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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning 07-01-2012 , 2012, and ending 06-30-2013

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

C Name of organization
READING HOSPITAL

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
PO BOX 16052

City or town, state or country, and ZIP + 4
READING, PA 196126052

D Employer identification number
23-1352204

E Telephone number
(484) 628-8445

G Gross receipts $ 806,347,423

F Name and address of principal officer
CLINT MATTHEWS SEE SCHEDULE O
PO BOX 16052
READING,PA 196126052

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW READINGHEALTH ORG

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

L Year of formation 1869

M State of legal domicile PA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
THE MISSION OF THE READING HOSPITAL IS TO PROVIDE COMPASSIONATE, ACCESSIBLE, HIGH QUALITY, COST EFFECTIVE CARE TO THE COMMUNITY TO PROMOTE HEALTH, TO EDUCATE HEALTHCARE PROFESSIONALS, AND TO PARTICIPATE IN APPROPRIATE CLINICAL RESEARCH ASK SOMEONE TO DEFINE A HOSPITAL'S ROLE IN THE COMMUNITY, AND MOST OFTEN YOU HEAR ABOUT SERVICES AND DEPARTMENTS, OR ABOUT DOCTORS, NURSES AND OTHER CAREGIVERS IN ADDITION TO ITS PRIMARY ROLE AS A PROVIDER OF DIRECT CARE, READING HEALTH SYSTEM ADDRESSES ISSUES OUTSIDE THAT REALM THAT IMPACT HEALTH AND WELLNESS IN FACT, A KEY PART OF OUR MISSION MEANS THE REINVESTMENT OF OUR RESOURCES INTO THESE EFFORTS, WHICH ARE COLLECTIVELY KNOWN AS COMMUNITY BENEFIT WE ARE PROUD TO REPORT THAT IN OUR LAST FISCAL YEAR, WE COMMITTED MORE THAN 152 MILLION TO THIS CAUSE OUR CAREGIVERS AND SUPPORT STAFF PARTICIPATE IN HEALTH EDUCATION, FREE SCREENINGS, AND IMMUNIZATIONS THEY SUPPORT ACTIVITIES FOR INDIVIDUALS WITH SERIOUS OR CHRONIC HEALTH CONDITIONS, ADVANCE SELF-C

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	21
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	18
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	7,992
6	Total number of volunteers (estimate if necessary)	**6**	971
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	1,035,244
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-1,391

Revenue

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	2,698,940	1,894,274
9	Program service revenue (Part VIII, line 2g)	785,135,455	777,681,968
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	636,798	771,999
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	23,027,998	25,999,182
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	811,499,191	806,347,423

Expenses

13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	484,564	1,135,000
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	356,928,773	386,023,629
16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	375,251,624	339,700,607
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	732,664,961	726,859,236
19	Revenue less expenses Subtract line 18 from line 12	78,834,230	79,488,187

Net Assets or Fund Balances

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	915,035,276	926,283,621
21	Total liabilities (Part X, line 26)	850,291,791	771,996,389
22	Net assets or fund balances Subtract line 21 from line 20	64,743,485	154,287,232

Part II Signature Block

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

Sign Here

****** | 2014-02-17
Signature of officer | Date

RICHARD W JONES CHIEF FINANCIAL OFFICER
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
PRICEWATERHOUSECOOPERS LLP		2014-04-28		

Firm's name ▶ PRICEWATERHOUSECOOPERS LLP | Firm's EIN ▶

Firm's address ▶ 2001 MARKET ST STE 170000
PHILADELPHIA, PA 19103 | Phone no (267) 330-3000

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

THE MISSION OF THE READING HOSPITAL IS TO PROVIDE COMPASSIONATE, ACCESSIBLE, HIGH QUALITY, COST EFFECTIVE CARE TO THE COMMUNITY TO PROMOTE HEALTH, TO EDUCATE HEALTHCARE PROFESSIONALS, AND TO PARTICIPATE IN APPROPRIATE CLINICAL RESEARCH ASK SOMEONE TO DEFINE A HOSPITAL'S ROLE IN THE COMMUNITY, AND MOST OFTEN YOU HEAR ABOUT SERVICES AND DEPARTMENTS, OR ABOUT DOCTORS, NURSES AND OTHER CAREGIVERS IN ADDITION TO ITS PRIMARY ROLE AS A PROVIDER OF DIRECT CARE, READING HEALTH SYSTEM ADDRESSES ISSUES OUTSIDE THAT REALM THAT IMPACT HEALTH AND WELLNESS IN FACT, A KEY PART OF OUR MISSION MEANS THE REINVESTMENT OF OUR RESOURCES INTO THESE EFFORTS, WHICH ARE COLLECTIVELY KNOWN AS COMMUNITY BENEFIT WE ARE PROUD TO REPORT THAT IN OUR LAST FISCAL YEAR, WE COMMITTED MORE THAN 152 MILLION TO THIS CAUSE OUR CAREGIVERS AND SUPPORT STAFF PARTICIPATE IN HEALTH EDUCATION, FREE SCREENINGS, AND IMMUNIZATIONS THEY SUPPORT ACTIVITIES FOR INDIVIDUALS WITH SERIOUS OR CHRONIC HEALTH CONDITIONS, ADVANCE SELF-C

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 $ 37,292,522 including grants of $ 1,135,000) (Revenue $ 65,744,642)

OPERATING ROOM - 18,056 TOTAL SURGERIES READING HOSPITAL OPERATES IN A MARKET SERVED BY NEARLY 20 SPECIALTY, INVESTOR-OWNED FACILITIES, WHICH CARVE OUT THE BEST PAYING INSURANCE PLANS, THE HIGHEST MARGIN PROCEDURES, AND THE LEAST COMPLICATED PATIENTS TO SERVE BY CONTINUING TO PROVIDE A FULL SERVICE SURGICAL SERVICE, RH OFFERS THE MOST ADVANCED SURGICAL OPTIONS, FROM ROBOTIC ASSISTED,MINIMALLY INVASIVE SURGERY TO A FULL SPECTRUM OF OUTPATIENT SURGICAL OPTIONS AND TO ENSURE OUR COMMUNITY HAS ACCESS TO SURGICAL SPECIALITIES THAT MAY BE EXPERIENCING SHORTAGES ELSEWHERE IN THE COUNTRY RH SUPPORTS ITS SURGEONS IN THEIR FELLOWSHIP TRAINING AND RECRUITS AND RETAINS SURGEONS IN AREAS LIKE PLASTIC SURGERY - AVAILABLE ONLY DURING LIMITED HOURS OR NOT AT ALL, IN OTHER HOSPITALS IN ITS MARKET

4b (Code) (Expenses $ 34,771,995 including grants of $) (Revenue $ 83,171,774)

EMERGENCY CARE - 130,755 EMERGENCY ROOM VISITS RH EMERGENCY DEPARTMENT PROVIDES EMERGENT, URGENT AND PRIMARY CARE SERVICES TO OUR COMMUNITY "24/7/365," REGARDLESS OF ABILITY TO PAY VOLUME TO RH EMERGENCY DEPARTMENT RANKS IT AMONG THE TOP THREE IN THE STATE OF PENNSYLVANIA YEAR AFTER YEAR AS THE AREA'S ONLY ACCREDITED TRAUMA CENTER, RH ALSO PROVIDES IMMEDIATE ACCESS THROUGH ITS EMERGENCY DEPARTMENT TO ALL SPECIALITY SREVICES, FROM TRAUMA SURGEONS TO PLASTIC SURGEONS, AND ALL AREAS OF SEPCIALITY CARE IN ADDITION TO ITS TRAUMA CERTIFICATION, RH IS THE ONLY HOSPITAL IN THE REGION TO HAVE MADE A COMMITMENT TO ACCREDIATED CARE IN STROKE AND CHEST PAIN FOLLOWING THE RELOCATION OF THE OTHER HOSPITAL IN THE CITY TO A NEW SUBURBAN CAMPUS, RH IS FULFILLING ITS COMMITTMENT TO SERVE THE UNDERSERVED POPULATION OF THE CITY

4c (Code) (Expenses $ 41,107,672 including grants of $) (Revenue $ 62,937,970)

