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Form 990  Department of the Treasury Internal Revenue Service	Return of Organization Exempt From Income Tax Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)	OMB No 1545-0047
	The organization may have to use a copy of this return to satisfy state reporting requirements	<div> <div>2012</div> <div>Open to Public Inspection</div> </div>

A For the 2012 calendar year, or tax year beginning 01-01-2012 , 2012, and ending 12-31-2012										
B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending		C Name of organization THE VALLEY HOSPITAL INC					D Employer identification number 22-1487307			
		Doing Business As								
		Number and street (or P O box if mail is not delivered to street address) 223 NORTH VAN DIEN AVENUE				Room/suite		E Telephone number (201) 447-8000		
		City or town, state or country, and ZIP + 4 RIDGEWOOD, NJ 07450								
							G Gross receipts \$ 764,619,056			
		F Name and address of principal officer RICHARD KEENAN 223 NORTH VAN DIEN AVE RIDGEWOOD, NJ 07450					H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
							H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)			
		I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527					H(c) Group exemption number ▶			
		J Website: ▶ WWW.VALLEYHEALTH.COM								
		K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶					L Year of formation 1925		M State of legal domicile NJ	

Part I	Summary
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Activities & Governance	1 Briefly describe the organization's mission or most significant activities THE VALLEY HOSPITAL SERVES THE COMMUNITY BY HEALING AND CARING FOR PATIENTS, COMFORTING THEIR FAMILIES AND TEACHING GOOD HEALTH		
	2 Check this box <input type="checkbox"/> 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	17
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	16
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	4,373
	6 Total number of volunteers (estimate if necessary)	6	1,458
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	1,932,166
7b Net unrelated business taxable income from Form 990-T, line 34	7b	-222,177	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year 10,345,743	Current Year 8,922,277
	9 Program service revenue (Part VIII, line 2g)	593,897,928	631,677,243
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	8,690,204	7,820,161
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	11,197,153	12,999,020
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	624,131,028	661,418,701
	Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0
14 Benefits paid to or for members (Part IX, column (A), line 4)		0	0
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)		302,130,572	315,812,384
16a Professional fundraising fees (Part IX, column (A), line 11e)		0	0
b Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 0			
17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)		242,483,237	243,678,347
18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)		544,613,809	559,490,731
19 Revenue less expenses Subtract line 18 from line 12		79,517,219	101,927,970
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	746,293,899	847,144,296
	21 Total liabilities (Part X, line 26)	187,990,661	183,984,235
	22 Net assets or fund balances Subtract line 21 from line 20	558,303,238	663,160,061

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

Sign Here	*****				2013-11-14	
	Signature of officer				Date	
	RICHARD KEENAN SENIOR VP & CFO Type or print name and title					
Paid Preparer Use Only	Print/Type preparer's name EDWARD G O'CONNOR		Preparer's signature		Date	Check <input type="checkbox"/> if self-employed PTIN P00434443
	Firm's name ▶ O'CONNOR DAVIES LLP				Firm's EIN ▶ 27-1728945	
	Firm's address ▶ 15 ESSEX RD PARAMUS, NJ 076521412				Phone no (201) 712-9800	

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

THE VALLEY HOSPITAL SERVES THE COMMUNITY BY HEALING AND CARING FOR PATIENTS, COMFORTING THEIR FAMILIES AND TEACHING GOOD HEALTH THE VALLEY HOSPITAL IS DISTINGUISHED BY A COMMITMENT TO EXCELLENCE IN CLINICAL CARE, INNOVATION IN PROGRAMS AND TECHNOLOGY, AND PROVIDING A COMPASSIONATE AND RESPECTFUL ENVIRONMENT

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 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 \$ 369,350,390 including grants of \$) (Revenue \$ 471,335,669)

INPATIENT SERVICES IT IS THE MISSION OF THE VALLEY HOSPITAL TO SERVE THE COMMUNITY BY HEALING AND CARING FOR PATIENTS, COMFORTING THEIR FAMILIES AND TEACHING GOOD HEALTH VALLEY HAS THREE BUILDINGS ON ITS MAIN CAMPUS THE HOSPITAL VALLEY SERVES MORE THAN 440,000 PEOPLE IN 32 TOWNS IN BERGEN COUNTY AND ADJOINING COMMUNITIES IT IS THE SECOND BUSIEST HOSPITAL IN NEW JERSEY BASED ON ADMISSIONS AND A REGIONAL PROVIDER OF COMPLEX MEDICAL AND SURGICAL CARE IN 2012, MORE THAN 50,000 INDIVIDUALS WERE ADMITTED TO VALLEY OUR CORE INPATIENT SERVICES INCLUDE -THE VALLEY HEART AND VASCULAR INSTITUTE, WHICH PROVIDES A CONTINUUM OF PREVENTION AND WELLNESS SERVICES, DIAGNOSTIC AND TREATMENT SERVICES, RESEARCH, AND EDUCATION FOR ALL TYPES OF CARDIAC AND VASCULAR DISEASE -THE VALLEY COLUMBIA HEART CENTER, OUR CARDIAC SURGERY PROGRAM, AND PART OF THE VALLEY HEART AND VASCULAR INSTITUTE -A CARDIAC SURGERY INTENSIVE CARE UNIT -FOUR CRITICAL CARE UNITS -A CARDIAC CATHETERIZATION LABORATORY -AN INPATIENT ONCOLOGY UNIT -THE NEUROSCIENCE CENTER OF EXCELLENCE, WHICH INCLUDES THE STROKE CENTER AS WELL AS PROGRAMS AND SERVICES FOR A WIDE RANGE OF NEUROLOGICAL DISORDERS -MEDICAL AND SURGICAL FLOORS -A GERIATRIC SERVICES UNIT -THE INSTITUTE FOR ROBOTIC AND MINIMALLY INVASIVE SURGERY -THE TOTAL JOINT REPLACEMENT CENTER -THE CENTER FOR METABOLIC AND WEIGHT LOSS SURGERY -THE CENTER FOR CHILDBIRTH, WHICH WELCOMES MORE THAN 3,000 NEWBORNS EACH YEAR, AND INCLUDES A LEVEL III NEONATAL INTENSIVE CARE UNIT NURSERY -A PEDIATRIC INTENSIVE CARE UNIT VALLEY HAS BEEN RECOGNIZED FOR 10 CONSECUTIVE YEARS FOR PROVIDING AN OUTSTANDING INPATIENT EXPERIENCE BY J D POWER AND ASSOCIATES THE HOSPITAL'S PATIENT RELATIONS STAFF AND VOLUNTEERS MADE MORE THAN 13,769 PATIENT-RELATED VISITS AND RESPONDED TO MORE THAN 8,477 CALLS, AND PASTORAL CARE STAFF RESPONDED TO OVER 9,000 INQUIRIES AND MADE 83,905 PATIENT AND FAMILY CONTACTS

4b

(Code) (Expenses \$ 71,868,183 including grants of \$) (Revenue \$ 132,464,967)

