

Effective fiscal year 2011 goodwill is no longer amortized but instead is subject to periodic impairment evaluations Beebe's most recent impairment assessment was completed as of June 30, 2012, which indicated that there was no impairment with respect to goodwill In performing periodic impairment tests, the fair value of the System is compared to its carrying value, including goodwill If the carrying value exceeds the fair value, an impairment condition exists, which results in an additional fair value review of all assets and an impairment loss would result Impairment tests are required to be conducted at least annually, or when events or conditions occur that might suggest a possible impairment These events or conditions include, but are not limited to, a significant adverse change in business environment, regulatory environment or legal factors, a current period operating or cash flow loss combined with a history of such losses or a projection of continuing losses, or a sale or disposition of a significant portion of a reporting unit

To determine the fair value of its reporting units, the System used a discounted cash flow approach Included in this analysis are assumptions regarding revenue growth, future operating margin estimates, cost of service expense rates and a weighted average cost of capital Beebe also must estimate residual values at the end of the forecast period and future capital expenditure requirements If any of the above assumptions changes or fails to materialize, the resulting decline

in Beebe's estimated fair value could result in a material impairment charge to goodwill Goodwill of $3,104,085 is included in Other Assets as of June 30, 2012 and 2011

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

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

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

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

Recent Authoritative Pronouncements
In July 2011, FASB issued a standard on *Presentation and Disclosure of Patient Service Revenue, Provision for Bad debt, and the Allowance for Doubtful Accounts for Certain Health Care Entities* This standard requires reporting of provision for bad debts associated with patient service revenue as a reduction of patient service revenue (net of contractual allowances and discounts) rather than an operating expense for entities that recognize revenue at the time services are rendered without assessing a patient's ability to pay This standard also requires the enhanced disclosure of revenue recognition and bad debt assessment policies as well as qualitative and quantitative information regarding change in allowance for doubtful accounts This standard is effective for nonpublic entities for fiscal years ending on or after December 15, 2012 and as such, the System will continue to evaluate the effect of the standard on its consolidated financial statements

In May 2011, FASB issued a standard on *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U S GAAP and IFRSs* This standard requires disclosure of the valuation process, including quantitative information about the unobservable inputs, for Level 3 fair value measurements This standard is effective for fiscal years beginning after December 15, 2011, and as such, the disclosures pertaining to this standard will be expanded in Fiscal Year 2013

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

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

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

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

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

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

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

2. Litigation

On December 16, 2008, Dr Earl Bradley, a former privileged physician at Beebe was arrested He was later convicted of having sexually molested more than eighty-five children Over time, hundreds of lawsuits were filed against Beebe, resulting ultimately in the certification of those claims as a class action on April 6, 2011 Almost immediately following class certification, Beebe, its insurance carriers and class counsel representing all Plaintiffs agreed to participate in joint mediation to determine whether their competing interests could be reconciled and settlement be achieved In October, 2012, the parties announced a tentative settlement of all issues, subject to Court approval, which was determined at a fairness hearing on November 13, 2012

The agreed upon settlement required Beebe's insurance carriers to pay a total of $111,796,542 into a fund created on behalf of the Plaintiffs These amounts were deposited into the settlement fund on November 5, 2012 Beebe is also required to contribute an additional $100,000 a year for the next five (5) years and provide as much as $1,000,000 dollars in free medical care to Bradley victims over the next 15 years

In connection with the settlement, as of June 30, 2012, Beebe recorded a total liability of $120,000,000, of which $118,600,000 is recorded in Accrued litigation settlement and $1,400,000 is recorded in Other liabilities on the Balance Sheet Of Beebe's contribution of $6,703,458, $2,543,548 was recorded as Other operating expense in fiscal year 2012 Beebe also recorded current assets limited as to use of $14,703,458, which includes $8,000,000 of insurance proceeds received and Beebe's contribution of $6,703,458 as of June 30, 2012 The remaining portion of the settlement of $103,796,542 will be funded by Beebe's insurance carriers and is recorded as Insurance settlement receivable

3. Charity Care

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

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

The following information measures the level of charity care provided during the years ended June 30, 2012 and 2011

	2012	2011
Estimated costs and expenses incurred to provide charity care	$ 5,816,097	$ 5,923,320

4. Net Patient Service Revenue

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

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

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

services fee schedule The other managed care company reimburses all inpatient and outpatient services as a percentage of charges

In the opinion of management, adequate provision has been made for any adjustments that may result from final settlement of Medicare and Medicaid cost reports Net patient service revenue increased approximately $92,240 and $90,670 in 2012 and 2011, respectively, as a result of favorable adjustments to estimates previously recorded applicable to prior-year third-party cost reports

Revenues from the Medicare and Medicaid programs accounted for approximately 38% and 11%, respectively, of the System's net patient service revenues from continuing operations for the year ended June 30, 2012, and 38% and 10%, respectively, for the year ended June 30, 2011 Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation The System believes that it is in compliance with all applicable laws and regulations System management is not aware of any pending or threatened investigations involving allegations of wrongdoing Compliance with such laws and regulations is always subject to future government review and interpretations as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs

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

5. Other Revenues

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

6. Investments

The composition of investments classified as assets limited as to use, including current portion, at June 30, 2012 and 2011, is set forth in the following table Investments are stated at fair value, unless otherwise noted

	2012	2011
Cash and cash equivalents	$ 29,001,540	$ 28,471,881
U S Government obligations	708,587	698,450
Marketable equity securities	19,216,865	17,960,029
Alternative assets at cost	591,775	919,745
Mutual funds - fixed income	26,929,263	27,020,009
Mutual funds - equities	7,552,710	3,183,626
Total investments classified as assets limited as to use	$ 84,000,740	$ 78,253,740

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

	2012	2011
Assets limited as to use - current		
Letter of Credit collateral fund	$ 18,473,520	$ 18,462,090
Assets limited as to use - non current		
Internally designated by Board of Directors	43,586,420	43,258,344
Restricted under bond agreements		
Debt Service Reserve Fund	5,187,221	4,837,586
Collateral funds	6,157,878	6,054,717
Donor restricted funds	10,595,701	5,641,053
Total investments classified as assets limited as to use	$ 84,000,740	$ 78,253,790

The fair value hierarchy of assets limited as to use and investments at June 30, 2012, classified by valuation technique are as follows

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 29,001,540	$ -	$ -	$ 29,001,540
U S government obligations	708,587	-	-	708,587
Domestic and foreign equities	19,216,865	-	-	19,216,865
Mutual funds	34,481,973	-		34,481,973
Beneficial interest in perpetual trusts, net	308,476	-	-	308,476
Assets held in charitable remainder trusts, net	-	543,464	420,000	963,464
Total assets limited as to use and investments	$ 83,717,441	$ 543,464	$ 420,000	$ 84,680,905

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

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

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

	2012	2011
Beginning balance	$ 420,000	$ 420,000
Changes in trust	-	-
Ending balance	$ 420,000	$ 420,000

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

	2012	2011
Other revenues		
Investment income (loss)	$ 19,757	$ 70,680
Nonoperating gains (losses)		
Investment income	$ 1,127,309	$ 1,564,182
Net realized gains (losses) on sales of investments	50,257	(104,932)
Other than temporary losses on investments	(1,309,529)	(206,318)
	$ (131,963)	$ 1,252,932
Other changes in unrestricted net assets		
Net unrealized gains on investments	$ 744,012	$ 993,548
Other changes in restricted net assets		
Realized and unrealized gains on investments	$ 477,720	$ 520,980

Alternative assets consist of shares in an offshore Hedge Fund (the "Fund") organized as a Limited Liability Corporation The Fund is recorded on the Medical Center's balance sheet at lower of cost or market at June 30, 2012 and 2011 based on the Medical Center's percentage ownership amounting to less than 5% The amount of alternative investments held was $591,775 and $919,745 at June 30, 2012 and 2011, respectively

7. Property and Equipment

A summary of property and equipment at June 30, 2012 and 2011 follows

	2012	2011
Property and equipment		
Land	$ 10,670,646	$ 10,670,646
Land improvements	1,219,014	1,263,828
Building and fixed equipment	152,546,866	146,602,582
Moveable equipment	114,591,500	105,399,032
Construction in progress	5,303,621	5,587,033
Total property and equipment	284,331,647	269,523,121
Less Accumulated depreciation	160,942,648	145,285,035
Property and equipment, net	$ 123,388,999	$ 124,238,086

Fixed and moveable equipment capitalized under leases amounted to $5,154,596 at June 30, 2012 and 2011 Accumulated depreciation on capital leases was $4,740,449 and $4,544,351 at June 30, 2012 and 2011, respectively Depreciation expense for the years ended June 30, 2012 and 2011 was $16,731,384 and $17,257,404, respectively Beebe capitalized interest expense of $35,945 and $54,943 for the years ended June 30, 2012 and 2011, respectively These amounts are net of capitalized interest income

The Medical Center entered into a contract for the implementation of an electronic medical record system ("EMR") over a five year period commencing in fiscal 2009 with completion expected in fiscal 2013 In 2012, Beebe made a decision to stop the implementation of the current EMR system It was determined that the platform and associated remote hosting had proven to be unreliable and inadequate as the core system In addition, the vendor announced that this platform would no longer be one of its strategic offerings As a result, there were unamortized costs associated with this system included on the Balance Sheet as Property and Equipment Therefore, a decision was made to recognize these items as expense in Fiscal Year 2012 The total amount of these costs was $2,731,619 included as an increase in Depreciation expense