PHARMACY - 6,906,045 DRUGS DISPENSED RH PROVIDES ACESS TO NEEDED PRESCRIPTIONS FOR THOSE PATIENTS WHO CANNOT AFFORD THEIR MEDICATION EACH MONTH RH ABSORBS THE COST OF PRESCRIPTION MEDICATION FOR PATIENTS OF RH WITH NO PRESCRIPTION COVERAGE RH RECOGNIZES THE IMPORTANT ROLE OF PATIENT COMPLIANCE WITH THEIR TREATMENT, INCLUDING TAKING MEDICATION AS PRESCRIBED, AND RECOGNIZES THAT PATIENTS WITHOUT THE ABILITY TO PAY FOR THOSE MEDICATIONS WILL SIMPLY NOT COMPLY TO ENSURE OPTIMAL PATIENT HEALTH AND THE BEST PATIENT OUTCOMES, RH ABSORBS THE COSTS OF THESE MEDICATIONS AS PART OF OUR EXEMPT PURPOSE IN OUR COMMUNITY

(Code) (Expenses $ 557,751,319 including grants of $) (Revenue $ 579,539,048)

EXPENSES ARE FOR TREATING INPATIENTS, OUTPATIENTS AND EMERGENCY PATIENTS

4d Other program services (Describe in Schedule O)

(Expenses $ 557,751,319 including grants of $) (Revenue $ 579,539,048)

4e **Total program service expenses** ▶ 670,923,508

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 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	Yes	
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? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25*	**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? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**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)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 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	484		
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	7,992		
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			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible 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 **1a** 21			
	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			
b	Enter the number of voting members included in line 1a, above, who are independent **1b** 18			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**		No
6	Did the organization have members or stockholders?	**6**	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	**8a**	Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**		No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request ☐ 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 W JONES CFO SIXTH AVE SPRUCE STS WEST READING, PA (610) 988-8114

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

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

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

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation 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

(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			
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (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)** . . . . . ▶								6,573,765		857,062

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 ▶288

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
FTI CONSULTING PO BOX 418005 BOSTON MA 022418005	CONSULTING	7,229,745
BALLINGER 833 CHESTNET STREET SUITE 1400 PHILADELPHIA PA 19107	CONSTRUCTION	5,105,435
HCSC BLOOD CENTER 2171 28TH STREET SW ALLENTOWN PA 18103	CONSULTING	3,624,768
CARDIOLOGY ASSOCIATES OF WEST READIN 301 S 7TH AVE WEST READING PA 19611	HEALTH CARE SVC	3,372,827
PENN TRAUMA ASSOCIATES 3400 SPRUCE ST PHILADELPHIA PA 19104	TRAUMA SER	2,609,662
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 ▶58		

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				
	e	Government grants (contributions)	1e	770,537			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	1,123,737			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		1,894,274			
Program Service Revenue			Business Code				
	2a	PATIENT CHARGES		777,681,968	777,681,968		
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		777,681,968			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		771,999			771,999
	4	Income from investment of tax-exempt bond proceeds . . ▶					
	5	Royalties . . . . . ▶					
			(i) Real	(ii) Personal			
	6a	Gross rents					
	b	Less rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss) . . . . . ▶					
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory					
	b	Less cost or other basis and sales expenses					
	c	Gain or (loss)					
	d	Net gain or (loss) . . . . . ▶					
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . .	a				
	b	Less direct expenses . . .	b				
	c	Net income or (loss) from fundraising events . . ▶					
	9a	Gross income from gaming activities See Part IV, line 19 . . .	a				
	b	Less direct expenses . . .	b				
	c	Net income or (loss) from gaming activities . . ▶					
	10a	Gross sales of inventory, less returns and allowances .	a				
	b	Less cost of goods sold . .	b				
	c	Net income or (loss) from sales of inventory . . ▶					
		Miscellaneous Revenue	Business Code				
	11a	MEALS		4,967,926			4,967,926
	b	PROPERTY RENTAL		4,901,187			4,901,187
	c	TUITION - NURSING TECH SCHOOL		4,541,475	4,541,475		
	d	All other revenue		11,588,594	9,169,991	1,035,244	1,383,359
	e	**Total.** Add lines 11a–11d . . . . . ▶		25,999,182			
	12	**Total revenue.** See Instructions . . . . . ▶		806,347,423	791,393,434	1,035,244	12,024,471

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	1,135,000	1,135,000		
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	2,982,632		2,982,632	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	826,093		826,093	
7 Other salaries and wages	291,424,969	278,519,562	12,905,407	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	28,434,293	26,819,894	1,614,399	
9 Other employee benefits	40,204,430	37,957,549	2,246,881	
10 Payroll taxes	22,151,212	20,872,581	1,278,631	
11 Fees for services (non-employees)				
a Management				
b Legal	9,849,893	453,264	9,396,629	
c Accounting	927,590		927,590	
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)	28,853,926	15,896,691	12,957,235	
12 Advertising and promotion				
13 Office expenses				
14 Information technology	15,630,002	15,630,002		
15 Royalties . .				
16 Occupancy	15,044,081	14,585,139	458,942	
17 Travel	749,882	572,247	177,635	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	14,295,289	13,859,190	436,099	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	69,798,968	69,798,968		
23 Insurance	7,635,993	7,626,216	9,777	
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 AND DRUGS	109,871,474	109,460,829	410,645	
b PHYSICIAN FEES	21,446,354	21,112,491	333,863	
c OUTSIDE SERVICE	11,459,515	11,459,515		
d OTHER MISC EXPENSES	11,133,249	3,038,707	8,094,542	
e All other expenses	23,004,391	22,125,663	878,728	
25 **Total functional expenses.** Add lines 1 through 24e	726,859,236	670,923,508	55,935,728	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 ▶ ☐ 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) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		553,097	1	453,958
	2	Savings and temporary cash investments		187,873,688	2	61,327,151
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		112,324,645	4	182,005,953
	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		11,856,589	8	14,442,833
	9	Prepaid expenses and deferred charges		10,973,507	9	14,164,667
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 1,180,259,222			
	b	Less accumulated depreciation	10b 597,618,917	521,743,728	10c	582,640,305
	11	Investments—publicly traded securities		19,933,781	11	20,115,777
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		49,776,241	15	51,132,977
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		915,035,276	16	926,283,621
Liabilities	17	Accounts payable and accrued expenses		108,713,561	17	120,965,568
	18	Grants payable		1,003,962	18	1,527,412
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		4,770,000	20	2,450,000
	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		2,240,755	23	1,984,569
	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		733,563,513	25	645,068,840
	26	**Total liabilities.** Add lines 17 through 25		850,291,791	26	771,996,389
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		47,300,049	27	134,829,325
	28	Temporarily restricted net assets		630,552	28	627,847
	29	Permanently restricted net assets		16,812,884	29	18,830,060
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		64,743,485	33	154,287,232
	34	Total liabilities and net assets/fund balances		915,035,276	34	926,283,621

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	806,347,423
2	Total expenses (must equal Part IX, column (A), line 25)	2	726,859,236
3	Revenue less expenses Subtract line 2 from line 1	3	79,488,187
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	64,743,485
5	Net unrealized gains (losses) on investments	5	
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	10,055,559
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	154,287,232

Part XII Financial Statements and Reporting

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

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

Additional Data

Software ID:
Software Version:
EIN: 23-1352204
Name: READING HOSPITAL

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			
CLINT MATTHEWS PRESIDENT &	60 00	X		X				1,018,668	0	287,948
ROBERT A BRIGHAM DIR OF SURG	40 00	X						786,801	0	15,722
LIL MURPHY BOARD MEMBER	1 00	X						0	0	0
JOHN WEIDENHAMMER BOARD MEMBER	1 00	X						0	0	0
KAREN RIGHTMIRE BOARD MEMBER	1 00	X						0	0	0
BARBARA ARNER BOARD MEMBER	1 00	X						0	0	0
THEODORE AUMAN BOARD MEMBER	1 00	X						0	0	0
MARY ELLEN BATMAN BOARD MEMBER	1 00	X						0	0	0
BRUCE BENGSTON BOARD MEMBER	1 00	X						0	0	0
ROBERT J GIBBLE BOARD MEMBER	1 00	X						0	0	0
VICTOR HAMMEL VICE CHAIR	1 00	X						0	0	0
JULIA KLEIN BOARD MEMBER	1 00	X						0	0	0
CHRIST G KRARAS BOARD MEMBER	1 00	X						0	0	0
EDWARD T LENTZ BOARD MEMBER	1 00	X						0	0	0
TERRENCE MCGLINN BOARD MEMBER	1 00	X						0	0	0
MARGARET S MCSHANE BOARD MEMBER	1 00	X						0	0	0
RICHARD M PALMER JR BOARD MEMBER	1 00	X						0	0	0
JOHN ROLAND ESQ BOARD MEMBER	1 00	X						0	0	0
ELIZABETH ROTHERMEL BOARD MEMBER	1 00	X						0	0	0
JAY S SIDHU BOARD MEMBER	1 00	X						0	0	0
C THOMAS WORK ESQ CHAIRMAN	1 00	X		X				0	0	0
BRENT WAGNER MD BOARD MEMBER	1 00	X						0	0	0
P MICHAEL EHLERMAN VICE CHAIRMA	1 00	X		X				0	0	0
ELIZABETH EHRLICH BOARD MEMBER	1 00	X						0	0	0
SAMUEL A MCCULLOUGH BOARD MEMBER	1 00	X						0	0	0