OUTPATIENT SERVICES THROUGH SATELLITE FACILITIES LOCATED THROUGHOUT ITS SERVICE AREA, THE VALLEY HOSPITAL PROVIDES THE COMMUNITIES IT SERVES WITH A COMPREHENSIVE ARRAY OF OUTPATIENT SERVICES THOSE SERVICES INCLUDE -THE BLUMENTHAL CANCER CENTER, OFFERING COMPREHENSIVE OUTPATIENT CANCER SERVICES, INCLUDING CHEMOTHERAPY INFUSION SERVICES AND MORE THAN 14,133 RADIATION THERAPY TREATMENTS ANNUALLY -THE GAMMA KNIFE CENTER GAVE 60 TREATMENTS -A FULL-SERVICE LABORATORY -A DIAGNOSTIC IMAGING CENTER -THE FERTILITY CENTER -THE CENTER FOR MATERNAL-FETAL MEDICINE -A PAIN MANAGEMENT CENTER -THE BREAST CENTER -THE UROLOGIC ONCOLOGY CENTER -INTEGRATIVE HEALING SERVICES, WHICH PROVIDES COMPLEMENTARY MEDICINE, EDUCATIONAL PROGRAMS AND SUPPORT GROUPS -THE LUNG CANCER CENTER -REHABILITATION MEDICINE -THE KIREKER CENTER FOR CHILD DEVELOPMENT -THE GEORGE R JAQUA SAME DAY SERVICES CENTER -THE CENTER FOR SLEEP MEDICINE -THE PEDIATRIC SLEEP DISORDERS AND APNEA CENTER -THE SPINE CENTER -THE CENTER FOR WOMEN'S HEART HEALTH -THE MEN'S HEART CENTER IN ADDITION, IN 2012, THE HOSPITAL PROVIDED MORE THAN \$69 MILLION IN UNCOMPENSATED CARE, ATTRIBUTABLE TO CHARITY CARE, BAD DEBT AND MEDICAID AND MEDICAID SHORTFALLS PATIENTS RECEIVING UNCOMPENSATED CARE IN 2012 INCLUDE PATIENTS WHO WERE TREATED AT VALLEY'S COMMUNITY CARE CLINIC IN 2012, THE CLINIC RECORDED ALMOST 9,050 VISITS VALLEY'S COMMUNITY CARE CLINIC OFFERS SERVICES IN MANY SPECIALTIES INCLUDING ALLERGY, CARDIOLOGY, COUMADIN, DERMATOLOGY, OTOLARYNGOLOGY, GASTROENTEROLOGY, GYNECOLOGY, NEUROLOGY, OBSTETRICS, OPHTHALMOLOGY, ORTHOPEDICS, PEDIATRICS, PODIATRY, PULMONARY, RHEUMATOLOGY, SURGICAL AND UROLOGY ALSO IN 2012, HOMEBOUND COMMUNITY MEMBERS RECEIVED ALMOST \$91,000 IN "AT COST" MEALS VALLEY'S DEPARTMENT OF COMMUNITY HEALTH OFFERS FREE HEART HEALTH EDUCATION PROGRAMS PROGRAMS INCLUDED UNDERSTANDING CARDIAC MEDICATIONS, CHOLESTEROL A HEALTHY HEART, A LOOK AT CARDIAC SURGERY, A WOMAN'S HEART, AORTIC VALVE UPDATES, CHOLESTEROL - THE GOOD, BAD AND UGLY, HEART HEALTH-BENEFITS OF EXERCISE, HEART HEALTHY JEOPARDY, HYPERTENSION, JUST A LITTLE DASH - A RECIPE FOR A HEARTH HEALTHY, METABOLIC SYNDROME, NEW ADVANCES IN THORACIC ANEURYSMS, THE BEAT OF THE HEART, THIS REALLY THINS MY BLOOD, UNDERSTANDING ANEURYSMS, UNDERSTANDING YOUR CARDIAC MEDICATIONS, AND MANY HEALTH FAIRS HEALTH SCREENINGS FOR BLOOD PRESSURE, BODY FAT, STROKE, DIABETES, CHOLESTEROL AND COLON, AND PROSTATE AND SKIN CANCER SCREENINGS WERE ALSO OFFERED THE COMMUNITY TRAINING CENTER OFFERS BASIC LIFE SUPPORT, ADVANCED CARDIAC LIFE SUPPORT AND PEDIATRIC ADVANCED LIFE SUPPORT PROGRAMS COMPREHENSIVE PARENT EDUCATION PROGRAMS ARE OFFERED TO EXPECTANT FAMILIES THROUGH THE FAMILY EDUCATION CENTER CLASSES, ATTENDED BY ALMOST 5,278 PEOPLE, INCLUDE CHILDBIRTH PREPARATION, MARVELOUS MULTIPLES, NEWBORN CARE, GRANDPARENTS' SIBLING, INFANT AND CHILD SAFETY, INFANT MASSAGE, BREASTFEEDING, BABY SITTERS, PRE/POSTNATAL YOGA AND HEALTHY EATING FOR BABY AND ME CLINIC PATIENTS ATTEND FREE OF CHARGE NEW PARENT SUPPORT SERVICES INCLUDE BREASTFEEDING SUPPORT GROUPS, POSTPARTUM SUPPORT GROUP, A HELPLINE AND LACTATION CONSULTATIONS WEEKLY TOURS OF MATERNITY SERVICES AND A SELF-HELP SUPPORT GROUP FOR BEREAVED PARENTS ARE OFFERED AT NO CHARGE THE KIREKER CENTER FOR CHILD DEVELOPMENT PROVIDES FREE IN-SERVICES AND INFORMATION ABOUT LICENSED CHILD CARE FACILITIES AND COMMUNITY GROUPS TOPICS INCLUDE INFANT/CHILD GROWTH AND DEVELOPMENT, ATYPICAL DEVELOPMENT, ENHANCING LANGUAGE SKILLS IN THE 0-5 POPULATION, DETERMINING IF A CHILD SHOULD BE ASSESSED FOR A SUSPECTED DEVELOPMENTAL DELAY, AND GENERAL PEDIATRIC HEALTH ISSUES A PARENT SUPPORT GROUP AND FREE INFORMATION IS PROVIDED ON A RANGE OF CHILD CARE TOPICS, INCLUDING DEVELOPMENTALLY APPROPRIATE TOYS, TRANSITIONS INTO PRE-SCHOOL AND CHOICES IN CHILD CARE A SCHOOL PSYCHOLOGIST, DEVELOPMENTAL PEDIATRICIAN, AND APNEA SPECIALIST SPEAK WITH SCHOOLS AND PHYSICIAN GROUPS ABOUT LEARNING ISSUES AND BEHAVIORAL CONCERNS VALLEY'S COMMUNITY EDUCATION PROGRAMS MADE MORE THAN 14,801 CONTACTS WITH PEOPLE WHO ATTENDED SCREENINGS, HEALTH FAIRS, COMMUNITY EDUCATION AND VALLEY HEALTH PRIMETIME (SENIOR MEMBERSHIP) PROGRAMS VALLEY ALSO MADE CONTACT WITH 2,000 PEOPLE WHO ATTENDED SUPPORT GROUPS STROKE, PROSTATE HEALTH, BREAST CANCER, PANCREATIC CANCER, IMPLANTABLE DEFIBRILLATORS, HEART HEALTH, DOWN SYNDROME, STRESS, PARKINSON'S DISEASE, ALZHEIMER'S DISEASE AND WOMEN'S HEALTH VALLEY SERVES AS AN INFORMATION RESOURCE FOR THE COMMUNITY IN 2012, THE PHYSICIAN AND REFERRAL SERVICE HANDLED 10,162 TOLL-FREE INQUIRIES FOR PROGRAM/SERVICE AND PHYSICIAN INFORMATION THE MEDICAL LIBRARY RESPONDED TO 500 INQUIRIES FROM COMMUNITY MEMBERS IN 2012 THE VALLEY WEBSITE PROVIDED FREE HEALTH INFORMATION TO ALMOST 1 3 MILLION VISITORS PRESS RELEASES ON DISEASE INFORMATION AND INFORMATIVE NEWSLETTERS ABOUT HEALTH ARE DISTRIBUTED REGULARLY TO MEMBERS OF THE COMMUNITY THROUGH DIRECT MAIL PIECES AND NEWSPAPER PLACEMENT ADDITIONALLY, VALLEY STAFF REGULARLY CONTRIBUTE TO WCBS 880 AM'S HEALTH & WELLBEING REPORT VALLEY SUPPORTS COMMUNITY GROUPS IN 2012 VALLEY STAFF MEMBERS SERVED AS MEMBERS OF THE ROTARY, THE CHAMBER OF COMMERCE, THE RIDGEWOOD MUNICIPAL ALLIANCE, BERGEN COUNTY COLLABORATIVE, AND THE VILLAGE'S HUMAN RESOURCES COORDINATING COUNCIL VALLEY PROVIDES FINANCIAL CONTRIBUTIONS TO LOCAL ORGANIZATIONS FOR DIABETES, CANCER, MENTAL HEALTH, DOMESTIC VIOLENCE AND MINORITY NEEDS VALLEY HOSPITAL SUPPORTS THE COMMUNITY THROUGH EMERGENCY MANAGEMENT AND DISASTER PREPARATION HOSPITAL REPRESENTATIVES SERVE ON TOWN, COUNTY, AND STATE-WIDE EMERGENCY MANAGEMENT COMMITTEES AND EXECUTIVE LEVEL COMMITTEES FOR COUNTER-TERRORISM EFFORTS AND DISASTER PREPAREDNESS THE VALLEY HOSPITAL OPERATES AND MAINTAINS BERGEN COUNTY'S MOBILE AMBULANCE BUS FOR EMERGENCY EVACUATIONS AND MEDICAL ATTENTION VALLEY HAS ESTABLISHED AFFILIATIONS WITH A NUMBER OF EDUCATIONAL INSTITUTIONS TO HELP EDUCATE AND TRAIN THE NEXT GENERATION OF NURSES AND OTHER HEALTHCARE PROVIDERS IN 2012 VALLEY WAS AFFILIATED WITH BERGEN COMMUNITY COLLEGE, BLOOMFIELD COLLEGE, COLLEGE OF ST ELIZABETH, COLUMBIA SCHOOL OF NURSING, COLUMBIA UNIVERSITY COLLEGE OF PHYSICIAN, EASTWICK COLLEGE, KEAN UNIVERSITY, DOMINICAN COLLEGE, FAIRLEIGH DICKINSON UNIVERSITY, FELICIAN COLLEGE, LIBERTY UNIVERSITY, MONTCLAIR STATE UNIVERSITY, MOUNT SAINT MARY COLLEGE, NYU COLLEGE OF NURSING, PASSAIC COMMUNITY COLLEGE, QUINNIPAC UNIVERSITY, RAMAPO COLLEGE, RUTGERS COLLEGE OF NURSING, SETON HALL UNIVERSITY, ST PETER'S COLLEGE, ST JOHN'S UNIVERSITY, UMDNJ, WALDEN UNIVERSITY, AND WILLIAM PATERSON UNIVERSITY THE PHYSICIAN SHADOWING AND PA SHADOWING PROGRAMS ARE VOLUNTEER ROLES DESIGNED TO PROVIDE COLLEGE STUDENTS WITH A MEDICAL OR HEALTHCARE CAREER FOCUS AN OPPORTUNITY FOR ADVANCED EXPOSURE TO A VAST ARRAY OF CAREER OPPORTUNITIES WITHIN VALLEY HEALTH SYSTEM IN 2012, 81 STUDENTS PARTICIPATED ADDITIONALLY, 193 COLLEGE STUDENTS PARTICIPATED IN CAREER DEVELOPMENT PROGRAMS THESE ASSIGNMENTS PERMIT STUDENTS TO EXPLORE THEIR AREA OF INTEREST BY SHADOWING HEALTHCARE PROFESSIONALS, LEARNING ABOUT THE OPERATION OF A HEALTHCARE ENVIRONMENT, GAINING AN UNDERSTANDING OF THE NEEDS OF PATIENTS AND FAMILIES, ASSISTING STAFF AND WORKING ON ASSIGNED PROJECTS IN 2012 VALLEY ALSO PROVIDED AREA YOUTH IN THE COMMUNITIES SERVED WITH EDUCATIONAL OPPORTUNITIES THROUGH THE AWARD-WINNING RIDGEWOOD ACADEMY FOR HEALTH PROFESSIONS, THE BERGEN ACADEMIES AND CAREER FRONTIERS, STUDENTS ARE INTRODUCED AND LEARN ABOUT THE DIVERSE OPPORTUNITIES IN HEALTH CARE ADDITIONALLY, VALLEY STAFF MEMBERS SPEAK AT AREA SCHOOLS ABOUT THEIR PROFESSIONS AND PROVIDE TOURS TO STUDENTS THROUGHOUT THE YEAR VALLEY IS CURRENTLY CONDUCTING ONCOLOGY CLINICAL TRIALS TO EVALUATE THE SAFETY AND EFFECTIVENESS OF NEW TREATMENTS, MEDICATIONS, DEVICES, AND PROTOCOLS IN MANY TYPES OF CANCER, INCLUDING LUNG, PROSTATE, BREAST, GYNECOLOGIC, ESOPHAGEAL, PANCREATIC, LIVER, NEUROLOGIC AND COLON VALLEY WORKS TO REDUCE ENVIRONMENTAL HAZARDS THE VALLEY HOSPITAL HAS SIGNED ON TO SUPPORT THE HEALTHIER HOSPITALS INITIATIVE AN ALL-VOLUNTEER TASK FORCE OF 25 VALLEY EMPLOYEES OVERSEES ENVIRONMENTAL EFFORTS AT ALL VALLEY FACILITIES VALLEY PURCHASES PRODUCE FROM LOCAL FARMERS VALLEY HAS AN INNOVATIVE ORGANIC FOOD WASTE SYSTEM THAT CONVERTS FOOD WASTE INTO WATER THIS POSITIVE ENVIRONMENTAL IMPACT HAS NO HARMFUL METHANE EMISSIONS AND THE FOOD WASTE IS DIVERTED FROM LANDFILLS IN 2012, WE PULLED 48 TONS OF FOOD WASTE OUT OF THE MUNICIPAL WASTE SYSTEM ADDITIONALLY, WE RECYCLED 300 TONS OF MATERIALS

4c

(Code) (Expenses \$ 21,469,070 including grants of \$) (Revenue \$ 41,512,475)

EMERGENCY SERVICES THE VALLEY HOSPITAL OFFERS THE COMMUNITIES IT SERVES A FULL-SERVICE EMERGENCY DEPARTMENT PROVIDING EMERGENCY SERVICES AND MINOR TREATMENT SERVICES ALL PHYSICIANS ON THE ACTIVE STAFF ARE BOARD CERTIFIED IN EMERGENCY MEDICINE, AND MANY NURSES ARE CERTIFIED IN EMERGENCY NURSING SERVICES INCLUDE A MINOR TREATMENT AREA AND A PEDIATRIC EMERGENCY ROOM THAT FEATURES A CHILD-FRIENDLY LAYOUT AND DESIGN THE DEPARTMENT ALSO HAS A DEDICATED COMPUTED TOMOGRAPHY SCANNER VALLEY'S EMERGENCY DEPARTMENT ALSO FEATURES THE SERVICES OF SEVERAL MOBILE INTENSIVE CARE UNITS, WHICH ANSWER THOUSANDS OF CALLS EACH YEAR MOBILE INTENSIVE CARE UNITS, STAFFED BY QUALIFIED VALLEY PARAMEDICS, ARE SPECIALLY EQUIPPED VEHICLES THAT BRING THE HIGHLY SOPHISTICATED TECHNIQUES OF INTRAVENOUS THERAPY, AIRWAY MANAGEMENT, CARDIAC MONITORING AND DEFIBRILLATION DIRECTLY TO PEOPLE IN NEED OF EMERGENCY CARE VALLEY ALSO OFFERS LIFELINE, A COMMUNICATION DEVICE THAT LINKS A HOMEBOUND INDIVIDUAL WITH EMERGENCY CARE OR PERSONAL SUPPORT WITH THE PUSH OF A BUTTON, 24 HOURS A DAY, 365 DAYS A YEAR IN 2012, THE VALLEY HOSPITAL RECORDED ALMOST 76,812 EMERGENCY DEPARTMENT VISITS AND 8,975 MOBILE INTENSIVE CARE UNIT AND 6,884 SPECIALTY CARE TRANSPORT UNIT DISPATCHES

4d

Other program services (Describe in Schedule O)

(Expenses \$ including grants of \$) (Revenue \$)


















4e

Total program service expenses ▶

462,687,643

Form 990 (2012)

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	4	No
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, 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, line 10? 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 and XII 	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 and XII 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, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	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? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
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		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	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? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	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 direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	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? <i>If "Yes," complete Schedule R, Part I</i>	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	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? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b 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	442
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	4,373
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	Yes
b	If "Yes," enter the name of the foreign country: CJ 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 as charitable contributions?	6a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?	9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
10	Section 501(c)(7) organizations. Enter		
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b	
11	Section 501(c)(12) organizations. Enter		
a	Gross income from members or shareholders.	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b	
c	Enter the amount of reserves on hand.	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b	

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	17	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	16	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	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
7b	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		
8a	The governing body?	8a	Yes
8b	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
10b	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	No
11b	Describe in Schedule O the process, if any, used by the organization to review this Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
12c	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?		
15a	The organization's CEO, Executive Director, or top management official	15a	Yes
15b	Other officers or key employees of the organization	15b	Yes
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	No
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	NJ
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. <input type="checkbox"/> Own website <input checked="" type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)	
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 during the tax year	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization	RICHARD D KEENAN 223 NORTH VAN DIEN AVENUE RIDGEWOOD, NJ (201) 447-8000

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

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. 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 organization compensated any current officer, director, or trustee

[illegible]

Part VII

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								7,393,074	0	2,201,328

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 ▶ 625

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	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? <i>If "Yes," complete Schedule J for such individual</i>	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? <i>If "Yes," complete Schedule J for such person</i>	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
BERGEN ANESTHESIA GROUP PC 500 WEST MAIN STREET SUITE 16 WYCKOFF NJ 07481	ANESTHESIA	6,339,940
TORCON INC 8 NEWMAN SPRINGS ROAD RED BANK NJ 07701	GENERAL CONTRACTOR	5,214,535
COLUMBIA UNIVERSITY DEPT OF SURGERY 21 AUDUBON AVENUE NEW YORK NY 10032	MEDICAL/SURGICAL	2,938,647
EXECUTIVE HEALTH RESOURCES PO BOX 822688 PHILADELPHIA PA 19182	EHR COMPLIANCE	1,763,604
NYU FERTILITY CENTER 660 FIRST AVENUE 5TH FLOOR NEW YORK NY 10016	FERTILITY CENTER	1,604,695

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 ►106

Part VIII

Statement of Revenue

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

			(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	7,119,660			
	e	Government grants (contributions)	1e	1,802,617			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f		8,922,277			
Program Service Revenue			Business Code				
	2a	INSURERS AND PATIENTS	621990	416,906,980	416,906,980		
	b	MEDICARE/MEDICAID PAYMENTS	621990	214,770,263	214,770,263		
	c						
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f		631,677,243			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		9,148,691		9,148,691	
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
	6a	(i) Real		(ii) Personal			
		Gross rents	1,029,872				
		b Less rental expenses	3,598,886				
		c Rental income or (loss)	-2,569,014				
	d	Net rental income or (loss)		-2,569,014		-2,569,014	
	7a	(i) Securities		(ii) Other			
		Gross amount from sales of assets other than inventory	98,191,939	81,000			
		b Less cost or other basis and sales expenses	99,589,162	12,307			
		c Gain or (loss)	-1,397,223	68,693			
	d	Net gain or (loss)		-1,328,530		-1,328,530	
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory					
	Miscellaneous Revenue		Business Code				
	11a	OTHER	621990	5,776,712	5,776,712		
	b	VALLEY HEALTH PHARMACY	621990	2,532,829	600,663	1,932,166	
	c	FOOD SERVICES	621990	1,990,438	1,990,438		
d	All other revenue		5,268,055	5,268,055			
e	Total. Add lines 11a-11d		15,568,034				
12	Total revenue. See Instructions		661,418,701	645,313,111	1,932,166	5,251,147	

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).