8. Endowments

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

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

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

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

a The duration and preservation of the fund

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

c General economic conditions

d The possible effect of inflation and deflation

e The expected total return from income and appreciation of investments

f Other resources of the organization

g Investment policies of the organization

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

	2012		2011	
	Donor-Restricted Endowment Funds	Board Designated Endowment Funds	Donor-Restricted Endowment Funds	Board Designated Endowment Funds
Unrestricted	$ -	$ 1,912,833	$ -	$ 1,781,752
Temporarily Restricted	589,849	-	525,357	-
Permanently Restricted	1,378,955	-	1,324,487	-
Total Endowment Funds	$ 1,968,804	$ 1,912,833	$ 1,849,844	$ 1,781,752

Changes in endowment funds by net asset classification for the year ended June 30, 2012 are summarized as follows

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 1,782,015	$ 525,357	$ 1,324,487	$ 3,631,859
Donations	42,263	-	64,813	107,076
Endowment match	53,409	-	-	53,409
Disbursed for restricted purposes	-	(7,400)	-	(7,400)
Transfer to spending accounts	(41,210)	(17,600)	-	(58,810)
Investment return				
Investment income	87,479	19,752	4,441	111,672
Net appreciation (realized and unrealized)	65,054	32,266	(36,090)	61,230
Administrative expense	(13,544)	(3,159)	(696)	(17,399)
Total investment return	138,989	48,859	(32,345)	155,503
Transfer to temporarily restricted	(62,633)	62,633	-	-
Internal transfers to (from) endowments	-	(22,000)	22,000	-
Endowment net assets, end of year	$ 1,912,833	$ 589,849	$ 1,378,955	$ 3,881,637

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

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

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

	2012	2011
Temporarily restricted net assets		
Restricted for program support	$ 589,849	$ 525,357
Total endowment assets classified as temporarily restricted net assets	$ 589,849	$ 525,357
Permanently restricted net assets		
Restricted for nursing scholarships	$ 138,841	$ 138,841
Restricted for program support	1,240,114	1,185,646
Total endowment assets classified as permanently restricted net assets	$ 1,378,955	$ 1,324,487

Endowments with Eroded Corpus

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $0 as of June 30, 2012 and $0 as of June 30, 2011

Return Objectives and Risk Parameters

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

Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually Actual returns in any give year may vary from this amount

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

9. Retirement Plans

The System has a noncontributory defined benefit pension plan covering substantially all of its employees The benefits are based on years of service and the employees' compensation The System's measurement date is June 30 The System makes contributions to the plan based upon actuarially determined amounts intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future In addition, the System sponsors a defined benefit health care plan that provides postretirement health care benefits to employees with at least 10 years of continuous service (working 1,000 hours in each year) and at least 55 years of age During fiscal year 2012 the post-retirement plan was amended to replace retirees' health insurance coverage with a subsidy of $2,000 per year to enter into a Medicare supplemental plan The impact of this plan amendment reduced the projected benefit obligation by $4,762,347

The following table shows the components of net periodic benefit costs for fiscal years ended June 30, 2012 and June 30, 2011

	Pension Benefits		Other Benefits	
	2012	2011	2012	2011
Components of net periodic benefit costs				
Service cost	$ 2,819,249	$ 2,711,602	$ 1,807,177	$ 1,618,662
Interest cost	2,868,627	2,610,422	1,694,274	1,433,985
Expected return on assets	(3,071,083)	(2,412,106)	-	-
Subtotal	2,616,793	2,909,918	3,501,451	3,052,647
Amortization of				
Net losses	891,290	1,738,191	955,452	887,736
Net prior service cost	174,992	174,992	-	-
Total amortization	1,066,282	1,913,183	955,452	887,736
Net periodic benefit cost	$ 3,683,075	$ 4,823,101	$ 4,456,903	$ 3,940,383

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

	Pension Benefits		Other Benefits	
	2012	2011	2012	2011
Changes in projected benefit obligations				
Benefit obligation at beginning of year	$ 51,892,262	$ 48,054,934	$ 31,565,489	$ 26,349,522
Service cost	2,819,249	2,711,602	1,807,177	1,618,662
Interest cost	2,868,627	2,610,422	1,694,274	1,433,985
Plan participants' contributions	-	-	258,085	250,536
Net actuarial (gain) loss	13,524,463	(487,327)	6,585,903	2,740,456
Benefit payments from fund	(1,121,510)	(997,369)	(1,306,207)	(912,554)
Plan Amendments	-	-	(4,762,347)	-
Retiree Drug Subsidy	-	-	178,176	84,882
Benefit obligation at end of year	$ 69,983,091	$ 51,892,262	$ 36,020,550	$ 31,565,489

	Pension Benefits		Other Benefits	
	2012	2011	2012	2011
Changes in plan assets				
Fair value of plan assets at beginning of year	$ 39,699,655	$ 30,878,572	$ -	$ -
Employer contributions	4,466,069	3,468,000	869,946	577,136
Plan participants' contributions	-	-	258,085	250,536
Benefit payments from fund	(1,121,510)	(997,369)	(1,306,207)	(912,554)
Retiree Drug Subsidy	-	-	178,176	84,882
Actual return on assets	1,776,160	6,350,452	-	-
Fair value of plan assets at end of year	$ 44,820,374	$ 39,699,655	$ -	$ -