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

(A) Name and Title	(B) Average hours per week (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			
MARLIN MILLER JR BOARD MEMBER	1 00	X						0	0	0
DAVID L THUN BOARD MEMBER	1 00	X						0	0	0
BEN ZINTAK BOARD MEMBER	1 00	X						0	0	0
THOMAS FLYNN BOARD MEMBER	1 00	X						0	0	0
THERESE SUCHER COO	50 00			X				640,907	0	147,948
RICHARD W JONES CFO	50 00			X				519,045	0	142,458
RICHARD J MABLE SENIOR VP PL	50 00			X				310,916	0	50,548
CARL J SEIDL VICE PRESIDE	50 00			X				237,756	0	44,890
MARGARET M BLIGH VICE PRESIDE	50 00			X				233,743	0	15,637
CHARLES F BARBERA PHYSICIAN	40 00					X		485,984	0	55,507
NIDHI MAHENDRU PHYSICIAN	40 00					X		390,871	0	17,278
JOHN BEYER PHYSICIAN	40 00					X		381,074	0	0
MATHEW GROVE PHYSICIAN	40 00					X		379,985	0	35,115
JETTIE HUNT PHYSICIAN	40 00					X		365,855	0	15,722
DONNA F WEBER VP NURSING							X	487,962	0	28,289
SCOTT R WOLFE FORMER PRESI							X	334,198	0	0

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
READING HOSPITAL

Employer identification number
23-1352204

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

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

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

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

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

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

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

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

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

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

9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - 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?

		Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?	**11g(i)**		
(ii) A family member of a person described in (i) above?	**11g(ii)**		
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	**11g(iii)**		

h Provide the following information about the supported organization(s)

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1 - 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(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 III **Support Schedule for Organizations Described in Section 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 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

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
▶ **See separate instructions.**

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	**Employer identification number**
READING HOSPITAL	23-1352204

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

	For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		32,000
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?		No	
j	Total Add lines 1c through 1i			32,000
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1 Also, complete this part for any additional information

Identifier	Return Reference	Explanation
	SCHEDULE C, PART II-B, LINE 1	PART II-B, LINE 1G A RETAINER FEE WAS PAID TO THE LAW FIRM OF STEVENS AND LEE TO ENGAGE DIRECT CONTACT WITH LEGISLATORS THE PURPOSE OF THEIR CONTACT WAS TO PROMOTE THE GENERAL INTERESTS AND WELFARE OF READING HOSPITAL DURING THESE DIFFICULT ECONOMIC TIMES IN THE HEALTH CARE FIELD

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
READING HOSPITAL

Employer identification number
23-1352204

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

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

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

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds 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? ☐ Yes ☐ No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or 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	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

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 ▶ $ _____

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

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

b If "Yes," explain the arrangement in Part 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	5,069,623	4,819,664	4,011,593	3,521,023	
b Contributions	434,567	29,254		120,701	
c Net investment earnings, gains, and losses	528,969	249,875	850,421	397,389	
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses	35,242	28,871	42,352	27,518	
g End of year balance	6,827,185	5,069,623	4,819,664	4,011,593	

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

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

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		21,329,748		21,329,748
b Buildings		461,392,123	234,875,744	226,516,379
c Leasehold improvements				
d Equipment		639,111,267	362,743,173	276,368,094
e Other		58,426,084		58,426,084
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* . . . . . ▶				582,640,305

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

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

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

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

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

(a) Description	(b) Book value
See Additional Data Table	
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	51,132,977

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

1 (a) Description of liability	(b) Book value
Federal income taxes	
LT LOAN - AFFILIATE PAYABLE	484,952,763
PENSION PAYABLE	112,628,171
ESTIMATED SELF INSURANCE COSTS	43,781,001
DEFERRED REVENUE	3,203,636
NMG SWAP	503,269
DUE TO AFFILIATES	
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	645,068,840

2. Fin 48 (ASC 740) Footnote In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☑

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
LIABILITY UNDER FIN 48 FOOTNOTE	SCHEDULE D, PAGE 3, PART X	THE COMPANY EVALUATES UNCERTAIN TAX POSITIONS USING A TWO-STEP APPROACH FOR RECOGNIZING AND MEASURING TAX BENEFITS TAKEN OR EXPECTED TO BE TAKEN IN AN UNRELATED BUSINESS ACTIVITY TAX RETURN AND DISCLOSURES REGARDING UNCERTAINTIES IN TAX POSITIONS NO ADJUSTMENTS TO THE FINANCIAL STATEMENTS WERE REQUIRED AS A RESULT OF THIS EVALUATION

Additional Data

Software ID:
Software Version:
EIN: 23-1352204
Name: READING HOSPITAL

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

(a) Description	**(b)** Book value
(1) NON CURRENT TRUST FUNDS	20,032,627
(2) THIRD PARTY RECV'S	8,198,991
(3) MEDICAL MALPRACTICE TRUST FUND	5,332,300
(4) MALPRACTICE TRUST	4,500,000
(5) LT DEFERRED &REVENUE BOND DEBENTURES	2,878,958
(6) DEFERRED TRUST	2,873,977
(7) DUE FROM AFFILIATES	2,613,524
(8) WORK COMP TF	2,450,000
(9) SPRING RIDGE JV	1,851,141
(10) BERKS PHYSICAL THERAPY	237,864
(11) GIFT ANNUITIES	133,563
(12) VEBA TRUST	30,032

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
READING HOSPITAL

Employer identification number
23-1352204

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 ☑ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ 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 *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care ☑ 100% ☐ 150% ☐ 200% ☐ Other _____ %	3a	Yes	
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☑ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b	Yes	
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"?	4		No
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a		No
b	If "Yes," did the organization make it available to the public?	6b		
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 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)			17,422,245		17,422,245	2 400 %
b Medicaid (from Worksheet 3, column a)			117,464,596	82,164,654	35,299,942	4 860 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			134,886,841	82,164,654	52,722,187	7 250 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			3,637,044	14,290	3,622,754	0 500 %
f Health professions education (from Worksheet 5)			25,240,935	12,975,326	12,265,609	1 690 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)			3,106,397		3,106,397	0 430 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,824,454		1,824,454	0 250 %
j **Total.** Other Benefits			33,808,830	12,989,616	20,819,214	2 860 %
k **Total.** Add lines 7d and 7j			168,695,671	95,154,270	73,541,401	10 120 %

Part II **Community Building Activities** Complete this 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
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 **Total**						

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

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2 48,424,699		
3	Enter 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 28,570,272		
4	Provide 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

5	Enter total revenue received from Medicare (including DSH and IME)	5	204,887,641
6	Enter Medicare allowable costs of care relating to payments on line 5	6	271,199,196
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-66,311,555
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b		No

Part IV **Management 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	TRH SURGICENTER LLC	OUTPATIENT SURGERY	50 000 %		50 000 %
2	READING BERKS PT LLC	PHYSICAL THERAPY	40 000 %		
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	READING HOSPITAL SIXTH AVE SPRUCE ST WEST READING,PA 19611	X	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)

Name of hospital facility or facility reporting group READING HOSPITAL

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	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☑ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a 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**	Yes	
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**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website			
b	☑ Available upon request from the hospital facility			
c	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		No
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**		No
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)*