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.				
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	5,203,439	1,426,954	3,776,485	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	243,347,657	209,657,484	33,690,173	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	23,075,105	19,597,687	3,477,418	
9	Other employee benefits.	26,336,772	22,367,820	3,968,952	
10	Payroll taxes.	17,849,411	15,159,505	2,689,906	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	865,519		865,519	
c	Accounting.	219,708		219,708	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	22,156,831	13,356,086	8,800,745	
12	Advertising and promotion.	3,268,598	29,487	3,239,111	
13	Office expenses.	25,919,861	14,559,575	11,360,286	
14	Information technology.				
15	Royalties.				
16	Occupancy.	12,378,916	2,910,310	9,468,606	
17	Travel.	659,234	530,723	128,511	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	12,099,453	11,249,190	850,263	
20	Interest.				
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	31,670,288	31,670,288		
23	Insurance.				
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	SUPPLIES	78,771,094	64,503,689	14,267,405	
b	PROVISION FOR BAD DEBT	25,035,790	25,035,790		
c	DRUGS	24,301,815	24,301,815		
d	BLOOD	3,902,784	3,902,784		
e	All other expenses	2,428,456	2,428,456		
25	Total functional expenses. Add lines 1 through 24e.	559,490,731	462,687,643	96,803,088	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		4,746,546	2	6,099,799
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		54,698,892	4	58,686,251
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use			8	
	9	Prepaid expenses and deferred charges		23,391,492	9	25,155,105
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	667,947,453		
	b	Less accumulated depreciation	10b	448,811,149	206,034,233	10c 219,136,304
	11	Investments—publicly traded securities		368,779,737	11	440,524,065
	12	Investments—other securities See Part IV, line 11		5,707,681	12	6,231,817
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		82,935,318	15	91,310,955
	16	Total assets. Add lines 1 through 15 (must equal line 34)		746,293,899	16	847,144,296
Liabilities	17	Accounts payable and accrued expenses		68,995,682	17	67,262,110
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		118,994,979	25	116,722,125
	26	Total liabilities. Add lines 17 through 25		187,990,661	26	183,984,235
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		551,870,971	27	656,702,609
	28	Temporarily restricted net assets		2,002,940	28	2,028,125
	29	Permanently restricted net assets		4,429,327	29	4,429,327
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> 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		558,303,238	33	663,160,061
	34	Total liabilities and net assets/fund balances		746,293,899	34	847,144,296

Part XI Reconciliation 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	661,418,701
2	Total expenses (must equal Part IX, column (A), line 25)	2	559,490,731
3	Revenue less expenses Subtract line 2 from line 1	3	101,927,970
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	558,303,238
5	Net unrealized gains (losses) on investments	5	10,341,285
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-7,412,432
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	663,160,061

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 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> 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? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		No
2b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	Yes	
2c	If "Yes," to line 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	Yes	
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?	Yes	
3b	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	Yes	

Additional Data

Software ID:

Software Version:

EIN: 22-1487307

Name: THE VALLEY HOSPITAL INC

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(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			
ANNE GOHEEN CRANE TRUSTEE	3 00	X						0	0	0
AUDREY MEYERS PRESIDENT/CEO	39 50 50	X		X				1,739,839	0	445,273
BRUCE J MACTAS TRUSTEE	3 00	X						0	0	0
CYNTHIA J HALABY TRUSTEE (LEFT 5/12)	3 00	X						0	0	0
JOHN W ALBOHM ESQ TRUSTEE	3 00	X						0	0	0
JOSEPH MARION TREASURER	3 00	X						0	0	0
JUSTICE GARY STEIN TRUSTEE	3 00	X						0	0	0
KAY YEOMANS SECRETARY	3 00	X						0	0	0
EDWARD B SELF MD TRUSTEE	3 00	X						0	0	0
ROBERT E FINK VICE CHAIRMAN	3 00	X						0	0	0
RUTH SCHULZE MD TRUSTEE (LEFT 6/12)	3 00	X						0	0	0
NANCY DAVIDSON TRUSTEE (LEFT 6/12)	3 00	X						0	0	0
MICHAEL RAHMIN MD TRUSTEE	3 00	X						0	0	0
VICTORIA H BRUNI ESQ TRUSTEE	3 00	X						0	0	0
VINCENT FORLENZA CHAIRMAN	3 00	X						0	0	0
WARREN F COOKE ESQ VICE CHAIRMAN	3 00	X						0	0	0
JAMES CORNELLPHDMD TRUSTEE	3 00	X						0	0	0
LESLIE KANE TRUSTEE (LEFT 1/12)	3 00	X						0	0	0
STEVEN SILVERSTEIN TRUSTEE	3 00	X						0	0	0
GEORGE BECKER TRUSTEE	3 00	X						0	0	0
FRANK SHEEHY TRUSTEE	3 00	X						0	0	0
RICHARD D KEENAN VP FINANCE, SR CFO	39 50 50			X				334,601	0	1,043,054
ERIC CAREY CP/CIO INFORMATION SYSTEM	40 00				X			345,365	0	42,738
MEGAN FRASER CP COMMUNICATIONS/MARKETIN	40 00				X			304,302	0	48,200
RUSSELL SHOWERS VP, HUMAN RESOURCES	40 00				X			337,852	0	31,899

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 (list any hours for related organizations below dotted line)	(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			
ANN MARIE LEICHMAN CP/CNO PATIENT CARE SERVIC	40 00				X			393,224	0	44,481
ANASTASIOS KOZAITIS PRESIDENT, FOUNDATION	40 00				X			328,220	0	39,429
ROBIN G HOLLANDER VP LEGAL AFFAIRS	40 00					X		568,706	0	150,302
PETER W DIESTEL VP ADMINISTRATION	40 00					X		896,641	0	58,269
MITCHELL RUBINSTEIN VP MEDICAL AFFAIRS	40 00					X		488,297	0	112,262
MARIA MEDIAGO VICE PRESIDENT	40 00					X		419,106	0	44,720
GAIL CALLANDRILLO VICE PRESIDENT	40 00					X		319,082	0	140,701
LINDA LEWIS FORMER KEY EMPLOYEE	0 00						X	141,005	0	0
PETER SCHWARTZ FORMER KEY EMPLOYEE	0 00						X	455,664	0	0
JEFFREY LIETO FORMER HIGHEST COMPENSATED EMPLOYEE	0 00						X	321,170	0	0

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

2012

Open to Public
Inspection

Name of the organization THE VALLEY HOSPITAL INC	Employer identification number 22-1487307
---	--

Part I

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

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

- 1

☐

A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9

☐

An organization that normally receives (1) more than 33¹/₃% 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 33¹/₃% 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 - Non-functionally integrated
- 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?

(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 supported organization?

(ii)

A family member of a person described in (i) above?

(iii)

A 35% controlled entity of a person described in (i) or (ii) above?
- h

☐

Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(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?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
Total									

Part II

Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage						
14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2011 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2012. 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—2011. If the organization did not check a 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—2012. 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—2011. 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 IIISupport Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 2012 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2011 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2012. 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—2011. 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.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
THE VALLEY HOSPITAL INC

Employer identification number
22-1487307

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? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can 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? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	

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 education)☐ Preservation of an historically important land area☐ Protection of natural habitat☐ Preservation of a certified historic structure☐ Preservation of open space

2

Complete lines 2a through 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
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register

3

Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax 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 section 170(h)(4)(B)(ii)?

☐ Yes☐ No

9

In Part XIII, 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 (ASC 958), 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 XIII, the text of the footnote to its financial statements that describes these items

b

If the organization elected, as permitted under SFAS 116 (ASC 958), 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 (ASC 958) relating to these items

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Cat No 52283D

Schedule D (Form 990) 2012

Part III

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

3

Using the organization's acquisition, 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 XIII

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 XIII and complete the following table

	Amount
1c	
1d	
1e	
1f	

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII

☐

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	4,429,327	4,429,327	4,429,327	4,429,327	4,429,327
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	4,429,327	4,429,327	4,429,327	4,429,327	4,429,327

2

Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

a

Board designated or quasi-endowment

b

Permanent endowment 100 000 %

c

Temporarily restricted endowment

The percentages in lines 2a, 2b, and 2c should equal 100%

3a

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

(i) unrelated organizations

(ii) related organizations

3a(i)

3a(ii)

3b

Yes

No

Yes

b

If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

4

Describe in Part XIII 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		17,050,368		17,050,368
b Buildings		358,979,291	217,905,953	141,073,338
c Leasehold improvements				
d Equipment		272,360,934	219,655,005	52,705,929
e Other		19,556,860	11,250,191	8,306,669
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				219,136,304

Schedule D (Form 990) 2012

Part XI 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 XIII)	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 XIII)	4b		
c	Add lines 4a and 4b		4c	
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)		5	

Part XII 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 XIII)	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 XIII)	4b		
c	Add lines 4a and 4b		4c	
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)		5	

Part XIII 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, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

Identifier	Return Reference	Explanation
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SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

OMB No 1545-0047

2012

Open to Public Inspection

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
THE VALLEY HOSPITAL INC

Employer identification number
22-1487307

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year <input type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ % b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other _____ 50000 0000000000 % c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	3a	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	3b	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	4	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 eligible for free or discounted care?	5a	Yes	
6a	Did the organization prepare a community benefit report during the tax year?	5b		No
b	If "Yes," did the organization make it available to the public?	5c		
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H	6a	Yes	
		6b	Yes	

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			11,300,000	637,000	10,663,000	1 910 %
b Medicaid (from Worksheet 3, column a)			2,207,789	1,106,700	1,101,089	0 200 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			13,507,789	1,743,700	11,764,089	2 110 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,749,030	397,778	1,351,252	0 240 %
f Health professions education (from Worksheet 5)			1,889,379	506,481	1,382,898	0 250 %
g Subsidized health services (from Worksheet 6)			1,397,949		1,397,949	0 250 %
h Research (from Worksheet 7)			3,550,917	615,000	2,935,917	0 520 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			359,773		359,773	0 060 %
j Total Other Benefits			8,947,048	1,519,259	7,427,789	1 320 %
k Total . Add lines 7d and 7j			22,454,837	3,262,959	19,191,878	3 430 %

Part IICommunity Building Activities

Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing						
2Economic development			5,000		5,000	0 %
3Community support			231,475	126,994	104,481	0 020 %
4Environmental improvements			16,000		16,000	0 %
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development			474,894		474,894	0 080 %
9Other						
10Total			727,369	126,994	600,375	0 100 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?

1

No

2Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

2

6,566,943

3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

3

3,874,496

4Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements

Section B. Medicare

5Enter total revenue received from Medicare (including DSH and IME).

5

194,437,002

6Enter Medicare allowable costs of care relating to payments on line 5.

6

243,626,251

7Subtract line 6 from line 5. This is the surplus (or shortfall).

7

-49,189,249

8Describe 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

9aDid the organization have a written debt collection policy during the tax year?

9a

Yes

bIf "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 IVManagement Companies and Joint Ventures

(owned 10% or more by officers, directors, trustees, key employees, and physicians—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—see instructions)
How many hospital facilities did the organization operate during the tax year?
1

Name, address, and primary website address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	THE VALLEY HOSPITAL 223 NORTH VAN DIEN AVENUE RIDGEWOOD, NJ 07450	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 or facility reporting groups listed in Part V, Section A)

THE VALLEY HOSPITAL

Name of hospital facility or facility reporting group

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A)

1

	Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1	
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a CHNA 20 ____		
3 In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? 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 CHNA 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 CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
a <input type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide plan		
d <input type="checkbox"/> Participation in the execution of a community-wide plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input type="checkbox"/> Prioritization of health needs in its community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>500 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
a <input checked="" type="checkbox"/> Income level			
b <input type="checkbox"/> Asset level			
c <input type="checkbox"/> Medical indigency			
d <input type="checkbox"/> Insurance status			
e <input checked="" type="checkbox"/> Uninsured discount			
f <input checked="" type="checkbox"/> Medicaid/Medicare			
g <input checked="" type="checkbox"/> State regulation			
h <input type="checkbox"/> Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?		13	Yes
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website			
b <input type="checkbox"/> The policy was attached to billing invoices			
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f <input checked="" type="checkbox"/> The policy was available upon request			
g <input type="checkbox"/> Other (describe in Part VI)			
Billing and Collections			
15 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?		15	Yes
16 Check all of the following 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 <input type="checkbox"/> Reporting to credit agency			
b <input checked="" type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			
17 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? If "Yes," check all actions in which the hospital facility or a third party engaged		17	Yes
a <input type="checkbox"/> Reporting to credit agency			
b <input checked="" type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

- 18
- Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)
- a

☐

Notified individuals of the financial assistance policy on admission
- b

☐

Notified individuals of the financial assistance policy prior to discharge
- c

☒

Notified individuals 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)

Policy Relating to Emergency Medical Care

		Yes	No
19	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? If "No," indicate why	Yes	
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

20	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	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input checked="" type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> Other (describe in Part VI)		
21	During the tax year, did the hospital facility charge any FAP-eligible individuals 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? If "Yes," explain in Part VI		No
22	During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Part VI		No

Part V

Facility Information (continued)

Section C. Other Health Care 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 health care facilities did the organization operate during the tax year?