The following table summarizes the funded status of the plans

	Pension Benefits		Other Benefits	
	2012	2011	2012	2011
Funded status				
Projected benefit obligation	$ (69,983,091)	$ (51,892,262)	$ (36,020,550)	$ (31,565,489)
Plan assets at fair value	44,820,374	39,699,655	-	-
Net balance sheet liability	$ (25,162,717)	$ (12,192,607)	$ (36,020,550)	$ (31,565,489)

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

	Pension Benefits		Other Benefits	
	2012	2011	2012	2011
Net actuarial losses	$ 25,777,996	$ 11,849,900	$ 19,214,327	$ 13,586,075
Net prior service cost/(credit)	778,125	953,117	(4,762,347)	-
Amount recognized in unrestricted net assets	$ 26,556,121	$ 12,803,017	$ 14,451,980	$ 13,586,075
Change in accumulated unrestricted net asssets	$ 13,753,104	$ (6,338,856)	$ 868,104	$ 1,852,720

At June 30, 2012, amounts in unrestricted net assets that are expected to be recognized as components of net periodic pension expense during fiscal year 2013 are as follows

	Pension Benefits	Other Benefits
Amortization of net losses	$ 2,531,000	$ 1,831,000
Amortization of net prior service cost/(credit)	175,000	(930,617)

The accumulated benefit obligation for the pension plan was $62,959,277 and $46,975,847 as of the measurement date for the current and prior year, respectively

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

Assumptions used in the accounting for benefit obligations were

	Pension Benefits		Other Benefits	
	2012	2011	2012	2011
Weighted-average assumptions as of the measurement date				
Discount rate	4 30 %	5 60 %	4 30 %	5 60 %
Rate of increase in future compensation levels	5 50 %	5 50 %	-	-

Assumptions used in the accounting for net periodic benefit cost were

	Pension Benefits		Other Benefits	
	2012	2011	2012	2011
Weighted-average assumptions as of the measurement date				
Discount rate	5 60 %	5 50 %	5 60 %	5 50 %
Rate of increase in future compensation levels	5 50 %	5 50 %	-	-
Expected long-term rate of return on assets	7 50 %	7 50 %	-	-

For fiscal 2012 disclosure, an 8 0% initial trend rate decreasing to a 5% ultimate trend rate of increase in the per capita cost of covered health care benefits was assumed for 2013 The ultimate trend rate will be reached in 2018

For fiscal 2012 expense, an 8 5% initial trend rate decreasing to a 5% ultimate trend rate of increase in the per capita cost of covered health care benefits was assumed for 2012 The ultimate trend rate will be reached in 2018

For 2012, current liabilities are expected benefit payments for fiscal 2013 discounted by half a year, which are $1,073,170 Non-current liabilities are the net balance sheet liability less current liabilities or $34,947,380 For 2011, current liabilities were expected benefit payments for fiscal 2012 discounted by half a year, which were $1,056,682 Non-current liabilities were the net balance sheet liability less current liabilities or $30,508,807

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

	One-Percentage-Point	
	Increase	Decrease
Effect on total of service and interest cost components in fiscal year 2012	$ 839,451	$ (661,449)
Effect on postretirement benefit obligation as of the measurement date	$ 6,807,459	$ (5,480,990)

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

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

The pension benefit asset allocation was as follows at June 30

	Pension Benefits	
	2012	2011
Plan asset allocation		
Equity securities	59 00 %	59 90 %
Debt securities	35 00 %	38 10 %
Cash and cash equivalents	6 00 %	2 00 %
Total	100 00 %	100 00 %

The table below presents the fair values of the pension assets by level within the fair value hierarchy as of June 30, 2012

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 2,705,617	$ -	$ -	$ 2,705,617
U S government obligations	6,923,387	-	-	6,923,387
Fixed Income	7,146,043	-	-	7,146,043
Domestic and foreign equities	26,447,034	-		26,447,034
Mutual funds	1,598,293	-	-	1,598,293
Total assets limited as to use	$ 44,820,374	$ -	$ -	$ 44,820,374

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

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

Expected employer contributions for the pension benefit plan for fiscal year 2013 is $4,554,000
The current portion of postretirement plan liability was $1,074,000 and $1,079,161 for June 30, 2012 and 2011, respectively

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

Cash flows (estimated benefit payments reflecting future service)	Pension Benefits	Other Benefits	
		Net Employer Payments	Medicare Subsidy Receipts
Fiscal year			
2013	1,842,752	1,096,000	-
2014	2,000,050	1,216,000	-
2015	2,148,920	1,372,000	-
2016	2,323,992	1,527,000	-
2017	2,661,798	1,647,000	-
2018-2021	18,601,992	11,101,000	-

10. Long-Term Debt

A summary of long-term debt and capital lease obligations at June 30, 2012 and 2011 follows