			Yes	No
Financial Assistance Policy				
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 *free* care?	**10**	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for free care 100.0% If "No," explain in Part VI the criteria the hospital facility used			
11	Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 300.0% If "No," explain in Part VI the criteria the hospital facility used			
12	Explained the basis for calculating amounts charged to patients?	**12**	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a	☑ Income level			
b	☐ Asset level			
c	☐ Medical indigency			
d	☐ Insurance status			
e	☐ Uninsured discount			
f	☐ Medicaid/Medicare			
g	☐ State regulation			
h	☑ Other (describe in Part VI)			
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?	**14**	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a	☑ The policy was posted on the hospital facility's website			
b	☑ The policy was attached to billing invoices			
c	☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d	☑ The policy was posted in the hospital facility's admissions offices			
e	☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f	☑ The policy was available upon request			
g	☑ 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	☐ Reporting to credit agency			
b	☐ Lawsuits			
c	☐ Liens on residences			
d	☐ Body attachments			
e	☐ 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?	**17**		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
a	☐ Reporting to credit agency			
b	☐ Lawsuits			
c	☐ Liens on residences			
d	☐ Body attachments			
e	☐ Other similar actions (describe in Part VI)			

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

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 ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☑ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
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?	**21**		No
If "Yes," explain in Part VI			
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?	**22**		No
If "Yes," explain in Part VI			

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?
1

	Name and address	Type of Facility (describe)
1	TRHMC SURGICENTER AT SPRING RIDGE 2603 KEISER BLVD READING, PA 19610	AMBULATORY SURGERY CENTER
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
SUBSIDIZED HEALTH SERVICES EXPLANATION	PART I LINE 7G	READING HOSPITAL UTILIZES THE IRS GUIDELINES IN DETERMINING THE RATIO OF PATIENT COST TO CHARGES TO ESTIMATE THE COST OF EACH SUBSIDIZED HEALTH SERVICE THIS CALCULATION DOES NOT REFLECT READING HOSPITALS OPERATIONAL LOSS CURRENTLY THE HOSPITAL PROVIDES BEHAVIORAL HEALTH AND OUTPATIENT SERVICES TO THE COMMUNITY ON A SUBSIDIZED BASIS AS THESE SERVICES REFLECT AN OPERATIONAL LOSS READING HOSPITAL IS A NOTFORPROFIT HEALTHCARE CENTER PROVIDING COMPREHENSIVE ACUTE CARE POSTACUTE CARE REHABILITATION BEHAVIORAL AND OCCUPATIONAL HEALTH SERVICES TO THE PEOPLE OF BERKS AND ADJOINING COUNTIES READING HOSPITAL LIES ON THE OUTSKIRTS OF THE CITY OF READING WHICH HAS AN ESTIMATED POPULATION OF 88414 IN 2011 AND CONTAINS 12 MEDICALLY UNDERSERVED CENSUS TRACTS 37 OF THE RESIDENTS OF THE CITY LIVE BELOW FEDERAL POVERTY LEVELS THE HEALTH CARE NEEDS TRACK CLOSELY TO THE HIGH POVERTY RATE IN THE CITY THE ADULT PREVALENCE OF DIABETES THE PROPORTION OF ADULTS WITH DIAGNOSED HIGH BLOOD PRESSURE THE PERCENT OF WOMEN WHO RECEIVE NO PRENATAL CARE IN THE FIRST TRIMESTER THE PEDIATRIC AND ADULT ASTHMA HOSPITAL ADMISSION RATES AND THE THREEYEAR AVERAGE PNEUMONIA DEATH RATE ALL EXCEED THE NATIONAL BENCHMARKS FOR THESE INDICATORS THE MISSION OF READING HOSPITAL IS TO PROVIDE COMPASSIONATE ACCESSIBLE HIGH QUALITY COST EFFECTIVE HEALTH CARE TO THE COMMUNITY TO PROMOTE HEALTH TO EDUCATE HEALTHCARE PROFESSIONALS AND TO PARTICIPATE IN APPROPRIATE CLINICAL RESEARCH READING HOSPITAL IS COMMITTED TO SERVING THE NEEDS OF THE COMMUNITY EVEN WHEN THE NEEDED SERVICES CAUSE A DRAIN ON CAPITAL RESOURCES READING HOSPITAL IS A REGIONAL REFERRAL CENTER FOR BEHAVIORAL HEALTH SERVICES READING HOSPITAL PROVIDES APPROXIMATELY ONETHIRD OF ALL INPATIENT MENTAL HEALTH SERVICES USED BY THE RESIDENTS OF BERKS COUNTY AND OVER 50 AMONG PATIENTS AGE 60 ANOTHER MENTAL HEALTH PROVIDER HAVEN BEHAVIORAL HEALTH HAS RECENTLY ESTABLISHED A TREATMENT FACILITY IN THE CITY OF READING OFFERING MENTAL HEALTH SERVICES READING HOSPITAL TREATS NEARLY 40 OF BERKS COUNTY PATIENTS REQUIRING INPATIENT SERVICES FOR SUBSTANCE ABUSE THE OTHER NONPROFIT HOSPITAL IN THE AREA SERVES ONLY 4 OF THESE PATIENTS READING HOSPITAL HAS RECENTLY EXPANDED AND RELOCATED ITS INPATIENT DETOXIFICATION CENTER TO MEET THE GROWING NEED FOR THESE SERVICES IF READING HOSPITAL CEASED TO PROVIDE SUBSTANCE ABUSE SERVICES PATIENTS WOULD HAVE TO TRAVEL OUT OF THE AREA FOR TREATMENT BECAUSE LOCAL PROVIDERS WOULD NOT HAVE THE ABILITY TO MEET THE NEED READING HOSPITAL PERENNIALLY RANKS AMONG THE TOP FOUR PENNSYLVANIA HOSPITALS IN OUTPATIENT SERVICES BECAUSE OF THE HIGH POVERTY RATE AND THE HIGH NUMBER OF UNINSURED AND MEDICAIDCHIP RESIDENTS OUTPATIENT SERVICES ARE OFTEN PROVIDED WITHOUT ADEQUATE COMPENSATION
COSTING METHODOLOGY EXPLANATION	PART I LINE 7	IN THE CHARITY CARE AND MEANSTESTED GOVERNMENT PROGRAMS SECTION OF LINE 7 A COST TO CHARGE RATIO DEVELOPED FROM OUR MEDICARE COST REPORT IS UTILIZED

Identifier	ReturnReference	Explanation
COLLECTION PRACTICES EXPLANATION	PART III LINE 9B	READING HOSPITALS DEBT COLLECTION POLICY DOES NOT CONTAIN ANY SPECIFIC PROVISIONS FOR REFERRING A PATIENT TO FINANCIAL ASSISTANCE BECAUSE THOSE QUALIFYING FOR FINANCIAL ASSISTANCE WILL HAVE BEEN ADDRESSED BY THE FINANCIAL ASSISTANCE POLICY BEFORE AN ACCOUNT GETS TO THE COLLECTION STAGE
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	PART VI	READING HOSPITALS COMMITMENT TO PROVIDING AFFORDABLE CAREC2PAC PROGRAM OFFERS FINANCIAL COUNSELING AND PROVIDES DISCOUNTS FOR UNINSURED PATIENTS C2PAC MAKES INFORMATION AND COUNSELING SERVICES MORE READILY AVAILABLE TO ALL QUALIFIED PATIENTS PATIENTS ARE ENCOURAGED TO ENTER THE C2PAC PROGRAM AS EARLY IN THE TREATMENT PROCESS AS POSSIBLE ALL C2PAC PATIENTS WILL BE AFFORDED THE OPPORTUNITY TO MEET WITH CERTIFIED PATIENT FINANCIAL COUNSELORS AND RESOURCE ELIGIBILITY SPECIALISTS TO DETERMINE ELIGIBILITY FOR PROGRAMS SUCH AS MEDICAL ASSISTANCE DISABILITY COBRA PA FAIR CARE CHARITY CARE AND RECEIVE INFORMATION ON AVAILABLE COMMUNITY PROGRAMS C2PAC INCLUDES URGENT NONELECTIVE EMERGENT SERVICES AND SEVERAL OTHER PREAPPROVED AND PRESCREENED SERVICES IMPLANTABLES HIGHCOST DRUGS DME AND CONTRACTED SERVICES WILL BE PROVIDED TO THE PATIENT AT HOSPITAL COST