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

Part VI

Supplemental Information

Complete this part to provide the following information

- 1

Required descriptions. Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2

Needs assessment. Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3

Patient education of eligibility for assistance. Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4

Community information. Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5

Promotion of community health. Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6

Affiliated health care system. If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7

State filing of community benefit report. If applicable, identify all states with which the organization, or a related organization, files a community benefit report
- 8

Facility reporting group(s). If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
		PART I, LINE 6A THE HOSPITAL PREPARES AN ANNUAL COMMUNITY BENEFIT REPORT WHICH IS MAILED TO OUR SERVICE AREA COMMUNITY BENEFIT STATISTICS ARE ALSO REPORTED AT OUR ANNUAL MEETING, WHICH IS OPEN TO THE PUBLIC
		PART I, LINE 7 THE COST TO CHARGE RATIO USED TO CALCULATE THE AMOUNTS IN THE TABLE WAS DERIVED FROM WORKSHEET 2, RATIO OF PATIENT CARE COST-TO-CHARGES
		PART I, LINE 7G THERE ARE NO SUBSIDIZED HEALTH SERVICES WHICH ARE ATTRIBUTABLE TO A PHYSICIAN CLINIC COSTS INCLUDED REPRESENT MEDICATION AND TRANSPORTATION FOR INDIGENT PATIENTS
		PART II SEE STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS
		PART III, LINE 4 THE AMOUNT OF THE PROVISION FOR BAD DEBT IS BASED UPON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS, BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN HEALTH CARE COVERAGE AND OTHER COLLECTION INDICATORS THE METHODOLOGY USED IS THE COST TO CHARGE RATIO, APPLIED ON A BASIS CONSISTENT WITH MEDICARE COST REPORTING PRINCIPLES
		PART III, LINE 8 IN ADDITION TO CHARITY CARE, BAD DEBT, AND THE TREATMENT OF FINANCIALLY NEEDY PATIENTS UNDER THE MEDICAID PROGRAM, THE HOSPITAL PROVIDES SERVICES TO ELDERLY AND DISABLED PATIENTS COVERED UNDER THE MEDICARE PROGRAM REGARDLESS OF INCOME THE UNPAID COSTS ATTRIBUTED TO PROVIDING CARE UNDER THIS PROGRAM, AND THUS CONSIDERED A COMMUNITY BENEFIT, WERE ESTIMATED AT \$49.2 MILLION
		PART III, LINE 9B WHEN A PATIENT MAY QUALIFY FOR CHARITY CARE OR FINANCIAL ASSISTANCE, OUR SYSTEM IS SET UP TO STOP SENDING STATEMENTS TO PREVENT THEM FROM GOING TO A COLLECTION AGENCY WE ALSO HAVE THE ABILITY TO MANUALLY PUT AN ACCOUNT ON HOLD TO AVOID COLLECTION ACTIVITY AS WELL
		PART VI, LINE 2 HOSPITAL STAFF REVIEWS ALL THE DISCHARGE DATA FROM THE STATE DOHSS TO DETERMINE WHAT THE MAJOR HEALTH ISSUES ARE IN THE COMMUNITY WE LOOK AT DISEASE SPECIFIC INCIDENCE RATES IN OUR COMMUNITY AND DEVELOP FORECASTS FOR WHAT HEALTH ISSUES ARE PROJECTED TO PLAGUE THE POPULATION IN THE FUTURE WE REVIEW CENSUS DATA TO MONITOR DEMOGRAPHIC SHIFTS AND WE CONDUCT QUALITATIVE RESEARCH (FOCUS GROUPS) TO ASSESS COMMUNITY FEEDBACK TO NEW PROGRAMS AND SERVICES WE DEVELOP OUR CORE SERVICES AROUND THE MAJOR HEALTH ISSUES IN THE COMMUNITY - THUS, THEY ARE MOSTLY IN THE AREA OF HEART AND VASCULAR DISEASE, ONCOLOGY (MEDICAL AND SURGICAL), NEUROLOGY (STROKE) AND WOMEN'S AND CHILDREN'S SERVICES (OB, NICU, PICU, MFM AND IVF)
		PART VI, LINE 3 SIGNS ARE POSTED AT EVERY REGISTRATION AREA INFORMATION REGARDING FINANCIAL SCREENING IS POSTED ON THE HOSPITAL'S WEBSITE FOR CHARITY CARE AS WELL AS THE UNINSURED DISCOUNT POLICY PATIENTS CAN PRINT APPLICATIONS AND REQUIREMENTS FROM THE WEBSITE THE HOSPITAL'S STATEMENTS CONTAIN INFORMATION ALERTING PATIENTS OF FINANCIAL ASSISTANCE THE HOSPITAL'S HANDBOOKS EXPLAIN FINANCIAL OPTIONS WHICH INCLUDE INFORMATION OF STATE ASSISTANCE, DISCOUNT POLICY AND ANY OTHER TYPE OF FINANCIAL ARRANGEMENT
		PART VI, LINE 4 THE PRIMARY AND SECONDARY SERVICE AREA OF THE VALLEY HOSPITAL IS COMPOSED OF 32 TOWNS IN NORTHWEST BERGEN AND PASSAIC COUNTIES THESE COMMUNITIES ACCOUNT FOR 70% OF ALL OUR DISCHARGES THE POPULATION IS 440,000 PEOPLE
		PART VI, LINE 5 RENEWAL, WHICH IS BEING EVALUATED, IS ALL ABOUT MEETING THE HEALTH CARE NEEDS OF OUR COMMUNITY THE OLDEST BUILDING ON THE CAMPUS, PHILLIPS, WAS CONSTRUCTED IN 1960 IT HOUSES OVER 250 BEDS, MOST OF WHICH ARE IN SMALL, OUTDATED, SEMI-PRIVATE ROOMS THE PHYSICAL STRUCTURE CAN NO LONGER ACCOMMODATE THE EQUIPMENT AND TECHNOLOGY NEEDED TO DELIVER CARE, THUS OUR PLANS TO RENEW OUR CAMPUS ARE BASED IN OUR MISSION TO PROVIDE THE BEST QUALITY CARE TO THE RESIDENTS OF OUR COMMUNITY WHEN WE BUILT THE LUCKOW PAVILION IN PARAMUS, WE DID RESEARCH THAT INDICATED THE BEST WAY TO DELIVER CARE TO CANCER PATIENTS WAS TO LOCATE ALL SERVICES INTO ONE BUILDING THIS NOT ONLY PROVIDES A SERVICE TO THE PATIENT, IT IS GOOD MEDICINE AS THE MEDICAL ONCOLOGISTS, SURGICAL ONCOLOGISTS AND RADIATION ONCOLOGISTS CAN CONSULT EACH OTHER TO ENSURE THAT THE PATIENT IS RECEIVING THE MOST APPROPRIATE TREATMENT WE BUILT THE AMBULATORY SURGERY CENTER TO ADAPT TO THE CHANGING PRACTICE OF PERFORMING SURGERY ON A SAME DAY BASIS

Schedule J (Form 990) <div>Department of the Treasury Internal Revenue Service</div>	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
		2012
		Open to Public Inspection

Name of the organization THE VALLEY HOSPITAL INC	Employer identification number 22-1487307
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Part I	Questions Regarding Compensation		Yes	No
1a	Check the appropriate 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			
	<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use		
	<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence		
	<input type="checkbox"/> Tax idemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees		
	<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)		
1b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain			
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?			
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	<input checked="" type="checkbox"/> Compensation committee	<input checked="" type="checkbox"/> Written employment contract		
	<input checked="" type="checkbox"/> Independent compensation consultant	<input checked="" type="checkbox"/> Compensation survey or study		
	<input checked="" type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> 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			
4a	Receive a severance payment or change-of-control payment?	Yes		
4b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes		
4c	Participate in, or receive payment from, an equity-based compensation arrangement?		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			
5a	The organization?		No	
5b	Any related organization?		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			
6a	The organization?		No	
6b	Any related organization?		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		No	
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III		No	
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?			

Part II **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii) Do not list any individuals that are not listed on Form 990, Part VII

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual

(A) Name and Title		(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 as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table								

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
	PART I, LINES 4A-B	-THE FOLLOWING PERSONS RECEIVED PAYMENT FROM SERP PLAN DURING 2012 AUDREY MEYERS RECEIVED \$372,300, PETER DIESTEL RECEIVED \$25,536, AND LINDA LEWIS RECEIVED \$141,005 THESE AMOUNTS ARE REPORTED ON PART II COLUMN F -PETER SCHWARTZ RECEIVED PAYMENT OF \$455,664 FROM EXECUTIVE BENEFIT PLAN DURING 2012 THIS AMOUNT IS REPORTED ON PART II COLUMN F -THE FOLLOWING PERSONS CONTRIBUTED IN 457(F) PLAN DURING 2012 AUDREY MEYERS CONTRIBUTED \$393,129, RICHARD KEENAN CONTRIBUTED \$983,425, GAIL CALLANDRILLO CONTRIBUTED \$88,140, ROBIN HOLLANDER CONTRIBUTED \$90,190, MITCHELL RUBINSTEIN CONTRIBUTED \$58,735, AND RUSSELL SHOWERS CONTRIBUTED 8,065 THESE CONTRIBUTIONS ARE INCLUDED IN PART II COLUMN C IN ADDITION TO 401(K)/457(B) CONTRIBUTIONS -JEFFERY LIETO RECEIVED A SEVERANCE PAYMENT OF \$290,014 IN 2012

Software ID:
Software Version:
EIN: 22-1487307
Name: THE VALLEY HOSPITAL INC

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) 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 compensation				
AUDREY MEYERS	(i) (ii)	464,337 0	841,322 0	434,180 0	426,129 0	19,144 0	2,185,112 0	372,300 0
RICHARD D KEENAN	(i) (ii)	275,294 0	0 0	59,307 0	1,023,059 0	19,995 0	1,377,655 0	0 0
ERIC CAREY	(i) (ii)	254,306 0	79,637 0	11,422 0	20,469 0	22,269 0	388,103 0	0 0
MEGAN FRASER	(i) (ii)	213,823 0	74,168 0	16,311 0	21,588 0	26,612 0	352,502 0	0 0
RUSSELL SHOWERS	(i) (ii)	244,290 0	78,757 0	14,805 0	24,456 0	7,443 0	369,751 0	0 0
ANN MARIE LEICHMAN	(i) (ii)	265,833 0	97,414 0	29,977 0	26,303 0	18,178 0	437,705 0	0 0
ANASTASIOS KOZAITIS	(i) (ii)	227,474 0	88,660 0	12,086 0	15,317 0	24,112 0	367,649 0	0 0
ROBIN G HOLLANDER	(i) (ii)	330,832 0	219,230 0	18,644 0	123,190 0	27,112 0	719,008 0	0 0
PETER W DIESTEL	(i) (ii)	467,067 0	408,736 0	20,838 0	33,000 0	25,269 0	954,910 0	25,536 0
MITCHELL RUBINSTEIN	(i) (ii)	331,756 0	136,928 0	19,613 0	87,576 0	24,686 0	600,559 0	0 0
MARIA MEDIAGO	(i) (ii)	255,749 0	117,055 0	46,302 0	25,076 0	19,644 0	463,826 0	0 0
GAIL CALLANDRILLO	(i) (ii)	177,873 0	124,540 0	16,669 0	113,589 0	27,112 0	459,783 0	0 0
LINDA LEWIS	(i) (ii)	0 0	0 0	141,005 0	0 0	0 0	141,005 0	141,005 0
PETER SCHWARTZ	(i) (ii)	0 0	0 0	455,664 0	0 0	0 0	455,664 0	455,664 0
JEFFREY LIETO	(i) (ii)	0 0	31,156 0	290,014 0	0 0	0 0	321,170 0	0 0

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

2012

Open to Public Inspection

Name of the organization
THE VALLEY HOSPITAL INC

Employer identification number
22-1487307

Identifier	Return Reference	Explanation
	FORM 990 PART V LINE 4B	THE HOSPITAL HAS A SOLE OWNERSHIP IN A FOREIGN COMPANY LOCATED IN THE CAYMAN ISLANDS WHICH PROVIDES PROFESSIONAL, MEDICAL AND COMMERCIAL GENERAL LIABILITY INSURANCE
	FORM 990, PART VI, SECTION B, LINE 11	WHEN THE FORM 990 HAS BEEN PREPARED, REVIEWED BY MANAGEMENT AND IS READY TO BE FILED WITH THE INTERNAL REVENUE SERVICE, A PAPER COPY IS SENT TO MEMBERS OF THE BOARD AUDIT COMMITTEE FOR REVIEW AND COMMENTS ANY COMMENTS AND QUESTIONS CONCERNING THE 990 ARE DISCUSSED WITH MANAGEMENT AND APPROPRIATE ACTIONS ARE TAKEN WHEN NECESSARY BEFORE FILING WITH THE IRS
	FORM 990, PART VI, SECTION B, LINE 12C	THE BOARD MANDATES THAT ALL MEMBERS OF MANAGEMENT AND BOARD MEMBERS SIGN A CONFLICT OF INTEREST POLICY AND DISCLOSE ANY POTENTIAL OR ACTUAL CONFLICTS THAT MAY EXIST IF A CONFLICT OF INTEREST EXISTS THE HOSPITAL WILL NOTIFY MANAGEMENT AND OR BOARD MEMBERS AND INVESTIGATE THE POTENTIAL CONFLICT IF IT IS DETERMINED THAT A CONFLICT EXISTS THE MEMBERS OF MANAGEMENT OR THE BOARD WILL BE NOTIFIED IMMEDIATELY AND WILL NOT BE ALLOWED TO VOTE OR BE PART OF ANY DECISIONS ABOUT SUCH MATTERS
	FORM 990, PART VI, SECTION B, LINE 15	THE HOSPITAL HAS ESTABLISHED A POLICY FOR COMPENSATION OF ITS OFFICERS, TOP MANAGEMENT AND KEY EMPLOYEES THE POLICY MANDATES THAT COMPENSATION FOR ITS OFFICERS, TOP MANAGEMENT AND KEY EMPLOYEES, BE PERIODICALLY REVIEWED BY THE EXECUTIVE COMPENSATION COMMITTEE OF THE BOARD OF TRUSTEES FREE OF ANY MEMBERS WITH CONFLICTS OF INTEREST RELATED THERETO THE COMMITTEE DETERMINES THAT THE EXECUTIVES ARE BEING PAID AN APPROPRIATE LEVEL OF COMPENSATION BY USING COMPARATIVE DATA FOR SIMILARLY QUALIFIED PERSONS IN FUNCTIONALLY COMPARABLE POSITIONS AT SIMILARLY SITUATED ORGANIZATIONS COMPENSATION DECISION ON THE AMOUNT OF COMPENSATION PAID AND TERM IS ADEQUATELY DOCUMENTED IN A CONTEMPORANEOUSLY WRITTEN FORMAT
	FORM 990, PART VI, SECTION C, LINE 19	THE HOSPITAL MAKES ITS FORM 990 AVAILABLE FOR PUBLIC INSPECTION AS REQUIRED UNDER SECTION 6104 OF THE INTERNAL REVENUE CODE BY POSTING OF THE RETURN ON GUIDESTAR ORG AND SIMILAR TYPES OF WEBSITES IN ADDITION FORM 990 AS WELL AS THE FINANCIAL STATEMENTS AND CONFLICT OF INTEREST POLICY AND OTHER RELEVANT DOCUMENTS ARE AVAILABLE UPON REQUEST
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	CHANGE IN ACCRUED PENSION LIABILITY TO BE RECOGNIZED IN FUTURE PERIODS -10,171,556 CHANGE IN ASSETS HELD BY VALLEY HOSPITAL FOUNDATION 2,759,124
		THE PROCESS FOR SELECTING AN INDEPENDENT ACCOUNTANT AND ESTABLISHING A COMMITTEE THAT ASSUMES RESPONSIBILITY FOR OVERSIGHT OF THE AUDIT HAS NOT CHANGED FROM PRIOR YEARS