	2012	2011
Delaware Health Facilities Authority Variable Rate Demand Revenue Bonds, Series 2002	$ 16,805,000	$ 16,805,000
Delaware Health Facilities Authority Refunding Revenue Bonds, Series 2004A	17,090,000	19,105,000
Delaware Health Facilities Authority Revenue Bonds, Series 2005A	20,025,000	20,720,000
Obligations under capital leases, at imputed interest rates of 4 37% to 9 0%, collateralized by leased equipment	616,657	820,251
Total long-term debt	54,536,657	57,450,251
Less Current portion	3,035,209	2,913,421
Less Long-term variable rate debt classified as current	16,805,000	16,805,000
Total long-term debt and obligations under capital leases, less current portion	$ 34,696,448	$ 37,731,830

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

The 2005A Bonds bear interest at rates ranging from 4 0% to 5 0% at June 30, 2012, in accordance with the Loan Agreements The 2005A Bonds that mature in June 2024 are subject to mandatory sinking fund redemption prior to maturity commencing June 1, 2018 in amounts ranging from $905,000 to $1,215,000 and the 2005A Bonds that mature in June 2030 are subject to mandatory sinking fund redemption prior to maturity commencing June 1, 2025 in amounts ranging

from $1,275,000 to $1,630,000 as set forth in the Bond Indenture Agreement at 100% of the principal amount plus accrued interest at the date of redemption

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

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

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

The 2004A Bonds bear interest at rates ranging from 5 0% to 5 5% at June 30, 2012, in accordance with the Loan Agreements The 2004A Bonds mature in June 2024 and are subject to mandatory sinking fund redemption prior to maturity commencing June 1, 2017 in amounts ranging from $825,000 to $1,200,000 as set forth in the Bond Indenture Agreement at 100% of the principal amount plus accrued interest at the date of redemption

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

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

The 2002 Bonds bear interest at a variable rate, which was 0 18% at June 30, 2012 The 2002 Bonds are supported by a Letter of Credit issued by PNC Bank, which expires February 28, 2015 The Letter of Credit agreement contains a subjective covenant which, if declared by the lender to have been violated, could cause an acceleration of the 2002 Bonds As a result, these bonds are classified as current in the consolidated balance sheets In May 2010, the Medical Center provided PNC Bank with collateral for the Letter of Credit, which has a balance of $18,473,520 at June 30, 2012, classified as a current asset in the consolidated balance sheets The 2002 Bonds mature in October 2032 and are subject to mandatory sinking fund redemption prior to maturity commencing June 1, 2008 in amounts ranging from $280,000 to $1,295,000 as set forth in the Bond Indenture at 100% of the principal amount plus accrued interest at the date of redemption The 2002 Bonds are subject to optional redemption prior to maturity, at the direction of the Medical Center, as a whole or in part, at a price of 100%

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

The agreements require the Medical Center to meet various financial and non-financial covenants with the most restrictive requiring the Medical Center to maintain 100 days of operating cash and to generate "net income available for debt service," as defined therein, of 110% of maximum annual debt service The Medical Center was in compliance with such covenants at June 30, 2012 and 2011

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

	Series 2002 Bonds	Series 2004 Bonds	Series 2005A Bonds	Capital Lease Obligations
Year Ending June 30,				
2013	350,000	2,120,000	720,000	225,295
2014	370,000	2,230,000	755,000	225,295
2015	385,000	2,355,000	795,000	211,792
2016	515,000	2,360,000	835,000	10,544
2017	635,000	825,000	870,000	-
Thereafter	14,220,000	7,200,000	16,050,000	-
	$ 16,475,000 *a*	$ 17,090,000	$ 20,025,000	672,926
Less Amount representing interest under capital lease obligations				56,269
Capital lease obligation principal				$ 616,657

a Balance does not include $330,000 principal payment due June 1, 2012 not paid by trustee

The fair value of the Medical Center's long-term debt, exclusive of obligations under capital leases, was approximately $51,765,460 and $49,201,000 at June 30, 2012 and 2011, respectively Fair value of the long-term debt is based on current traded value, excluding accrued interest

The Medical Center has $4,000,000 of available credit from a bank At June 30, 2012, $1,500,000 has been used as a letter of credit for the Medical Center's malpractice insurance program, and $2,445,000 has been used as a letter of credit for the Medical Center's workers' compensation insurance program The Letters of Credit are collateralized by specific investments held by the Medical Center The fair value of these investments at June 30, 2012 amounts to $6,157,878 These irrevocable stand-by letters of credit expire and automatically renew each year on April 30 (malpractice program) and June 30 (workers' compensation)