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	PART VI	THE READING HOSPITAL SERVES BERKS COUNTY ALONG WITH PARTS OF MONTGOMERY CHESTER LEBANON LANCASTER AND SCHUYLKILL COUNTIES THE POPULATION OF THE TOTAL SERVICE AREA IS ABOUT 754000 BERKS COUNTY PROFILE BERKS COUNTY POPULATION IS 411442 THERE IS A LARGE POPULATION ORIGINATED BY BIRTH IN THE COUNTY 75 OF RESIDENTS WERE BORN IN PENNSYLVANIA 15 WERE BORN ELSEWHERE IN THE UNITED STATES 4 WERE BORN IN PUERTO RICO US ISLANDS OR ABROAD TO AMERICAN PARENTS AND 6 WERE FOREIGN BORN THE RACIAL MIX INCLUDES 90 WHITE 6 BLACK 1 ASIAN 1 SOME OTHER RACE AND 2 OF MIXED RACE THERE IS A LARGE HISPANIC POPULATION IN BERKS COUNTY ABOUT 16 OF RESIDENTS CLASSIFY THEMSELVES AS HISPANIC AND 12 OF ALL RESIDENTS AGES 6 SPEAK SPANISH AT HOME 16 PERCENT OF BERKS COUNTY RESIDENTS AGE 25 HAVE LESS THAN A HIGH SCHOOL EDUCATION WHEREAS 22 HOLD A COLLEGE BACHELORS DEGREE OR HIGHER THE MEDIAN HOUSEHOLD INCOME IN BERKS COUNTY IS 54823 13 PERCENT OF BERKS COUNTY RESIDENTS LIVE IN POVERTY THIS FIGURE INCLUDES 20 OF ALL CHILDREN UNDER AGE 18 AND 7 OF ALL SENIORS AGE 65 CITY OF READING PROFILE BERKS COUNTY INCLUDES THE CITY OF READING WHICH HAS A MORE DIVERSE POPULATION THAN THE REST OF THE COUNTY 52 OF THE RESIDENTS WERE BORN IN PENNSYLVANIA 18 WERE BORN ELSEWHERE IN THE UNITED STATES 14 WERE BORN IN PUERTO RICO US ISLANDS OR ABROAD TO AMERICAN PARENTS AND 17 WERE FOREIGN BORN THE RACIAL MIX INCLUDES 48 WHITE 13 BLACK 1 ASIAN 32 SOME OTHER RACE AND 6 OF MIXED RACE THE MAJORITY OF THE POPULATION OF THE CITY OF READING IS HISPANIC ABOUT 58 OF THE RESIDENTS CLASSIFY THEMSELVES AS HISPANIC AND 46 SPEAK SPANISH IN THEIR HOMES THIRTYFIVE PERCENT OF READING RESIDENTS AGE 25 HAVE NOT GRADUATED FROM HIGH SCHOOL AND ONLY 9 HAVE ATTAINED A BACHELORS DEGREE OR HIGHER MANY READING RESIDENTS ARE POOR AND THE MEDIAN INCOME IN THE CITY IS ONLY 27416 OVER ONETHIRD OF THE RESIDENTS 37 LIVE BELOW THE FEDERAL POVERTY LIMIT FPL THIS FIGURE INCLUDES OVER HALF 51 OF ALL CHILDREN UNDER AGE 18 AND 17 OF ALL SENIORS AGE 65
HEALTH OF COMMUNITY IN RELATION TO EXEMPT PURPOSE	PART VI	DESCRIPTION OF ACHIEVEMENTS IN FISCAL 2013 RELATING TO EXEMPT PURPOSE 1PROVIDING HEALTH CARE INPATIENT DISCHARGES 27543 INPATIENT DAYS 174576 BIRTHS 3677 EMERGENCY SERVICES 130755 2 PROMOTING HEALTH HEALTH OUTREACH FOR CHILDREN NEWBORNS THROUGH TEENS OPERATE CHILDRENS HEALTH CENTER PROVIDE AMBULATORY CARE TO PEDIATRIC PATIENTS WHO ARE MEDICALLY UNDERSERVED 19550 VISITS PROVIDES EACH CHILD WITH A FREE BOOK THROUGH IT REACH OUT AND READ PROGRAM TO IMPROVE LITERACY AND DEVELOP A CHILDS LIFELONG PASSION FOR READING HEALTH OUTREACH FOR ADULTS OPERATE WOMENS HEALTH CENTER OFFERING MEDICALLY UNDERSERVED WOMEN BOTH OBSTETRICAL AND GYNECOLOGICAL CARE OPERATE CENTER FOR PUBLIC HEALTH OFFERS CARE TO INDIVIDUALS DIAGNOSED WITH AIDS OR WHO ARE HIV POSITIVE 1889 PATIENT REGISTRATIONS OPERATE OUTPATIENT SERVICES ADULT CLINICS PROVIDES PRIMARY AND SUBSPECIALTY CARE TO MEDICALLY UNDERSERVED ADULTS 19839 VISITS HEALTH OUTREACH IMPACTING ALL AGES OPERATE AN ACCREDITED TRAUMA CENTER THAT PROVIDED THIS LIFESAVING LEVEL OF CARE TO 1328 INDIVIDUALS LAST YEAR PROVIDE TRAUMA PREVENTION EDUCATION TO THE GENERAL COMMUNITY AND PROFESSIONAL EDUCATION TO EMS AND HOSPITAL PROVIDERS OPERATE A 247 EMERGENCY DEPARTMENT OPERATE THE READING HEALTH DISPENSARY AND ITS SECOND STREET SATELLITE PROVIDE PRIMARY CARE TO FAMILIES AND ADULTS MEDICALLY UNDERSERVED NEW OFFERING MIDWIFERY CARE TO PREGNANT WOMEN 2297 VISITS OPERATE A SCHOOL OF HEALTH SCIENCES TO PROVIDE COLLEGELEVEL TRAINING IN FIVE HEALTHCARE CAREERS NURSING RADIOLOGIC TECHNOLOGY CLINICAL PASTORAL CARE SURGICAL TECHNOLOGY PARAMEDIC MEDICINE OPERATE A SCHOOL OF CLINICAL LABORATORY SCIENCE TO PROVIDE THE FOURTH YEAR OF COLLEGE WORK TO STUDENTS INTERESTED IN CAREERS IN LABORATORY MEDICINE OPERATE A 247 DRUG AND ALCOHOL CENTER WITH INPATIENT DETOXIFICATION DROPIN SERVICE AND SUPPORT GROUPS MAINTAIN 247 INTERPRETING SERVICES 21 ONSITE SPANISHENGLISH INTERPRETERS AND 1 TRANSLATOR FOR WRITTEN COMMUNICATIONS NETWORK OF 247 VIDEOREMOTE INTERPRETING STATIONS AND TELEPHONES FOR ANY LANGUAGE MAINTAIN 247 SIGN LANGUAGE SERVICES PARTNERSHIP WITH BERKS DEAF AND HARD OF HEARING TO PROVIDE CERTIFIED SIGN LANGUAGE INTERPRETER AS NEEDED ESTABLISHED 247 VIDEOREMOTE SIGN LANGUAGE INTERPRETING SERVICE PROVIDES 247 CHAPLAINCY SERVICES PROGRAM TO PROVIDE PATIENTS AND STAFF WITH SUPPORT FOR SPIRITUAL CONCERNS DEVELOPED PALLIATIVE CARE SERVICES TO SUPPORT SERIOUSLY ILL PATIENTS AND FAMILIES IN UNDERSTANDING HEALTH PROBLEM AND OPTIONS PROVIDE INPATIENT HOSPICE SERVICES WITH APPROPRIATE NETWORKING FOR OUTPATIENT HOSPICE CARE HIRED A SOCIAL WORKER TO MANAGE PATIENTS WHO HAVE FREQUENTED THE ED WITH MINOR COMPLAINTS VISITS PATIENTS IN THEIR HOME TO CONNECT THEM WITH COMMUNITY RESOURCES AND ACCESS TO OUTPATIENT CARE OFFER RAGGEDY ANN THERAPY PROGRAM AS A NONTHREATENING METHOD OF ESTABLISHING COMMUNICATION WITH ANXIOUS OR DEPRESSED PATIENTS OFFER PAWS FOR WELLNESS AND OTHER PET THERAPY PROGRAMS AT NO CHARGE TO PATIENTS OFFERS NO ONE DIES ALONE PROGRAM THROUGH SPECIALLY TRAINED VOLUNTEERS PROVIDE FREE VALET PARKING TO PATIENTS AND THEIR VISITORS OFFER WHEELCHAIRS AND ESCORTS TO SUPPORT MEDICALLY FRAGILE PATIENTS SUPPORT ORGAN DONATION COMMUNICATION AND PROCESS EARNED RECOGNITION FROM THE US DEPARTMENT OF HEALTH AND HUMAN SERVICES FOR LEVEL OF SUCCESS MAINTAIN HELPLINE CALL CENTER FOR FREE INFORMATION ON HOSPITAL SERVICES PHYSICIANS HEALTH TOPICS AND OR LOCAL SUPPORT GROUPS EDUCATING HEALTHCARE PROFESSIONALSCONDUCTING APPROPRIATE RESEARCH PREPARING STUDENTS FOR CAREERS IN HEALTH CARE HOSPITAL SCHOOLS ENROLLED GRADUATED CLINICAL PASTORAL EDUCATION 10 8 NURSING 360 132 PARAMEDIC INSTITUTE 20 20 RADIOLOGICAL TECH 37 15 SURGICAL TECH 7 9 PHYSICIANS IN RESIDENCIES 73 29 MEDICAL STUDENTS IN CLERKSHIPS 317 NA ONGOING EDUCATIONRESEARCH OPPORTUNITIES FOR CURRENT HEALTHCARE PROFESSIONALS OFFICE OF RESEARCH CONTINUES TO STIMULATE LOCAL RESEARCH THAT WILL BRING LEADINGEDGE TREATMENT OPTIONS TO BERKS COUNTY WORKS IN CONJUNCTION WITH HOSPITALS INSTITUTIONAL REVIEW BOARD THAT MONITORS ALL CLINICAL RESEARCH PROJECTS CONDUCTED AT READING HOSPITAL ACCREDITED BY THE PENNSYLVANIA MEDICAL SOCIETY TO SPONSOR CONTINUING MEDICAL EDUCATION FOR PHYSICIANS CME DEPARTMENT WITHIN ACADEMIC AFFAIRS DIVISION OVERSEES DEPARTMENTBASED PROGRAMS FOR CME CATEGORY1 AND CATEGORY 2 CREDITS PROVIDES ONGOING EDUCATION FOR STAFF IN ALL CLINICAL DEPARTMENTS PROVIDES ONGOING EDUCATION FOR STAFF IN ALL DEPARTMENTS ON SAFETY COMPLIANCE AND RELATED REGULATORY AND PROFESSIONAL ISSUES INVESTED IN THE FUTURE HEALTH AND WELLBEING OF THE COMMUNITY THROUGH EDUCATION AND RESEARCH ACTIVITIES