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

2012

Open to Public Inspection

Name of the organization
THE VALLEY HOSPITAL INC

Employer identification number
22-1487307

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

(a) Name, address, and EIN (if applicable) 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) 555 MAPLE ACQUISITION LLC 223 NORTH VAN DIEN AVENUE RIDGEWOOD, NJ 07450 45-3070365	REAL ESTATE HOLDINGS	NJ	0	8,410,387	THE VALLEY HOSPITAL INC
(2) 599 PARAMUS ACQUISITION LLC 223 NORTH VAN DIEN AVENUE RIDGEWOOD, NJ 07450 46-0985392	REAL ESTATE HOLDINGS	NJ	60,507	12,534,400	THE VALLEY HOSPITAL INC
(3) 620 WINTERS AVENUE LLC 223 NORTH VAN DIEN AVENUE RIDGEWOOD, NJ 07450	REAL ESTATE HOLDINGS	NJ	0	0	THE VALLEY HOSPITAL INC

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to 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 entity?	
						Yes	No
(1) VALLEY HEALTH SYSTEM INC 223 NORTH VAN DIEN AVENUE RIDGEWOOD, NJ 07450 22-2922016	PROVIDES MANAGEMENT & PLANNING SERVICES FOR ITS MEMBERS	NJ	501(C)(3)	LINE 3	N/A		No
(2) VALLEY MEDICAL SERVICES INC 223 NORTH VAN DIEN AVENUE RIDGEWOOD, NJ 07450 22-3260998	PROVIDES CERTAIN MEDICAL CARE TO PATIENTS INCL PEDIATRIC & NEONATAL SERVICES	NJ	501(C)(3)	LINE 3	THE VALLEY HOSPITAL INC	Yes	
(3) VALLEY PHYSICIAN SERVICES INC 15 ESSEX ROAD PARAMUS, NJ 07652 32-0041186	PROVIDES MEDICAL CARE TO CARRYOUT THE PURPOSE OF THE VALLEY HEALTH SYSTEM	NJ	501(C)(3)	LINE 3	THE VALLEY HOSPITAL INC	Yes	
(4) VALLEY HOME CARE INC 15 ESSEX ROAD PARAMUS, NJ 07652 22-3208480	PROVIDES REHABILITATION VISITS AND HOME HEALTH AIDS VISITS TO PATIENTS	NJ	501(C)(3)	LINE 7	VALLEY HEALTH SYSTEM INC		No
(5) THE VALLEY HOSPITAL FOUNDATION INC 223 NORTH VAN DIEN AVENUE RIDGEWOOD, NJ 07450 22-2324554	SOLICIT,RECEIVE AND APPLY CONTRIBUTIONS FOR THE BENEFIT OF THE HOSPITAL	NJ	501(C)(3)	LINE 9	VALLEY HEALTH SYSTEM INC		No

Part III

Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to 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) Disproporionate 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	

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" to 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	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) VALLEY HEALTH MEDICAL GROUP INC 15 ESSEX ROAD PARAMUS, NJ 07652 22-3475233	OPERATES URGENT/PRIMARY CARE CLINICS	NJ	VALLEY HEALTH SYSTEM INC	C					No
(2) VALLEY HEALTH MEDICAL GROUP NJPC 15 ESSEX ROAD PARAMUS, NJ 07652 22-3475166	OPERATES URGENT/PRIMARY CARE CLINICS	NJ	N/A	C					No
(3) VALLEY PHYSICIAN SERVICE NY PC 15 ESSEX ROAD PARAMUS, NJ 07652 45-3125678	OPERATES URGENT/PRIMARY CARE CLINICS	NY	VALLEY HEALTH SYSTEM INC	C					No
(4) VHS INSURANCE COMPANY LTD 010 MAIN STREET CAYMAN ISLANDS CJ 98-0408200	PROVIDES PROFESSIONAL, MEDICAL AND COMMERCIAL GENERAL LIABILITY INSURANCE	CJ	THE VALLEY HOSPITAL INC	C		41,241,775	100 000 %	Yes	

Part V

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

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

1

During the tax year, did the organization 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 or (iv) rent from a controlled entity

b

Gift, grant, or capital contribution to related organization(s)

c

Gift, grant, or capital contribution from related organization(s)

d

Loans or loan guarantees to or for related organization(s)

e

Loans or loan guarantees by related organization(s)

f

Dividends from related organization(s)

g

Sale of assets to related organization(s)

h

Purchase of assets from related organization(s)

i

Exchange of assets with related organization(s)

j

Lease of facilities, equipment, or other assets to related organization(s)

k

Lease of facilities, equipment, or other assets from related organization(s)

l

Performance of services or membership or fundraising solicitations for related organization(s)

m

Performance of services or membership or fundraising solicitations by related organization(s)

n

Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

o

Sharing of paid employees with related organization(s)

p

Reimbursement paid to related organization(s) for expenses

q

Reimbursement paid by related organization(s) for expenses

r

Other transfer of cash or property to related organization(s)

s

Other transfer of cash or property from related organization(s)

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

1s

Yes

Yes

Yes

Yes

Yes

Yes

Yes

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) VALLEY MEDICAL SERVICES INC	Q	1,525,601	
(2) VALLEY PHYSICIAN SERVICES INC	R	350,000	
(3) VHS INSURANCE COMPANY LTD	R	5,000,000	

Schedule R (Form 990) 2012

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.

[illegible]

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation
------------	------------------	-------------

Software ID:
Software Version:
EIN: 22-1487307
Name: THE VALLEY HOSPITAL INC

TY 2012 Category 3 filer statement**Name:** THE VALLEY HOSPITAL INC**EIN:** 22-1487307

Amount Of Indebtedness	Type Of Indebtedness	Name	Address	Identifying Number	Number Of Shares
	NONE	THE VALLEY HOSPITAL INC	223 NORTH VAN DIEN AVE RIDGEWOOD, NJ 07450	22-1487307	

TY 2012 Itemized Other Assets Schedule**Name:** THE VALLEY HOSPITAL INC**EIN:** 22-1487307

Corporation Name	Corporation EIN	Other Assets Description	Beginning Amount	Ending Amount
VHS INSURANCE COMPANY LTD	98-0408200	SECURITIES AVAILABLE FOR SALE	29,481,733	29,094,339
		PREPAID EXPENSES	10,366	

TY 2012 Itemized Other Current Assets Schedule**Name:** THE VALLEY HOSPITAL INC**EIN:** 22-1487307

Corporation Name	Corporation EIN	Other Current Assets Description	Beginning Amount	Ending Amount
VHS INSURANCE COMPANY LTD	98-0408200	SECURITIES AVAILABLE FOR SALE	7,235,204	11,636,221
		INTEREST RECEIVABLE	220,486	211,214

TY 2012 Other Deductions Schedule**Name:** THE VALLEY HOSPITAL INC**EIN:** 22-1487307

Description	Foreign Amount (should only be used when attached to 5471 Schedule C Line 16)	Amount
PROFESSIONAL FEES		57,066
MANAGEMENT FEES		51,188
REGISTERED OFFICE FEES		1,600
MEETING EXPENSES		11,270
GOVERNMENT FEES		11,220
INVESTMENT MANAGEMENT FEES		15,262
OTHER EXPENSES		4,753
EXPENSES ALLOCATED TO DEPOSIT LIAB.		-152,359

TY 2012 Itemized Other Liabilities Schedule

Name: THE VALLEY HOSPITAL INC

EIN: 22-1487307

Corporation Name	Corporation EIN	Other Liabilities Description	Beginning Amount	Ending Amount
VHS INSURANCE COMPANY LTD	98-0408200	DEPOSIT LIABILITY	38,485,114	41,057,701

TY 2012 Other Income Statement**Name:** THE VALLEY HOSPITAL INC**EIN:** 22-1487307

Description	Foreign Amount	Amount
CHANGE IN UNREALIZED GAIN ON SECURI		77,699
REVENUE ALLOCATED TO DEPOSIT LIAB.		-1,107,912
REALIZED LOSS ON SALE OF SECURITIES		-42,406

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

The Valley Hospital
Years Ended December 31, 2012 and 2011
With Report of Independent Auditors

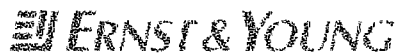
Ernst & Young LLP



The Valley Hospital
Consolidated Financial Statements
and Supplementary Information
Years Ended December 31, 2012 and 2011

Contents

Report of Independent Auditors.....	1
Consolidated Financial Statements	
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Ernst & Young LLP
2000 Valley View Blvd.
Suite 1000
Denver, CO 80202
Tel: 303.733.5200
www.ey.com

Report of Independent Auditors

The Board of Trustees
The Valley Hospital

We have audited the accompanying consolidated financial statements of The Valley Hospital and affiliated companies (the "Organization"), which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Valley Medical Services, Inc., Valley Physician Services, Inc., and VHS Insurance Company, Ltd., for which The Valley Hospital is the sole member, which statements reflect combined total assets of \$61.7 million and \$79.5 million as of December 31, 2012 and 2011, respectively, and combined total revenues of \$28.0 million and \$18.1 million for the years then ended, respectively. Those statements were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included for Valley Medical Services, Inc., Valley Physician Services, Inc., and VHS Insurance Company, Ltd., is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial

statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization at December 31, 2012 and 2011, and the consolidated results of its operations and changes in net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combining balance sheets as of December 31, 2012 and 2011 and combining statements of operations and changes in net assets for the years then ended are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Ernst & Young LLP

June 27, 2013

The Valley Hospital

Consolidated Balance Sheets

	December 31	
	2012	2011
	<i>(In Thousands)</i>	
Assets		
Current assets		
Cash and cash equivalents <i>(Note 11)</i>	\$ 7,858	\$ 6,285
Accounts receivable, less allowance for doubtful accounts of \$68,319 in 2012 and \$59,593 in 2011	64,304	59,722
Prepaid expenses	11,071	10,061
Supplies and other current assets <i>(Notes 1 and 7)</i>	15,721	14,090
Total current assets	98,954	90,158
Limited use assets, net of current portion <i>(Notes 4, 6, 11, and 13)</i>		
Board designated	440,298	390,848
Insurance company-held funds	41,242	38,628
Donor restricted investments	6,457	6,432
	487,997	435,908
Property and equipment, net <i>(Note 5)</i>	220,798	207,034
Other assets <i>(Notes 1 and 11)</i>	26,002	19,819
Assets held by related organization <i>(Notes 1 and 7)</i>	29,244	26,485
	<u>\$ 862,995</u>	<u>\$ 779,404</u>
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 20,796	\$ 21,538
Accrued salaries and related benefits	47,143	42,176
Other accrued expenses	5,262	8,677
Total current liabilities	73,201	72,391
Estimated professional liability <i>(Note 13)</i>	20,698	18,200
Amounts due to third-party payors and other liabilities <i>(Notes 1 and 3)</i>	60,593	55,477
Accrued pension liability <i>(Note 8)</i>	36,584	46,458
Total liabilities	191,076	192,526
Contingencies <i>(Note 12)</i>		
Net assets		
Unrestricted	665,462	580,446
Temporarily restricted <i>(Note 6)</i>	2,028	2,003
Permanently restricted <i>(Note 6)</i>	4,429	4,429
Total net assets	671,919	586,878
	<u>\$ 862,995</u>	<u>\$ 779,404</u>

See accompanying notes

The Valley Hospital

Consolidated Statements of Operations
and Changes in Net Assets

	Year Ended December 31	
	2012	2011
	<i>(In Thousands)</i>	
Unrestricted revenues:		
Net patient service revenue <i>(Note 3)</i>	\$ 640,277	\$ 615,005
Provision for bad debt	(28,636)	(21,181)
Net patient service revenue less provision for bad debt	611,641	593,824
Other revenue <i>(Note 14)</i>	13,316	9,905
Total unrestricted revenues	624,957	603,729
Expenses:		
Salaries and wages	286,202	262,891
Employee benefits	67,046	56,776
Medical fees	5,108	6,541
Other expenses	192,458	181,376
Depreciation <i>(Note 5)</i>	32,713	53,750
Total expenses	583,527	561,334
Income from operations before other items and special projects	41,430	42,395
Other items and special projects <i>(Notes 3 and 10)</i>	26,287	8,752
Income from operations	67,717	51,147

Continued on next page

The Valley Hospital

Consolidated Statements of Operations and Changes in Net Assets (continued)

	Year Ended December 31	
	2012	2011
	<i>(In Thousands)</i>	
Income from operations (continued)	\$ 67,717	\$ 51,147
Non-operating gains and losses <i>(Notes 4 and 15)</i>	12,115	14,235
Change in unrealized gains and losses on investments <i>(Note 4)</i>	10,341	(5,451)
Revenues and gains in excess of expenses and losses	90,173	59,931
Other changes in unrestricted net assets:		
Change in accrued pension liability to be recognized in future periods <i>(Note 8)</i>	(10,171)	(61,229)
Net change in assets held by related organizations and net asset transfers to/from affiliated entities <i>(Note 7)</i>	5,014	6,850
Increase in unrestricted net assets	85,016	5,552
Increase (decrease) in temporarily restricted net assets	25	(110)
Increase in net assets	85,041	5,442
Net assets at beginning of year	586,878	581,436
Net assets at end of year	\$ 671,919	\$ 586,878