11. Malpractice Insurance

Prior to April 30, 2003, the Princeton Insurance Company provided the System professional liability insurance coverage under a claims-made policy Effective April 30, 2003, the System carried professional liability insurance in the amounts of $1,000,000 each claim and $3,000,000 annual aggregate through American International, with excess coverage up to $20,000,000 The System was subject to a $100,000 per claim and $1,000,000 annual aggregate deductible under this policy Effective April 30, 2008, the System carried claims-made professional liability insurance in the amount of $1,000,000 each claim and $3,000,000 annual aggregate through Arch Insurance Group The System is subject to a $500,000 per claim and $1,500,000 annual aggregate deductible under this policy The System carried umbrella coverage up to $10,000,000 per occurrence and in the aggregate with Arch Insurance Group and an additional excess coverage up to $20,000,000 with Endurance American Insurance Company Effective April 30, 2010, the

System carries claims-made professional liability insurance in the amount of $1,000,000 each claim and $3,000,000 annual aggregate through Arch Insurance Group The System is subject to a $500,000 per claim and $1,500,000 annual aggregate deductible under this policy The System carries umbrella coverage up to $10,000,000 per occurrence and in the aggregate with Arch Insurance Group and an additional excess coverage up to $20,000,000 ($10,000,000 with OneBeacon Professional Insurance and $10,000,000 with Darwin Select Insurance Company) The umbrella and excess policies provide coverage for malpractice and general liability, auto, workers' compensation and a helipad

Balances are reported in the Balance Sheet as of June 30 per the table below

	2012	2011
Receivables:		
Prepaid and other current assets	$ 138,840	$ 203,564
Other assets	402,943	463,442
Total receivables	541,783	667,006
Payables:		
Accounts payable and accrued expenses	670,930	659,166
Other liabilities	2,902,688	3,042,913
Gross undiscounted liability	3,573,618	3,702,079
Net undiscounted liability	$ 3,031,835	$ 3,035,073

12. Workers' Compensation Insurance

Effective July 1, 2003, the System has workers' compensation coverage with Pennsylvania Manufacturers Association ("PMA") on an occurrence basis The policy provides coverage in accordance with the workers' compensation laws of the State of Delaware and is subject to a self-retention limit of $350,000 per claim and $2,100,000 in the annual aggregate Effective July 1, 2012, the policy is subject to subject to a self-retention limit of $400,000 per claim and $2,600,000 in the annual aggregate

Balances are reported in the Balance Sheet as of June 30 per the table below

	2012	2011
Receivables:		
Prepaid and other current assets	$ 205,449	$ 248,856
Other assets	2,600,236	1,927,780
Total receivables	2,805,685	2,176,636
Payables:		
Accounts payable and accrued expenses	894,085	1,039,133
Other liabilities	3,929,457	3,404,192
Gross undiscounted liability	4,823,542	4,443,325
Net undiscounted liability	$ 2,017,857	$ 2,266,689

13. Concentrations of Credit Risk

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

	2012	2011
Medicare	39 00 %	34 46 %
Medicaid	9 42 %	8 66 %
Commercial	48 51 %	52 42 %
Patients	3 07 %	4 46 %
	100 00 %	100 00 %

14. Functional Expenses

The System provides general health care services to residents within its geographic location Expenses related to providing these services for 2012 and 2011 are as follows

	2012	2011
Health care services	$ 254,508,379	$ 239,806,448
General and administration	32,936,050	26,444,549
Total expenses	$ 287,444,429	$ 266,250,997

15. Commitments and Contingencies

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

Other
The Medical Center's billings are likely to be the subject of review by a Recovery Audit Contractor ("RAC") team The RAC program is a CMS-initiated project to recover provider overpayments As part of its continuing regulatory compliance efforts, the Medical Center has conducted selective self-audits of its Medicare coding and billing functions and determined that overpayments have been made by Medicare to the Medical Center As a result of continuing its coding and billing self-audits during fiscal 2011, the Medical Center voluntarily refunded overpayments of $942,941 which was reserved as of June 30, 2010 In addition, the Medical Center has recorded a $754,108 liability for overpayments at June 30, 2011, which was self-disclosed and paid in October 2011 There were no refunded overpayments in fiscal 2012 The possibility exists that the RAC audit team will find additional CMS overpayments dating back to October 1, 2008, presently unknown to the Medical Center As a result, the Medical Center has provided a reserve of $7,515,858 and $5,253,479 at June 30, 2012 and 2011, respectively, included in Estimated Third-party Payor Settlements on the Balance Sheet

16. Asset Retirement Obligations

The following is a reconciliation of the asset retirement obligation

	2012	2011
Asset retirement obligation at beginning of year	$ 3,010,771	$ 2,920,154
Liabilities incurred	-	(29,263)
Accretion expense	142,284	119,880
Asset retirement obligation at end of year	$ 3,153,055	$ 3,010,771