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE INFORMATION	PART VI	THE READING HOSPITAL MEDICAL GROUP AND READING PROFESSIONAL SERVICES ARE TWO GROUPS IN THE HOSPITALS AFFILIATED HEALTH CARE SYSTEM THAT PROVIDE GENERAL AND SPECIALIZED PRACTICE ASSISTANCE TO RH WHICH IS AN ACUTE CARE HOSPITAL PHYSICIANS IN THESE ENTITIES CAN REFER PATIENTS TO THE ACUTE CARE HOSPITAL FOR FURTHER TREATMENT
READING HOSPITAL LINE NUMBER 1 PART V LINE 3	PART V LINE 3	SEE CHNA IMPLEMENTATION REPORT THAT IS ATTACHED KEY INFORMANTS ALSO INCLUDED INDIVIDUALS WITH DIRECT KNOWLEDGE OF SPECIAL POPULATIONS IN BERKS COUNTY INCLUDING LATINOS MIGRANT WORKERS INDIVIDUALS WITH HIVAIDS THE UNINSURED PREGNANT WOMEN OLDER ADULTS AND PERSONS WITH MENTAL HEALTH CONDITIONS FOR INDIVIDUALS NAMES SEE THE ATTACHED IMPLEMENTATION PLAN

Identifier	ReturnReference	Explanation
READING HOSPITAL LINE NUMBER 1 PART V LINE 4	PART V LINE 4	ST JOSEPH HOSPITAL READING PA
READING HOSPITAL LINE NUMBER 1 PART V LINE 7	PART V LINE 7	LIST OF HEALTH NEEDS THE FACILITY DOES NOT PLAN TO ADDRESS READING HEALTH SYSTEM DOES NOT INTEND TO ADDRESS ACCESS TO HEALTHCARE IE INSURANCE ASTHMA ORAL HEALTH AND SUBSTANCE ABUSE IE BINGE DRINKING IDENTIFICATION AND DESCRIPTION OF HEALTH NEED THE FACILITY DOES NOT INTEND TO MEET AND EXPLAIN WHY ASTHMA CURRENTLY READING HEALTH SYSTEM DOES NOT HAVE THE RESOURCES TO PROVIDE COMMUNITY WELLNESS PROGRAMS FOCUSED ON ASTHMA WE ARE PROPOSING THAT THIS HEALTH ISSUE BE CHARGED TO THE COMMUNITY COALITION WHICH WILL ENCOMPASS A BROAD RANGE OF EXPERTS TO DEAL WITH THIS ISSUE ORAL HEALTH WHILE THE HOSPITAL IS CURRENTLY PLANNING FOR A DENTAL RESIDENCY PROGRAM WE FEEL THERE IS A LACK OF EXPERTISE TO SOLVE THE PROBLEM COUNTYWIDE WE ARE PROPOSING THAT THIS HEALTH ISSUE BE CHARGED TO THE COMMUNITY COALITION WHICH WILL ENCOMPASS A BROAD RANGE OF EXPERTS TO DEAL WITH THIS ISSUE INCLUDING THE POSSIBILITY OF A MOBILE UNIT SUBSTANCE ABUSE IE BINGE DRINKING WHILE THE HOSPITAL TREATS PATIENTS WITH DRUG OVERDOSE WE DO NOT HAVE THE EXPERTISE OR RESOURCES TO HOLD PREVENTION PROGRAMS IN THIS AREA WE ARE LOOKING TO THE CARON FOUNDATION A NATIONAL NONPROFIT ORGANIZATION WHOSE MISSION IS TO PROVIDE TREATMENT TO THOSE AFFECTED BY ALCOHOLISM OR OTHER DRUG ADDICTION FOR FUTURE COLLABORATIONS INCLUDING GRANT OPPORTUNITIES WHERE WE MIGHT SHARE IN RESOURCES TO DEVELOP PROGRAMMING IN ADDITION THIS IS ONE OF THE KEY HEALTH ISSUES THAT WILL BE CHARGED TO THE COMMUNITY COALITION TO HELP ADDRESS

Identifier	ReturnReference	Explanation
READING HOSPITAL LINE NUMBER 1 PART V LINE 12H	PART V LINE 12H	FAMILY SIZE IS ALSO CONSIDERED
READING HOSPITAL LINE NUMBER 1 PART V LINE 14G	PART V LINE 14G	INFORMATION REGARDING ELIGIBILITY FOR ASSISTANCE IS PROVIDED ON THE HOSPITALS BILLING STATEMENTS AND IN THE PATIENT FINANCIAL BROCHURE THAT IS AVAILABLE TO ALL PATIENTS OPTIONS ARE ALSO REVIEWED WITH PATIENTS WHEN THEY CONTACT THE HOSPITALS CALL CENTER THE HOSPITAL CLINICS PERSONNEL ARE VERSED IN CHARITY CARE POLICY AND THEY WILL DISCUSS THE OPTIONS WITH THE PATIENTS PATIENTS ARE DIRECTED TO THE COUNTY ASSISTANCE OFFICE OR IN THE CASE OF INPATIENTS AND OUTPATIENTS ASSIST THEM WITH FILLING OUT THE APPLICATION WITH ONE OF THE HOSPITALS FINANCIAL COUNSELORS FOR MEDICAL ASSISTANCE OPTIONS ARE ALSO REVIEWED WITH PATIENTS WHO COME INTO THE CASHIERS OFFICE NEAR THE MAIN LOBBY

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
READING HOSPITAL

Employer identification number
23-1352204

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) BERKS COMMUNITY HEALTH CENTER 838 PENN ST READING, PA 19602	27-3795179	501C3	1,135,000				HEALTHCARE SVCS

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

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

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

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

Part IV **Supplemental Information.**

Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information

Identifier	Return Reference	Explanation

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

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2012

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Name of the organization
READING HOSPITAL

Employer identification number
23-1352204

Part I Questions Regarding Compensation

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

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

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

Note. The sum of columns (B)(i)-(iii) 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
SEVERANCE, NONQUALIFIED, AND EQUITY-BASED PAYMENTS	SCHEDULE J, PAGE 1, PART I, LINE 4	CLINT MATTHEWS 0 270,000 0 THERESE SUCHER 0 130,000 0 RICHARD W JONES 0 118,750 0 DONNA F WEBER 346,278 0 0 SCOTT R WOLFE 334,198 0 0
NON-FIXED PAYMENTS PROVIDED	SCHEDULE J, PAGE 1, PART I, LINE 7	CERTAIN EMPLOYEES ARE ABLE TO ACHIEVE BONUSES BASED UPON PRE-ESTABLISHED TARGETS THAT CAN INVOLVE PATIENT SATISFACTION SCORES, QUALITY INITIATIVES, IMPLEMENTATION OF NEW PROGRAMS AND SERVICES AND FINANCIAL METRICS