See accompanying notes

The Valley Hospital

Consolidated Statements of Cash Flows

	Year Ended December 31	
	2012	2011
	<i>(In Thousands)</i>	
Cash flows from operating activities		
Increase in net assets	\$ 85,041	\$ 5,442
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	32,650	53,750
Loss on disposal of assets	—	987
Change in assets held by related organization	(2,759)	(390)
Change in accrued pension liability to be recognized in future periods	10,171	61,229
Change in realized and unrealized gains and losses on investments	(9,238)	5,556
Changes in operating assets and liabilities:		
Accounts receivable	(4,582)	(1,425)
Prepaid expenses, supplies and other current assets	(2,641)	(11,641)
Other assets	(6,183)	(951)
Accounts payable and other current liabilities	810	5,117
Accrued pension liability	(20,045)	(25,812)
Estimated professional liability	2,498	(4,231)
Amounts due to third-party payors and other liabilities	5,116	31
Net cash provided by operating activities	<u>90,838</u>	<u>87,662</u>
Cash flows from investing activities		
Purchase of property and equipment	(46,414)	(51,174)
Net purchases of limited use assets	(42,851)	(32,599)
Net cash used in investing activities	<u>(89,265)</u>	<u>(83,773)</u>
Net increase in cash and cash equivalents	1,573	3,889
Cash and cash equivalents at beginning of year	6,285	2,396
Cash and cash equivalents at end of year	<u>\$ 7,858</u>	<u>\$ 6,285</u>

See accompanying notes

The Valley Hospital

Notes to Consolidated Financial Statements

December 31, 2012

1. Organization and Summary of Significant Accounting Policies

Organization

The Valley Hospital (the “Hospital”) is a 431-bed, not-for-profit acute care hospital located in Ridgewood, New Jersey and is a subordinate corporation of Valley Health System, Inc. (the “System”). The Hospital is the sole member of Valley Medical Services, Inc. (“VMS”), Valley Physician Services, Inc. (“VPS”) VHS Insurance Company, Ltd. (“VHSIC”) and other companies, collectively (the “Organization”). VMS provides the Hospital with physicians, certain medical services and varied consulting services. VPS was formed to provide medical care and to carry out the purposes of the System. VHSIC was incorporated as an exempted company under the laws of the Cayman Islands and operates under the terms of an Unrestricted Class “B” Cayman Island insurers license. The license allows VHSIC to conduct insurance business, other than Cayman domestic business, from within the Cayman Islands. VHSIC provides professional and commercial general liability insurance on a mature claims made basis to the Organization. Other companies primarily consist of LLCs created for real estate acquisitions. On January 1, 2012 VHMG, as a subsidiary of VHS, assigned all its physician contracts and employees, as well as certain other contracts to VPS; trading as VMG.

Principles of Consolidation

The consolidated financial statements include the accounts of the Hospital, VMS, VPS, VHSIC and the other companies created for real estate acquisitions. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets, such as estimated uncollectibles for accounts receivable for services to patients, and liabilities, such as estimated payable to third-party payors, and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the amounts of revenue and expenses reported during the period. There is at least a reasonable possibility that certain estimates will change by material amounts in the near term. Actual results could differ from those estimates.

The Valley Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Cash Equivalents

The Organization considers all highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents, except for amounts reported within limited use assets.

Investments

All investments are classified as trading securities. Investments included in limited use assets in the accompanying consolidated balance sheets consist of cash, equity securities, pooled/collective investment funds, U.S. government obligations and government secured obligations, corporate bonds, and alternative investments. All investments, except alternative investments and collective investment funds, are reported at fair value. Alternative investments and collective investment funds are stated at net asset value provided by the applicable fund manager using the equity method of accounting, except for alternative investments and collective investments included in the defined benefit pension plan's assets which are recorded at fair value.

For the defined benefit pension plan, the fair value of the alternative investments and collective investment funds is determined for each investment based upon net asset values as a practical expedient for fair value. Financial information used to evaluate the alternative investments is provided by the investment manager or general partner and includes fair value valuations (quoted market prices and values determined through other means) of underlying securities and other financial instruments held by the investee, and estimates that require varying degrees of judgment. The financial statements of the investee companies are audited annually by independent auditors.

Alternative investments (nontraditional, not readily marketable securities) consist of event-driven funds, multi-strategy hedge funds, emerging market debt funds, and global hedge funds. Alternative investment interests generally are structured such that the noncontributory, defined benefit pension plan (the "Plan") holds a limited partnership interest or an interest in an investment management company. The Plan's ownership structure does not provide for control over the related investees and the Plan's financial risk is limited to the carrying amount reported for each investee, in addition to any unfunded capital commitment. The Plan has no future funding commitments for alternative investments at December 31, 2012.

The Valley Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Individual investment holdings within the alternative investments include nonmarketable and market-traded debt and equity securities and interests in other alternative investments. The Plan may be exposed indirectly to securities lending, short sales of securities and trading in futures and forward contracts, options and other derivative products. Alternative investments often have liquidity restrictions under which the Plan's capital may be divested only at specified times. Liquidity restrictions may apply to all or portions of a particular invested amount.

There is uncertainty in determining fair values of alternative investments arising from factors such as lack of active markets (primary and secondary), lack of transparency into underlying holdings, time lags associated with reporting by the investee companies and the subjective evaluation of liquidity restrictions. As a result, the estimated fair values reported might differ from the values that would have been used had a ready market for the alternative investment interests existed and there is at least a reasonable possibility that estimates will change.

Investment income or loss (including realized gains and losses on investments, interest and dividends) and change in unrealized gains and losses on investments are included in revenues and gains in excess of expenses and losses unless the income or loss is restricted by donor or law.

Investment income on deferred compensation investments is reported as other revenue and investment income on other limited use assets is reported as non-operating gains and losses in the consolidated statements of operations and changes in net assets.

Limited Use Assets

Limited use assets include funds designated for malpractice funding and funds whose use is restricted by donors and designated assets set aside by the Board of Trustees, primarily for future capital improvements, over which the Board of Trustees retains control and may at its discretion use for other purposes.

Accounts Receivable

Accounts receivable results from the health care services provided by the Organization. Accounts receivable for which the Organization receives payment under cost reimbursement, prospective payment formulae or negotiated rates, which cover the majority of services, are stated at the net amounts receivable from third-party payors.

The Valley Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Accounts receivable are reduced by an allowance for doubtful accounts. The amount of the allowance for doubtful accounts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in health care coverage and other collection indicators. Additions to the allowance for uncollectible accounts result from the provisions for bad debt. Accounts written off as uncollectible are deducted from the allowance for uncollectibles.

Supplies

Supplies are carried at the lower of cost (first-in, first-out method) or market. Supplies totaling approximately \$4.8 million and \$3.9 million are included in supplies and other current assets in the consolidated balance sheets at December 31, 2012 and 2011, respectively.

Property and Equipment

Property and equipment are recorded at cost. Annual provisions for depreciation of property and equipment are computed using the straight-line method. Additions are depreciated beginning with the month that the asset is placed in service.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such assets are deemed to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell (see Note 5).

Donor-Restricted Gifts

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

The Valley Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Deferred Compensation

Certain Hospital employees participate in deferred compensation plans. In connection with these plans, the Hospital deposits amounts with trustees on behalf of the participating employees. The assets are restricted for payments under the plans, but may revert to the Hospital in the event of a bankruptcy filing. At December 31, 2012 and 2011 amounts on deposit with trustees were equal to liabilities under the plans and aggregated \$20.9 million and \$17.9 million, respectively. Investments consist of mutual funds and are reported at fair value based upon quoted market price. Amounts on deposit are recorded in other assets and liability amounts are included in amounts due to third-party payors and other liabilities in the accompanying consolidated balance sheets.

The investments held by the trustees are classified as trading securities. For the years ended December 31, 2012 and 2011, the Hospital recorded investment income (loss) related to deferred compensation of \$2.0 million and \$(.9) million, respectively, as other revenue. Changes to the deferred compensation liability are recorded in employee benefits expense.

Classification of Net Assets

The Organization separately accounts for and reports donor restricted and unrestricted net assets. Temporarily restricted net assets are those whose use is temporarily limited by the donor. Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity.

The Hospital recognizes its accumulated interest in the net assets of the Valley Hospital Foundation, Inc. ("Foundation") as assets held by a related organization in the accompanying consolidated balance sheets. Changes in the Hospital's interest in the net assets of the Foundation are reported in the accompanying consolidated statements of operations and changes in net assets. The net assets held by the Foundation on behalf of the Hospital are temporarily restricted for health care services and capital expenditures.

Self-Insured Health Benefits

The Hospital maintains limited self-insured medical, dental and workers' compensation coverage for its employees. Claims under the plan are accrued as the incidents that give rise to them occur and an estimate of unpaid claims is included in other accrued expenses.

The Valley Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

The System, Hospital, VMS and VPS are co-borrowers on a \$1.0 million irrevocable standby letter of credit with a bank for self-insured workers' compensation coverage. The letter of credit expires on March 31, 2014.

Medical Malpractice Insurance

The Organization participates in the VHSIC malpractice program. The Organization records the actuarially determined liabilities for incurred but not reported professional and general liabilities. Amounts deposited are based on actuarially determined funding requirements and are included in limited use assets.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments due to ongoing and future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews and investigations (see Note 3).

Functional Expenses

All expenses of the Organization are related to the provision of health care services and health education.

Performance Indicator

The consolidated statements of operations and changes in net assets include the caption revenues and gains in excess of expenses and losses as the performance indicator. Changes in unrestricted net assets, which are excluded from revenues and gains in excess of expenses and losses, consistent with industry practice, include changes in accrued pension liability to be recognized in future periods, permanent transfers of assets to and from affiliates for other than goods and services, changes in net assets held by related organization, and contributions of long-lived assets including assets acquired using contributions which, by donor restriction, were to be used for the purpose of acquiring such assets.

The Valley Hospital

Notes to Consolidated Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Income Taxes

The Hospital, VMS and VPS are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the “Code”) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. VHSIC obtained an Unrestricted Class B Insurer’s license under the provisions of the Cayman Islands Insurance Law. The Organization has received an undertaking from the Cayman Islands Government exempting it from local income, profits and capital gains taxes until April 2023. No such taxes were currently levied in the Cayman Islands

Reclassifications

Certain reclassifications have been made to 2011 balances previously reported to conform to the current year presentation.

Subsequent Events

The Organization has evaluated the impact of subsequent events through June 27, 2013, representing the date at which the consolidated financial statements were available to be issued. No subsequent events have occurred that require disclosure or adjustment to the consolidated financial statements.

2. Charity Care

The Hospital provides care to patients who meet certain criteria defined by the New Jersey Department of Health and Senior Services (“DOH”) without charge or at amounts less than its established rates. Because the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The cost of providing these services and supplies to patients who meet the charity care eligibility requirements was estimated using a ratio of cost to charges and approximated \$11.3 million for the years ended December 31, 2012 and 2011.

The Hospital also provides free care to other patients who do not meet the DOH eligibility requirements or are not compliant in pursuing eligibility status. Such amounts are included in the consolidated statements of operations and changes in net assets as part of the provision for bad debt, net of any recoveries realized through collection efforts.

The Valley Hospital

Notes to Consolidated Financial Statements (continued)

2. Charity Care (continued)

Additionally, the Organization sponsors other charitable programs, which provide substantial benefit to the broader community. Such programs include services to the needy and elderly population that require special support, various clinical outreach programs, as well as health promotion and education for the general community welfare. Health care and other services are also provided to those covered by Medicaid and Medicare for which the Hospital is not reimbursed at its full cost.

The Hospital receives revenue through the State of New Jersey Charity Care Subsidy Fund. Reported as other revenue, the amount received totaled \$0.6 million for the years ended December 31, 2012 and 2011.

3. Hospital Reimbursement Systems

The Hospital has agreements with third-party payors that provide for payment for services rendered at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare: The Hospital is paid for most Medicare inpatient and outpatient services under the national prospective payment system and other methodologies of the Medicare program for certain other services. Federal regulations provide for certain adjustments to current and prior years' payment rates, based on industry-wide and hospital-specific data. Medicare cost reports of the Hospital have been audited and settled for years through 2005 at December 31, 2012.

Medicaid: Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under cost-based and fee schedule methodologies. The Hospital is reimbursed for outpatient services at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicaid fiscal intermediary. The Medicaid cost reports of the Hospital for years through 2009 have been audited and settled.

Other third-party payors: The Hospital also has entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge or days of hospitalization and discounts from established charges.

The Valley Hospital

Notes to Consolidated Financial Statements (continued)

3. Hospital Reimbursement Systems (continued)

The Hospital has appealed certain items in audited cost reports. The outcome of these appeals is uncertain and, therefore, potential revenue associated with these appeals is not included within the accompanying consolidated statements of operations.

There are various proposals at the federal and state levels that could, among other things, significantly reduce payment rates or modify payment methods. The ultimate outcome of these proposals and other market changes, including the potential effects of health care reform that has been enacted by the federal government, cannot presently be determined. Future changes in the Medicare and Medicaid programs and any reduction of funding could have an adverse impact on the System.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The Hospital believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing that could have a material adverse effect on its financial statements. Noncompliance with such laws and regulations could result in fines, penalties and exclusion from such programs.

Patient service revenue associated with services provided to patients who have third-party payor coverage is determined on the basis of contractual rates. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a provision for bad debts related to uninsured patients in the period the services are provided.

The components of the Hospital's net patient service revenue (before provision for bad debt) are as follows (in thousands):

	2012	2011
Gross charges	\$ 1,913,095	\$ 1,866,062
Contractual and other allowances	(1,304,298)	(1,269,138)
Net patient service revenue	<u>\$ 608,797</u>	<u>\$ 596,924</u>

The Valley Hospital

Notes to Consolidated Financial Statements (continued)

3. Hospital Reimbursement Systems (continued)

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts.