17. Related Party Transactions

The Medical Center and each of its affiliates have Boards of Directors that are comprised of community members and 10 physicians in 2012 and 10 physicians in 2011 who are related parties Payments to community members, primarily for property rentals, in 2012 and 2011 were $299,921 and $287,984, respectively, that are included in the Other Expenses line in the accompanying Consolidated Statements of Operations and Changes in Net Assets The System has arrangements with many physicians to compensate them for Medical Director and Leadership responsibilities, Practice Guarantees, Pay-for-Call (Emergency Department) and fees for professional services rendered that are included in the Salaries and Benefits, Physician Fees and Contract Labor expense line During the years ended June 30, 2012 and 2011, amounts paid to related party physicians aggregated $2,874,925 and $2,871,126, respectively Amounts received from a related party physician group were $791,808 and $737,343 during the years ended June 30, 2012 and 2011, respectively At June 30, 2012 amounts receivable from related party physicians aggregated $528,339 and payables to related party physicians were $38,916 At June 30, 2011 amounts receivable from related party physicians aggregated $14,976 and payables to related party physicians were $74,977 These receivables are reflected as Prepaid Expenses and Other Current Assets under Current Assets and the payables are reflected as Accounts Payable and Accrued Expenses under Current Liabilities

Supplemental Schedules

Beebe Medical Center, Inc.
Consolidating Balance Sheet
June 30, 2012

	Beebe Medical Center, Inc.	Beebe Medical Foundation	Beebe Physician Network	Consolidating Entries	Consolidated Totals
Assets					
Current assets					
Cash and cash equivalents	$ 15,727,023	$ 32,082	$ 1,344,519	$ -	$ 17,103,624
Assets limited as to use - current portion					
Letter of credit collateral fund	18,473,520				18,473,520
Designated for litigation settlement	14,703,458				14,703,458
Patient accounts receivable, net	31,993,642		945,787		32,939,429
Insurance receivable for litigation settlement	103,796,542				103,796,542
Prepaid expenses and other current assets	10,375,873	11,568	155,830		10,543,271
Total current assets	195,070,058	43,650	2,446,136	-	197,559,844
Assets limited as to use - non current					
Board designated funds	38,672,557	4,913,862			43,586,419
Other board designated assets	1,838,339				1,838,339
Beneficial interest in Foundation unrestricted net assets	4,986,528			(4,986,528)	-
Restricted under bond agreements					
Debt service reserve fund	5,187,221				5,187,221
Collateral funds	6,157,878				6,157,878
Donor restricted funds	32,181	10,563,520			10,595,701
Beneficial interest in Foundation restricted net assets	11,321,948			(11,321,948)	-
Donor restricted pledges receivable, net		338,428			338,428
Total assets limited as to use	68,196,652	15,815,810	-	(16,308,476)	67,703,986
Property and equipment, net	123,038,724	13,435	336,840	-	123,388,999
Beneficial interest in perpetual trust	308,476				308,476
Assets held in charitable remainder trusts, net	543,464	420,000			963,464
Investments in and amounts due from consolidated affiliates	617,619			(617,619)	-
Other assets	8,324,314	45,000	125,302		8,494,616
Total assets	$ 396,099,307	$ 16,337,895	$ 2,908,278	$ (16,926,095)	$ 398,419,385

Beebe Medical Center, Inc.
Consolidating Balance Sheet (continued)
June 30, 2012

	Beebe Medical Center, Inc.	Beebe Medical Foundation	Beebe Physician Network	Consolidating Entries	Consolidated Totals
Liabilities and net assets					
Current liabilities					
Accounts payable and accrued expenses	$ 33,588,030	$ 25,143	$ 2,165,357	$ -	$ 35,778,530
Accrued litigation settlement	118,600,000				118,600,000
Estimated third-party payor settlements	11,068,450				11,068,450
Current portion of long-term debt	3,035,209				3,035,209
Long-term variable rate debt classified as current	16,805,000				16,805,000
Total current liabilities	183,096,689	25,143	2,165,357	-	185,287,189
Noncurrent liabilities					
Accrued pension and post-retirement benefit cost	60,109,267				60,109,267
Due to Medical Center			45,494,025	(45,494,025)	-
Other liabilities	13,687,419	4,276	125,302		13,816,997
Obligations under capital leases, less current portion	421,448				421,448
Long-term debt, less current portion	34,275,000				34,275,000
Total liabilities	291,589,823	29,419	47,784,684	(45,494,025)	293,909,901
Net assets					
Unrestricted	92,441,364	5,124,478	(44,876,406)	39,751,928	92,441,364
Temporarily restricted	10,689,166	9,869,520		(9,869,520)	10,689,166
Permanently restricted	1,378,954	1,314,478		(1,314,478)	1,378,954
Total net assets	104,509,484	16,308,476	(44,876,406)	28,567,930	104,509,484
Total liabilities and net assets	$ 396,099,307	$ 16,337,895	$ 2,908,278	$ (16,926,095)	$ 398,419,385

Beebe Medical Center, Inc.
Consolidating Statement of Operations and Changes in Net Assets
Year Ended June 30, 2012