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 23-1352204
Name: READING HOSPITAL

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				
CLINT MATTHEWS	(I) (II)	860,788	110,000	47,880	270,000	17,948	1,306,616	
ROBERT A BRIGHAM	(I) (II)	713,061	70,000	3,740		15,722	802,523	
THERESE SUCHER	(I) (II)	494,095	107,500	39,312	130,000	17,948	788,855	
RICHARD W JONES	(I) (II)	453,450	50,000	15,595	118,750	23,708	661,503	
RICHARD J MABLE	(I) (II)	218,877	50,192	41,847	34,894	15,654	361,464	
CARL J SEIDL	(I) (II)	203,113	33,462	1,181	29,248	15,642	282,646	
MARGARET M BLIGH	(I) (II)	199,034	32,559	2,150		15,637	249,380	
CHARLES F BARBERA	(I) (II)	393,231	70,200	22,553	28,321	27,186	541,491	
NIDHI MAHENDRU	(I) (II)	312,591	29,625	48,655	8,791	8,487	408,149	
JOHN BEYER	(I) (II)	347,917	32,575	582			381,074	
MATHEW GROVE	(I) (II)	330,084	26,225	23,676	11,407	23,708	415,100	
JETTIE HUNT	(I) (II)	278,561	66,853	20,441	14,470	1,252	381,577	
DONNA F WEBER	(I) (II)	123,806	17,878	346,278	27,623	666	516,251	
SCOTT R WOLFE	(I) (II)			334,198			334,198	

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

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2012

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Name of the organization
READING HOSPITAL

Employer identification number
23-1352204

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

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

1 (a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected? Yes	No

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

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

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

Part III Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) ROLAND STOCK LLC (JOHN ROLAND)	PARTNER	811,663	LEGAL SERVICES		No
(2) STEVENS & LEE (C THOMAS WORK)	PARTNER	1,406,393	LEGAL SERVICES		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization	Employer identification number
READING HOSPITAL	23-1352204

Identifier	Return Reference	Explanation
ORGANIZATION'S MISSION	FORM 990 - ORGANIZATION'S MISSION	THE MISSION OF THE READING HOSPITAL IS TO PROVIDE COMPASSIONATE, ACCESSIBLE, HIGH QUALITY, COST EFFECTIVE CARE TO THE COMMUNITY TO PROMOTE HEALTH, TO EDUCATE HEALTHCARE PROFESSION ALS, AND TO PARTICIPATE IN APPROPRIATE CLINICAL RESEARCH ASK SOMEONE TO DEFINE A HOSPITAL 'S ROLE IN THE COMMUNITY, AND MOST OFTEN YOU HEAR ABOUT SERVICES AND DEPARTMENTS, OR ABOUT DOCTORS, NURSES AND OTHER CAREGIVERS IN ADDITION TO ITS PRIMARY ROLE AS A PROVIDER OF DI RECT CARE, READING HEALTH SYSTEM ADDRESSES ISSUES OUTSIDE THAT REALM THAT IMPACT HEALTH AN D WELLNESS IN FACT, A KEY PART OF OUR MISSION MEANS THE REINVESTMENT OF OUR RESOURCES INT O THESE EFFORTS, WHICH ARE COLLECTIVELY KNOWN AS COMMUNITY BENEFIT WE ARE PROUD TO REPORT THAT IN OUR LAST FISCAL YEAR, WE COMMITTED MORE THAN 152 MILLION TO THIS CAUSE OUR CAREG IVERS AND SUPPORT STAFF PARTICIPATE IN HEALTH EDUCATION, FREE SCREENINGS, AND IMMUNIZATION S THEY SUPPORT ACTIVITIES FOR INDIVIDUALS WITH SERIOUS OR CHRONIC HEALTH CONDITIONS, ADVA NCE SELF-CARE BY INCREASING HEALTHCARE KNOWLEDGE, AND ADDRESS SPECIFIC COMMUNITY NEEDS THR OUGH AN ARRAY OF OTHER EDUCATIONAL, SERVICE AND OUTREACH ACTIVITIES HERE ARE A FEW EXAMPL ES OF WHY THESE PROGRAMS REPRESENT THE BEST OF ALL OF US, WORKING TOGETHER FOR THE HEALTH OF OUR COMMUNITY COMMUNITY HEALTH IMPROVEMENT SERVICES ARE CARRIED OUT TO IMPROVE COMMUNI TY HEALTH THEY EXTEND BEY OND PATIENT CARE ACTIVITIES AND ARE SUBSIDIZED BY READING HEALTH SYSTEM PROGRAMS ARE OFFERED FOR FREE OR AT A VERY NOMINAL FEE TO ALL COMMUNITY MEMBERS READING HEALTH SYSTEM PROVIDES HEALTH EDUCATION PROGRAMS DESIGNED TO EDUCATE AND IMPROVE T HE HEALTH OF THE COMMUNITY FREE COMMUNITY BASED CLINICAL CARE IS OFFERED AT VARIOUS TIMES THROUGH OUT THE YEAR AND INCLUDE FREE FLU SHOTS AND CANCER SCREENINGS, WHICH INCLUDE SKIN , CERVICAL, BREAST, AND PROSTATE DURING FY 2013 APPROXIMATELY 3,000 FLU VACCINES WERE PRO VIDED TO COMMUNITY MEMBERS FREE OF CHARGE AND OVER 400 FREE CANCER SCREENINGS WERE GIVEN PRESCRIPTION MEDICATIONS, MEDICAL EQUIPMENT AND TRANSPORTATION WAS ALSO PROVIDED FREE OF C HARGE FOR PATIENTS WHO DEMONSTRATE NEED HEARTSAFE BERKS COUNTY IS AN INNOVATIVE PROGRAM T HAT PLACES AUTOMATIC EXTERNAL DEFIBRILLATORS (AEDS) IN KEY INSTITUTIONS THROUGHOUT THE COU NTY AN AED CAN HELP REVIVE A PERSON WHOSE HEART HAS STOPPED BEFORE EMERGENCY MEDICAL PERS ONNEL ARRIVE PHASE ONE OF THE PROGRAM PLACED 245 AEDS - WHICH TY PICALLY COST 1,600 EACH - IN EVERY "FIRST RESPONDER" VEHICLE AND POLICE DEPARTMENT IN THE COUNTY PHASE TWO EXTENDE D TO THE LOCAL HIGH SCHOOLS THROUGHOUT THE COUNTY, TO INSPECT AND, WHERE NEEDED, REPLACE O R INSTALL AEDS THE PROGRAM ALSO TRAINS FACULTY AND STUDENTS IN CPR AND AED USE - WHICH EX PANDS THE NUMBER OF PEOPLE WITH LIFESAVING SKILLS THROUGHOUT THE COUNTY AS A RESULT OF TH ESE EFFORTS, 34 AED'S HAVE BEEN DONATED TO THE LOCAL HIGH SCHOOLS AND A 13 YEAR OLD BOY IN GYM CLASS WAS SAVED BY THE EFFORTS OF HIS TEACHERS AND FELLOW STUDENTS PHASE THREE, OFFE RS CORPORATIONS THE ABILITY TO PURCHASE AEDS AND OFFER TRAINING TO THEIR EMPLOY EES AT READ ING HOSPITAL'S COST 30 AEDS HAVE BEEN PURCHASED BY LOCAL ORGANIZATIONS, CHURCHES AND BUSI NESSES IN BERKS COUNTY HEART SAFE HAS ALSO DONATED TO KEY COMMUNITY LOCATIONS IN BERKS CO UNTY WHICH INCLUDE SANTANSER ARENA, BERKS COUNTY COURT HOUSE, AND GOGGLEWORKS TO ENSURE P ATRONS AND VISITORS TO BERKS COUNTY ARE HEARTSAFE THE NEXT PHASE, ALREADY UNDERWAY IS EXT ENDING THIS LIFESAVING PROGRAM TO THE FIVE LOCAL COLLEGES AND UNIVERSITIES IN BERKS COUNTY , WHICH INCLUDE ALBRIGHT COLLEGE, ALVERNIA UNIVERSITY, KUTZTOEN UNIVERSITY, PENN STATE UNI VERSITY - BERKS CAMPUS, AND READING AREA COMMUNITY COLLEGE THE HEARTSAFE TEAM WILL TRAVEL THROUGHOUT THE COUNTY TO TOUR THE COLLEGE CAMPUS, INSPECT THE AEDS AND WHERE NECESSARY DO NATE ADDITIONAL DEVICES HEARTSAFE BERKS COUNTY, THE FIRST PROGRAM OF ITS KIND IN PENNSYLV ANIA, IS SUPPORTED BY READING HEALTH SYSTEM IN PARTNERSHIP WITH FRIENDS OF READING HOSPITA L COMMUNITY BENEFIT TOTAL 152,526,230 (FISCAL YEAR 2013) DIRECT PATIENT CARE UNREIMBURSE D MEDICARE 66 3 MILLION THE DIFFERENCE BETWEEN MEDICARE CHARGES AND MEDICARE PAY MENTS AND THE ACTUAL COST OF PROVIDING PATIENT CARE UNREIMBURSED MEDICAID 35 3 MILLION THE DIFFER ENCE BETWEEN MEDICAL ASSISTANCE CHARGES AND MEDICAID PAY MENTS AND THE ACTUAL COST OF PROVI DING PATIENT CARE BAD DEBT 10 7 MILLION THE COST OF PROVIDING CARE TO PATIENTS WHOM WE B ELIEVE WOULD QUALIFY FOR FINANCIAL ASSISTANCE UNDER OUR CHARITY CARE POLICY UNCOMPENSATED CHARITY CARE 17 4 MILLION FREE HEALTH SERVICES PROVIDED TO PERSONS WHO MEET OUR CRITERIA FOR FINANCIAL ASSISTANCE THIS AMOUNT REFLECTS THE ACTUAL COST OF PROVIDING CARE COMMUNI TY HEALTH IMPROVEMENT SERVICES PATIENT CARE COMMUNITY SERVICES 5 MILLION INCLUDES FREE F LU SHOTS, CANCER SCREENINGS, MEDICATIONS, MEDICAL EQUIPMENT AND TRANSPORTATION FOR COMMUNI TY MEMBERS, FREE INTERPRETING SERVICES, AND FREE COMMUNITY HELP LINE COMMUNITY HEALTH EDU CATION 3 2 MILLION INCLUDES HEALTH EDUCATION PROG