For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts, and a provision for bad debts, for potential unattainable amounts due from the third party payor, as well as expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid.

For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for a portion of the bill), the Hospital records a provision for bad debts in the period of service. The provision is estimated on the basis of past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected, after all reasonable collection efforts have been exhausted, is used to adjust the allowance for doubtful accounts.

During 2012 and 2011 approximately \$21.5 million and \$17.0 million, respectively, was written off as bad debt with \$9.3 million and \$8.9 million, respectively, related to patients' balances after insurance.

During the years ended December 31, 2012 and 2011, approximately \$23.6 and \$18.5 respectively, of successful appeal settlements and favorable changes to estimated third-party payor settlement estimates were recorded as an increase to other items and special projects. See Note 10.

The percentages of net patient service revenue received from various third-party payors and patients were as follows for the years ended December 31, 2012 and 2011:

	2012	2011
Medicare and Medicaid	34%	34%
Managed care	61	60
Commercial and other	5	6
	100%	100%

The Valley Hospital

Notes to Consolidated Financial Statements (continued)

3. Hospital Reimbursement Systems (continued)

In addition, net patient service revenue includes amounts related to VMS and VPS of \$31.5 million and \$18.1 million for the years ended December 31, 2012 and 2011, respectively.

In addition, in April 2012 CMS settled a series of lawsuits filed in 2007 that challenged the calculation involving the use of the rural floor provision of the Balanced Budget Act of 1997. The Hospital participated in this lawsuit and as a result received a net cash settlement of approximately \$6.2 million from Medicare for fiscal years 2005 through 2011, which is recorded in other items and special projects for the year ended December 31, 2012.

4. Limited Use Assets

The components of limited use assets are set forth in the following table (in thousands):

	December 31	
	2012	2011
Cash and cash equivalents	\$ 6,841	\$ 6,521
Equity securities	8,241	4,986
Pooled/collective investment funds	83,262	51,165
U.S. government obligations and government secured obligations	240,043	222,191
Corporate bonds	140,882	142,896
Alternative investments	6,232	5,708
	485,501	433,467
Accrued interest receivable	2,496	2,441
	\$ 487,997	\$ 435,908

Unrealized gains and losses represent the change in the difference between cost and fair value of the limited use assets. For the years ended December 31, 2012 and 2011, the change in net unrealized gains and losses was \$10.3 million and \$(5.5) million, respectively.

The Valley Hospital

Notes to Consolidated Financial Statements (continued)

4. Limited Use Assets (continued)

Investment income consists of the following (in thousands):

	2012	2011
Included in non-operating gains and losses (<i>Note 15</i>):		
Interest and dividend income	\$ 9,294	\$ 9,498
Realized (losses) gains on sales of securities	(1,103)	105
	\$ 8,191	\$ 9,603

5. Property and Equipment

A summary of property and equipment follows (in thousands):

	December 31	
	2012	2011
Land	\$ 35,870	\$ 19,891
Land improvements	14,816	14,770
Building	339,859	328,098
Equipment and furnishings	274,969	259,655
	665,514	622,414
Less accumulated depreciation	449,457	421,065
	216,057	201,349
Construction in progress	4,741	5,685
Property and equipment, net	\$ 220,798	\$ 207,034

Depreciation expense for the years ended December 31, 2012 and 2011 totaled \$33.8 million and \$32.2 million, respectively. Included in these amounts are \$1.1 million and \$1.0 million in 2012 and 2011, respectively, which are included in special projects (see Note 11).

During 2011, management determined that approximately \$22.6 million, of costs previously capitalized and recorded in construction in progress had no future benefit due to changes made in connection with the renewal project. Accordingly, these costs were written off during 2011 and are included in depreciation expense in the accompanying consolidated statements of operations and changes in net assets.

The Valley Hospital

Notes to Consolidated Financial Statements (continued)

6. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes (in thousands):

	December 31	
	2012	2011
Health care services	\$ 1,422	\$ 1,443
Health education	606	560
	\$ 2,028	\$ 2,003

Permanently restricted net assets represent endowments that have been restricted by donors to be maintained in perpetuity and are held by the Hospital. The Hospital follows the requirements of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as they relate to its permanently restricted contributions and net assets, effective upon the State of New Jersey’s enactment of the legislation in March 2009.

The Hospital has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Hospital classifies as permanently restricted net assets the original value of the gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. Accumulations to the permanent endowment are used in accordance with the direction of the applicable donor gift. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until the amounts are appropriated for expenditure in accordance with a manner consistent with the standard of prudence proscribed by UPMIFA. In accordance with UPMIFA, the Hospital considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund; (2) the purposes of the Hospital and the donor-restricted endowment fund; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the Hospital; and (7) the investment and spending policies of the Hospital.

The Hospital has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the endowment funds while seeking to maintain the purchasing power of the funds. To satisfy long-term return objectives, the Hospital relies on a

The Valley Hospital

Notes to Consolidated Financial Statements (continued)

6. Temporarily and Permanently Restricted Net Assets (continued)

total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Hospital employs a long-term equity oriented strategy of investing in both traditional and alternative asset classes.

7. Related Party Transactions

The Organization has receivables due from related parties as follows (in thousands):

	December 31	
	2012	2011
Valley Health System, Inc.	\$ 593	\$ 545
Valley Hospital Foundation, Inc.	(56)	952
Valley Physician Services, NY	1,420	1,066
	<u>\$ 1,957</u>	<u>\$ 2,563</u>

These amounts are reported within supplies and other current assets and primarily represent services provided and expenses paid on behalf of affiliates.

During 2012 and 2011, the Hospital transferred \$5.2 million and \$2.8 million, respectively, to the System to fund its operations.

For the years ended December 31, 2012 and 2011, the Hospital reported approximately \$7.1 million and \$9.4 million, respectively, in the accompanying consolidated statements of operations and changes in net assets for contributions received from the Foundation. These contributions included both equipment reimbursements and other unrestricted funds.

The Hospital reported \$29.2 million and \$26.5 million at December 31, 2012 and 2011, respectively, for its accumulated interest in net assets of the Foundation as assets held by related organization in the accompanying consolidated balance sheets. Changes in the Hospital's interest in the net assets of \$2.7 million and \$.4 million for the years ended December 31, 2012 and 2011, respectively, are reported within changes in related party transactions in the accompanying consolidated statements of operations and changes in net assets.

VMS transferred \$31.0 million and \$7.4 million at December 31, 2012 and 2011, respectively to VPS to help fund operations.

The Valley Hospital

Notes to Consolidated Financial Statements (continued)

8. Pension Plans

Defined Benefit Plan

The Hospital maintains a defined benefit plan (the “Plan”) covering employees of the Hospital, VMS and VPS. The benefits are based on years of service and final average earnings. The Hospital’s funding policy is based on contribution levels recommended by consulting actuaries considering Employee Retirement Income Security Act of 1974 (“ERISA”) regulations.

The Plan was amended effective April 1, 2004 to provide that no employee who first completes an hour of service after such date shall be eligible to participate in the Plan. The Plan was further amended on December 31, 2010 to provide that no participant shall accrue any additional benefits after December 31, 2010 and that a participant’s accrued benefit determined as of December 31, 2010 shall not increase thereafter.

Included in unrestricted net assets are \$140.5 million and \$130.4 million of unrecognized actuarial losses that have not been recognized in net periodic pension cost at December 31, 2012 and 2011, respectively. Approximately \$9.9 million of these unrecognized actuarial losses are expected to be recognized in net periodic pension cost during the year ending December 31, 2013.

The Valley Hospital

Notes to Consolidated Financial Statements (continued)

8. Pension Plans (continued)

The following table provides a reconciliation of the changes in the projected benefit obligation and fair value of the plan assets and a statement of the funded status of the Plan (in thousands):

	December 31	
	2012	2011
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 332,156	\$ 278,656
Interest cost	15,585	15,807
Actuarial loss	33,509	45,422
Benefits paid	(8,674)	(7,729)
Benefit obligation, end of year	372,576	332,156
Change in plan assets:		
Fair value of plan assets, beginning of year	285,698	267,615
Actual return on plan assets	31,968	(1,188)
Employer contribution	27,000	27,000
Benefits paid	(8,674)	(7,729)
Fair value of plan assets, end of year	335,992	285,698
Funded status	\$ (36,584)	\$ (46,458)

At December 31, 2012 and 2011, the funded status of the Plan is reported in the consolidated balance sheets as a noncurrent liability. The accumulated benefit obligation for the Hospital's Plan totaled approximately \$372.6 million and \$332.2 million at December 31, 2012 and 2011, respectively.

The Valley Hospital

Notes to Consolidated Financial Statements (continued)

8. Pension Plans (continued)

The discount rate used in determining the accumulated benefit obligation was 4.20% and 4.75% at December 31, 2012 and December 31, 2011, respectively.

Net periodic pension cost comprises the following (in thousands):

	December 31	
	2012	2011
Interest cost	\$ 15,585	\$ 15,807
Expected return on assets	(18,535)	(18,715)
Recognized actuarial loss	9,905	4,095
Net periodic pension cost	<u>\$ 6,955</u>	<u>\$ 1,187</u>

Weighted-average assumptions used in determining the net periodic pension cost were as follows:

	December 31	
	2012	2011
Discount rate	4.75%	5.75%
Expected long-term rate of return on market-related plan assets	6.50	7.00

The Valley Hospital

Notes to Consolidated Financial Statements (continued)

8. Pension Plans (continued)

The Hospital's Plan weighted-average asset allocations by asset category were as follows:

Asset Category	Plan Assets at December 31		Target Allocation
	2012	2011	
Equity securities	54%	52%	50-70%
Fixed income	32	30	30-50%
Alternative investments	12	11	0%
Other	2	7	0%
Total	100%	100%	

Plan assets are invested in a trust. The investment committee of the Board of Trustees establishes the target asset mix and monitors asset performance. The Hospital's determination of the expected long-term rate of return on assets is based on a building block approach. First, the underlying inflation rate is determined, then the expected real rate of return of stocks and bonds is determined based on their allocation percentages within the trust.

The assets of the Plan are managed in accordance with ERISA. Plan assets are measured at fair value and consist of cash and cash equivalents, collective investment funds, and alternative investments. Cash and cash equivalents and collective funds are reported at fair value in accordance with the policies discussed in Note 1. Collective investment funds underlying securities primarily consist of equity and fixed income securities.

Refer to Note 11 for fair value measurement information related to the defined benefit plan asset categories noted above.

The Hospital expects to contribute approximately \$5.4 million to the Plan during 2013. The Plan did not have a minimum required contribution for 2012. The Hospital's actual contribution for 2012 was \$27 million. The amount of this contribution above the minimum requirement is discretionary.

The Valley Hospital

Notes to Consolidated Financial Statements (continued)

8. Pension Plans (continued)

Expected benefit payments (includes future accruals) for the next ten years are as follows (in thousands):

2013	\$ 10,260
2014	11,251
2015	12,317
2016	13,455
2017	14,500
2018-2022	88,792

401(k) Retirement Savings Plan

In April 2004, the Hospital introduced a 401(k) Retirement Savings Plan. The Hospital no longer offers the defined benefit plan to employees hired after April 1, 2004. Participants of the defined benefit plan had the option to continue with the defined benefit plan, or begin to earn benefits in the new 401(k) plan effective April 1, 2004 with full credit for benefits earned through the defined benefit plan as of March 31, 2004.

All employees of the Organization who have attained the age of 21, completed one year of service and have at least 1,000 hours of service are eligible to participate. Employees may contribute 1% to 25% of their salary on a pretax basis, not to exceed Internal Revenue Service limitations of \$16,500 in 2011 and 2010. All employee pretax contributions are 100% vested. Prior to January 1, 2010, the Organization contributed 2% of the employee's base compensation and it matched up to 2% of the employee's contribution.

Effective January 1, 2010, the Hospital introduced a new formula under the 401(k) plan to determine the basic contribution percentage that will be provided to each employee in the Organization. Using a points scale system, every employee will be credited with one point for each full year of credited service (a calendar year with 1,000 hours of service), as well as one point for each full year of employee's age. Basic contributions range from 1% to 6% based on points. Additionally, the Hospital will match 100% of the first 3.5% employee contribution on top of the basic contribution. The Organization contributed \$16.1 million for 2012 and 2011.

The Valley Hospital

Notes to Consolidated Financial Statements (continued)

9. Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The concentrations of gross accounts receivable from patients and third-party payors were as follows:

	2012	2011
Blue Cross	17%	17%
Medicare and Medicaid	23	22
Commercial	12	14
Managed care	27	27
Self-pay	21	20
	100%	100%

10. Other Items and Special Projects

The components of other items and special projects are as follows (in thousands):

	2012	2011
Offsite properties	\$ (2,742)	\$ (2,785)
Changes to prior year allowances and reimbursement estimates	23,551	18,499
Strategic initiatives and other nonrecurring items	5,478	(6,962)
	\$ 26,287	\$ 8,752

Included within strategic initiatives and other nonrecurring items is proceeds from the sale of an offsite dialysis center.

11. Fair Value Measurements

For assets and liabilities required to be measured at fair value, the Organization measures fair value based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are applied based on the unit of account from the Organization's perspective. The unit of account determines what is being measured by reference to the level at which the asset or liability is aggregated (or disaggregated) for purposes of applying other accounting pronouncements.