	Beebe Medical Center, Inc.	Beebe Medical Foundation	Beebe Physician Network	Consolidating Entries	Consolidated Totals
Unrestricted net assets					
Unrestricted revenues and other support					
Net patient service revenue	$ 271,481,238	$ -	$ 8,893,843	$ -	$ 280,375,081
Other revenues	3,868,049		39,281	(129,523)	3,777,807
Net assets released from restrictions used for operations	37,181				37,181
Total unrestricted revenues and other support	275,386,468	-	8,933,124	(129,523)	284,190,069
Expenses					
Salaries and benefits, physician fees, and contract labor	138,873,846	346,258	15,785,884	-	155,005,988
Medical, surgical, and patient-related supplies and services	55,725,221	12,372	265,347		56,002,940
Repairs, maintenance and utilities	11,148,006	11,050	187,517		11,346,573
Insurance	2,103,395		228,501		2,331,896
Depreciation and amortization	19,376,456	7,375	83,155		19,466,986
Interest	2,225,623				2,225,623
Provision for bad debts	12,599,406		751,467		13,350,873
Other	25,678,459	83,816	2,080,798	(129,523)	27,713,550
Total expenses	267,730,412	460,871	19,382,669	(129,523)	287,444,429
Income (loss) from operations	7,656,056	(460,871)	(10,449,545)	-	(3,254,360)
Nonoperating gains (losses)					
Contributions	-	135,133			135,133
Investment income and net realized gains	(311,466)	179,503			(131,963)
Equity (losses) in consolidated affiliates	(10,242,401)			10,242,401	-
Contribution to Foundation	(353,379)	353,379			-
Total nonoperating gains (losses)	(10,907,246)	668,015	-	10,242,401	3,170
Excess (deficiency) of revenues, gains and other support over expenses and losses	(3,251,190)	207,144	(10,449,545)	10,242,401	(3,251,190)

Beebe Medical Center, Inc.
Consolidating Statement of Operations and Changes in Net Assets (continued)
Year Ended June 30, 2012

	Beebe Medical Center, Inc.	Beebe Medical Foundation	Beebe Physician Network	Consolidating Entries	Consolidated Totals
Excess (deficiency) of revenues, gains and other support over expenses and losses (from previous page)	$ (3,251,190)	$ 207,144	$ (10,449,545)	$ 10,242,401	$ (3,251,190)
Other changes in unrestricted net assets					
Net assets released from restrictions used for fixed asset purchases	46,652				46,652
Change in interest in Foundation unrestricted net assets	(136,077)			136,077	-
Net unrealized gains on investments	687,729	56,283			744,012
Change in benefit plans liability	(14,621,208)				(14,621,208)
Transfer (to) temporarily restricted net assets	(137,950)	(54,410)			(192,360)
Other changes	-	(137,950)			(137,950)
Increase (decrease) in unrestricted net assets	(17,412,044)	71,067	(10,449,545)	10,378,478	(17,412,044)
Temporarily restricted net assets					
Contributions	11	1,286,775			1,286,786
Event Expenses	-	(228,820)			(228,820)
Fundraising Expenses	-	(186,743)			(186,743)
Contribution (to) from Foundation	(138,000)	138,000			-
Change in value of remainder trusts	(44,545)				(44,545)
Net investment income and realized gains on investments		475,123			475,123
Net assets released from restrictions used for fixed asset purchases	(46,652)				(46,652)
Net assets released from restrictions used for operations	(37,181)	-			(37,181)
Net assets released from restrictions used for other	(43,837)	(20,960)			(64,797)
Change in interest in Foundation temporarily restricted net assets	1,506,565			(1,506,565)	-
Transfer from Foundation	127,170	(127,170)			-
Transfer from unrestricted net assets	137,950	54,410			192,360
Transfer to permanently restricted net assets	-	(22,000)			(22,000)
Other changes	-	137,950			137,950
Increase (decrease) in temporarily restricted net assets	1,461,481	1,506,565	-	(1,506,565)	1,461,481

Beebe Medical Center, Inc.
Consolidating Statement of Operations and Changes in Net Assets (continued)
Year Ended June 30, 2012

	Beebe Medical Center, Inc.	Beebe Medical Foundation	Beebe Physician Network	Consolidating Entries	Consolidated Totals
Permanently restricted net assets					
Contributions		64,812			64,812
Increase in value of beneficial interest in perpetual trusts	(34,942)				(34,942)
Realized and unrealized gains on investments		2,597			2,597
Transfer to temporarily restricted net assets	-	22,000			22,000
Change in interest in Foundation permanently restricted net assets	89,409	-		(89,409)	-
Increase (decrease) in permanently restricted net assets	54,467	89,409	-	(89,409)	54,467
Increase (decrease) in net assets	(15,896,096)	1,667,041	(10,449,545)	8,782,504	(15,896,096)
Net assets					
Beginning of year	120,405,580	14,641,435	(34,426,861)	19,785,426	120,405,580
End of year	$ 104,509,484	$ 16,308,476	$ (44,876,406)	$ 28,567,930	$ 104,509,484