The Valley Hospital

Notes to Consolidated Financial Statements (continued)

11. Fair Value Measurements (continued)

The Organization follows a valuation hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

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

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

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

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

The Valley Hospital

Notes to Consolidated Financial Statements (continued)

11. Fair Value Measurements (continued)

Financial instruments (included in cash and cash equivalents, limited use assets (excluding amounts accounted for using the equity method of accounting), deferred compensation assets, and defined benefit plan assets.), carried at fair value as of December 31, 2012 are classified in the table below in one of the three categories described above (in thousands):

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 16,425	\$ —	\$ —	\$ 16,425
Equity securities	8,241	—	—	8,241
Fixed income				
Mortgage backed securities	—	102,996	—	102,996
US Treasuries	137,048	—	—	137,048
Corporate bonds	—	111,878	—	111,878
Loomis Sayles Mutual Fund	40,610	—	—	40,610
Equity Mutual Funds				
Deferred Comp Mutual Funds	18,828	—	—	18,828
MSCI ACWI	22,695	—	—	22,695
Equity Index Fund	36,539	—	—	36,539
Russell 2000 Index Fund	14,812	—	—	14,812
PIMCO Mutual Fund	9,356	—	—	9,356
Wellington Mutual Fund	9,075	—	—	9,075
CCTs				
Equity Index Mutual Fund	—	88,602	—	88,602
Blackrock Mutual Fund	—	55,117	—	55,117
Russell 2000 Index Mutual Fund	—	35,971	—	35,971
State Street Passive Bond Market Index Fund	—	103,426	—	103,426
Hedge Funds				
Commonfund Multi Strat	—	—	9,735	9,735
Greenlight Master Offshore	—	—	11,176	11,176
Vittoria Fund	—	—	9,859	9,859
Other Alternative investments	—	—	75	75
	<u>\$ 313,629</u>	<u>\$ 497,990</u>	<u>\$ 30,845</u>	<u>\$ 842,464</u>

The Valley Hospital

Notes to Consolidated Financial Statements (continued)

11. Fair Value Measurements (continued)

Financial instruments (included in cash and cash equivalents, limited use assets (excluding amounts accounted for using the equity method of accounting), deferred compensation assets and defined benefit plan assets), carried at fair value as of December 31, 2011 are classified in the table below in one of the three categories described above (in thousands):

	Level 1	Level 2	Level 3	Total
Cash and equivalents	\$ 28,000	\$ —	\$ —	\$ 28,000
Equity securities	4,986	—	—	4,986
Fixed income				
Mortgage backed securities	—	120,785	—	120,785
US Treasuries	101,406	—	—	101,406
Corporate bonds	—	117,816	—	117,816
Loomis Mutual Funds	35,115	—	—	35,115
Equity Mutual Funds				
Deferred Comp Mutual Funds	16,561	—	—	16,561
MSCI ACWI	14,502	—	—	14,502
S&P 500	26,112	—	—	26,112
TR Russell 2000	10,552	—	—	10,552
CCTs				
Equity Index Mutual Fund	—	76,698	—	76,698
Blackrock US Mutual Fund	—	40,995	—	40,995
Russell 2000 Index Mutual Fund	—	29,763	—	29,763
State Street Passive Bond Market Index Fund	—	85,598	—	85,598
Hedge Funds				
Commonfund Multi Strat	—	—	8,833	8,833
Greenlight Cash	—	—	10,209	10,209
Greenlight Master Offshore	—	—	9,005	9,005
Money Market EBT	—	—	—	—
Vittoria Fund	—	—	97	97
Total	\$ 237,234	\$ 471,655	\$ 28,144	\$ 737,033

The Valley Hospital

Notes to Consolidated Financial Statements (continued)

11. Fair Value Measurements (continued)

The following is a description of the Organization's valuation methodologies for assets measured at fair value. Fair value for Level 1 is based upon quoted market prices. Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources, including market participants, dealers and brokers. The financial investments classified in Level 3 of the fair value hierarchy consist of alternative investments, the valuation for which is described in Note 1. The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table is a rollforward for financial instruments, classified by the Organization in Level 3 of the valuation hierarchy defined above (in thousands):

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	2012	2011
Fair value at beginning of year	\$ 28,144	\$ 23,721
Purchases, sales, issuances and settlements, net	(15)	6,097
Total realized and unrealized gains or losses	2,716	(1,674)
Fair value at end of year	<u>\$ 30,845</u>	<u>\$ 28,144</u>
Change in unrealized gains (losses) related to financial instruments held at end of year	<u>\$ 2,716</u>	<u>\$ (1,674)</u>

The Valley Hospital

Notes to Consolidated Financial Statements (continued)

12. Contingencies

Various investigations, lawsuits and claims arising in the normal course of operations are pending or on appeal against the Organization. While the ultimate effect of such actions cannot be determined at this time, it is the opinion of management that the liabilities which may arise from such actions would not materially affect the consolidated financial position or results of operations of the Organization.

During 2010, the Organization was informed that the DOJ is reviewing certain claims regarding the implantation of cardioverter defibrillators to determine if they were consistent with Medicare coverage policies. Estimated amounts related to potential retroactive adjustments have been included in amounts due to third-party payors and other liabilities.

13. Professional Insurance

Through March 20, 2003, the Organization had malpractice insurance coverage on a claims-made basis under a retrospectively rated policy based primarily on experience of a group of health care providers. Premiums were accrued based on the ultimate cost of the Hospital's claims experience to date. Losses from unasserted claims and incidents that may have occurred, but have not been identified under the incident reporting system are included in other accrued expenses in the amount of approximately \$1.0 million at December 31, 2012 and 2011 based principally on estimates that incorporate the Hospital's past experience as well as other considerations, including the nature of each claim or incident and relevant trend factors.

Effective March 20, 2003, the Organization insured its malpractice and general liability under a policy from VHSIC. Under this policy, the Organization is insured for professional liability up to \$3.0 million for each incident and with \$10.0 million annual aggregate. The Hospital funds VHSIC for the projected cost of future professional liabilities. Suggested funding levels are actuarially determined based on experience to date of VHSIC and a projected investment return on the self-insured trust fund.

In accordance with U.S. generally accepted accounting principles, VHSIC is required to apply deposit accounting based upon VHSIC (insurer) not providing indemnification of the Organization (insured) against loss or liability. Premium paid less the amount of premium to be retained by VHSIC shall be accounted for as a deposit. Losses paid and expenses paid are recorded as deduction to the deposit liability.

The Valley Hospital

Notes to Consolidated Financial Statements (continued)

13. Professional Insurance (continued)

Activity in the deposit account is summarized as follows (in thousands):

	December 31	
	2012	2011
Balance at beginning of year	\$ 38,485	\$ 35,778
Deposits from the Organization	5,000	5,007
Income attributable to deposit liability	1,108	714
	44,593	41,499
Losses paid	3,383	2,902
Loss and loss adjustment expense	152	112
	3,535	3,014
Balance at end of year	\$ 41,058	\$ 38,485

At December 31, 2012 and 2011, the balance of the deposit account was approximately \$41.2 million and \$38.6 million, respectively, and is included in limited use assets as insurance company-held funds in the accompanying consolidated balance sheets. The actuarially determined undiscounted professional and general liabilities aggregated approximately \$20.7 million and 18.2 million at December 31, 2012 and 2011, respectively (includes approximately \$4.7 million and \$4.1 million for estimated incurred but not reported costs), and are reported as estimated professional liability in the Organization's consolidated balance sheets.

The Valley Hospital

Notes to Consolidated Financial Statements (continued)

14. Other Revenue

The Organization's other revenue consists of the following (in thousands):

	2012	2011
Patient convenience	\$ 1,331	\$ 1,570
Valley Health Pharmacy	2,533	2,573
Food services	1,990	2,038
Purchase discounts and rebates	1,979	1,493
Investment income (loss)	1,958	(879)
Charity care subsidy	637	677
Other	2,888	2,433
	<u>\$ 13,316</u>	<u>\$ 9,905</u>

15. Non-Operating Gains and Losses

The Organization's non-operating gains and losses consist of the following (in thousands):

	2012	2011
Investment income	\$ 8,191	\$ 9,603
Grant revenue and other expenses, net	3,924	4,632
	<u>\$ 12,115</u>	<u>\$ 14,235</u>

Supplementary Information

The Valley Hospital

Consolidating Balance Sheet

December 31, 2012
(In Thousands)

	Valley Hospital	Valley Medical Services, Inc.	Valley Physician Services, Inc.	Other Companies	VHS Insurance Company, Ltd.	Eliminations	Consolidated
Assets							
Current assets							
Cash and cash equivalents	\$ 6 100	\$ 721	\$ 952	\$ 85	\$ —	\$ —	\$ 7 858
Accounts receivable - net	58 686	2 797	2 821	—	—	—	64 304
Prepaid expenses	10 771	300	—	—	—	—	11 071
Supplies and other current assets	14 384	—	5 768	—	—	(4 431)	15 721
Total current assets	89 941	3 818	9 541	85	—	(4 431)	98 954
Limited use assets - net of current portion							
Board designated	440 298	—	—	—	—	—	440 298
Insurance company-held funds	—	—	—	—	41 242	—	41 242
Donor restricted investments	6 457	—	—	—	—	—	6 457
	446 755	—	—	—	41 242	—	487 997
Property and equipment - net	198 192	—	1 962	20 644	—	—	220 798
Other assets	62 067	—	5 177	—	—	(41 242)	26 002
Assets held by related organization	29 244	—	—	—	—	—	29 244
	\$ 826 199	\$ 3 818	\$ 16 680	\$ 20 729	\$ 41 242	\$ (45 673)	\$ 862 995
Liabilities and net assets							
Current liabilities							
Accounts payable	\$ 20 231	\$ 51	\$ 514	\$ —	\$ —	\$ —	\$ 20 796
Accrued salaries and related benefits	43 196	1 332	2 615	—	—	—	47 143
Other accrued expenses	3 835	183	1 223	21	—	—	5 262
Deposit liability	—	—	—	—	41 122	(41 122)	—
Due to affiliates	—	278	4 153	—	—	(4 431)	—
Total current liabilities	67 262	1 844	8 505	21	41 122	(45 553)	73 201
Estimated professional liability	20 698	—	—	—	—	—	20 698
Amounts due to third-party payors and other liabilities	59 440	573	580	—	—	—	60 593
Accrued pension liability	36 584	—	—	—	—	—	36 584
Total liabilities	183 984	2 417	9 085	21	41 122	(45 553)	191 076
Net assets							
Unrestricted	635 758	1 401	7 595	20 708	120	(120)	665 462
Temporarily restricted	2 028	—	—	—	—	—	2 028
Permanently restricted	4 429	—	—	—	—	—	4 429
Total net assets	642 215	1 401	7 595	20 708	120	(120)	671 919
	\$ 826 199	\$ 3 818	\$ 16 680	\$ 20 729	\$ 41 242	\$ (45 673)	\$ 862 995

The Valley Hospital

Consolidating Statement of Operations and Changes in Net Assets

Year Ended December 31, 2012

(In Thousands)

	Valley Hospital	Valley Medical Services, Inc	Valley Physician Services, Inc	Other Companies	VHS Insurance Company, Ltd	Eliminations	Consolidated
Unrestricted revenues							
Net patient service revenue	\$ 608,797	\$ 13,301	\$ 18,179	\$ -	\$ -	\$ -	\$ 640,277
Provision for bad debt	(25,036)	(2,034)	(1,566)	-	-	-	(28,636)
Net patient service revenue less provision for bad debt	583,761	11,267	16,613	-	-	-	611,641
Other revenue	13,072	91	63	90	-	-	13,316
Total unrestricted revenues	596,833	11,358	16,676	90	-	-	624,957
Expenses							
Salaries and wages	246,486	10,539	29,177	-	-	-	286,202
Employee benefits	67,046	-	-	-	-	-	67,046
Medical fees	5,108	-	-	-	-	-	5,108
Other expenses	184,770	1,634	5,962	92	-	-	192,458
Depreciation	31,602	-	1,111	-	-	-	32,713
Total expenses	535,012	12,173	36,250	92	-	-	583,527
Income (loss) from operations before other items and special projects	61,821	(815)	(19,574)	(2)	-	-	41,430
Other items and special projects	26,152	488	(118)	(235)	-	-	26,287
Income (loss) from operations	87,973	(327)	(19,692)	(237)	-	-	67,717
Non-operating gains and losses	12,025	90	-	-	-	-	12,115
Change in unrealized gains and losses on investments	10,341	-	-	-	-	-	10,341
Revenues and gains in excess (deficiency) of expenses and losses	110,339	(237)	(19,692)	(237)	-	-	90,173
Other changes in unrestricted net assets							
Change in accrued pension liability to be recognized in future periods	(10,171)	-	-	-	-	-	(10,171)
Net changes in assets held by related organization and net asset transfers to/from affiliated entities	(16,281)	(31,002)	31,352	20,945	-	-	5,014
Increase(decrease) in unrestricted net assets	83,887	(31,239)	11,660	20,708	-	-	85,016
Temporarily restricted net assets							
Gifts, grants, donations and bequests	-	-	-	-	-	-	-
Net assets released from restriction for operating purposes	25	-	-	-	-	-	25
Increase in temporarily restricted net assets	25	-	-	-	-	-	25
Increase (decrease) in net assets	83,912	(31,239)	11,660	20,708	-	-	85,041
Net assets at beginning of year	558,303	32,640	(4,065)	-	120	(120)	586,878
Net assets at end of year	\$ 642,215	\$ 1,401	\$ 7,595	\$ 20,708	\$ 120	\$ (120)	\$ 671,919

\mathcal{H}^1 上の測度 μ に対して

$$\begin{aligned}
 \mu(\partial \Omega) &= \lim_{\epsilon \rightarrow 0} \mu(B_\epsilon(\partial \Omega)) \\
 &= \lim_{\epsilon \rightarrow 0} \int_{\partial \Omega} \int_0^\epsilon \frac{1}{r} dr d\mathcal{H}^1 \\
 &= \lim_{\epsilon \rightarrow 0} \int_{\partial \Omega} \log \frac{1}{\epsilon} d\mathcal{H}^1 \\
 &= \int_{\partial \Omega} \log \frac{1}{\epsilon} d\mathcal{H}^1 \\
 &= \int_{\partial \Omega} \log \frac{1}{\epsilon} d\mathcal{H}^1 \\
 &= \int_{\partial \Omega} \log \frac{1}{\epsilon} d\mathcal{H}^1
 \end{aligned}$$