Identifier	Return Reference	Explanation
ORGANIZATION'S MISSION	FORM 990 - ORGANIZATION'S MISSION	RAMS, CPR CLASSES, SUPPORT GROUPS AND FREE WORKSITE HEALTH EDUCATION PROGRAMS THAT IMPROVE COMMUNITY HEALTH CONTRIBUTIONS 0 7 MILLION MONETARY SUPPORT GIVEN TO THE WEST READING C OMMUNITY FINANCIAL AND IN-KIND DONATIONS 1 8 MILLION CONTRIBUTIONS MADE BY RH AND ITS EM PLOYERS TO COMMUNITY NON-PROFIT ORGANIZATIONS CASH AND IN-KING DONATIONS WERE MADE TO NON -PROFIT ORGANIZATIONS, NOT AFFILIATED WITH READING HEALTH SYSTEM, AND WHOSE PROGRAMS AND O R SERVICES SHARE THE MISSION OF READING HEALTH SYSTEMDONATIONS WERE GIVEN TO THE AMERICAN CANCER SOCIETY, CHILDREN'S HOME OF READING, CENTRO HISPANO, BERKS COMMUNITY HEALTH CENTER, MARCH OF DIMES AND OTHER NON-PROFIT ORGANIZATIONS 700 FREE TURKEYS ARE GIVEN TO THE SALV ATION ARMY EACH YEAR TO ASSIST NEEDY FAMILIES IN BERKS COUNTY ALL EMPLOYEES ARE OFFERED T HE OPPORTUNITY TO HELP THE COMMUNITY THROUGH THE READING HEALTH SYSTEM'S EMPLOYEE ENGAGEME NT INITIATIVE. READING HEALTH SYSTEM OFFERS A FREE PHONE BASED COMMUNITY HELPLINE TO ASSIS T COMMUNITY MEMBERS TO CONNECT WITH SERVICES PROVIDED WITHIN THE HEALTH SYSTEM AND THE COM MUNITY PROFESSIONAL EDUCATION AND CLINICAL RESEARCH MEDICAL EDUCATION FOR PHY SICIANS/MEDI CAL STUDENTS 13 MILLION INCLUDES SALARIES AND BENEFITS FOR MEDICAL RESIDENTS, MEDICAL LIB RARY, AND CONTINUING MEDICAL EDUCATION PROGRAMS AVAILABLE TO ALL PHY SICIANS WITHIN THE COM MUNITY NURSING AND OTHER HEALTH PROFESSIONAL EDUCATION,INCLUDES NURSING, PARAMEDIC AND PAS TORAL CARE EDUCATION THAT RESULT IN A DEGREE, CERTIFICATE OR TRAINING NECESSARY TO BE LICE NSED TO PRACTICE AS A HEALTH PROFESSIONAL INCLUDES CONTINUING MEDICAL EDUCATION PROGRAMS OFFERED TO ALL NURSES IN THE COMMUNITY CONTINUING MEDICAL EDUCATION IS OFFERED TO ALL PHY SICIANS, NURSES AND OTHER HEALTH PROFESSIONALS WITHIN THE COMMUNITY ON SUBJECTS FOR WHICH OUR ORGANIZATION HAS SPECIAL EXPERTISE CANCER CLINICAL RESEARCH AND TUMOR REGISTRY 3 MI LLION INCLUDES RESEARCH AND CLINICAL TRIALS IN THE AREAS OF CANCER, AND TUMOR REGISTRY EXP ENSES READING HEALTH SYSTEM PARTICIPATES IN CANCER CLINICAL HEALTH RESEARCH THAT IS SHARE D WITH OTHERS OUTSIDE OF OUR SYSTEM BECAUSE OF THE HOSPITAL'S DEDICATION TO CLINICAL RESE ARCH AND OUR AFFILIATIONS WITH VARIOUS NATIONAL ORGANIZATIONS, WE ARE ABLE TO PROVIDE PATI ENTS, IN OUR COMMUNITY, WITH THE OPPORTUNITY TO PARTICIPATE IN THE SAME RESEARCH STUDIES B EING OFFERED AT LARGE UNIVERSITY HOSPITALS THROUGHOUT THIS NATION THIS INCLUDES RESEARCH AND CLINICAL TRIALS IN THE AREA OF CANCER AND INCLUDES TUMOR REGISTRY EXPENSES BASED UPON THE COMMUNITY HEALTH NEEDS ASSESSMENT, READING HEALTH SYSTEM IDENTIFIED SEVERAL HIGH-PRIO RITY ISSUES FOR OUR FOCUS, MATERNAL, INFANT AND CHILD HEALTH AND OBESITY TO HELP ORGANIZE OUR EFFORTS AND KEEP THESE KEY ISSUES IN FRONT OF THE COMMUNITY, READING HEALTH SYSTEM DE VELOPED A COMMUNITY HEALTH DEPARTMENT THIS DEPARTMENT WILL FOSTER PARTNERSHIPS WITH COMMU NITY ORGANIZATIONS SO THAT WE CAN WORK TOGETHER TO DEVELOP, IMPLEMENT, AND EVALUATE PROGRA MS TO IMPROVE OUR COMMUNITIES HEALTH WE ARE HOPEFUL OUR EFFORTS WILL EMPOWER MORE PEOPLE TO MANAGE THEIR HEALTH BEHAVIORS AND THEREBY EXPERIENCE A BETTER QUALITY OF LIFE.

Identifier	Return Reference	Explanation
EXPLANATION ON VOLUNTEERS AND TYPES OF SERVICES OR BENEFITS	FORM 990, PAGE 1, PART I, LINE 6	194 ACTIVE ADULT INSERVICE VOLUNTEERS GAVE 23,516 HOURS OF SERVICE TO RH 119 TEEN INSERVICE VOLUNTEERS GAVE 4,167 HOURS OF SERVICE TO RH APPROXIMATELY 74 MEMBERS OF THE FRIENDS OF TRHMC BOARD OF DIRECTORS GAVE 5,969 HOURS OF SERVICE TO RAISE DOLLARS FOR RH APPROXIMATELY 527 MEMBERS OF LOCAL FRIENDS GROUPS GAVE RH 39,860 HOURS OF SERVICE. DURING FY 2013 VOLUNTEERS GAVE APPROXIMATELY 70,000 HOURS OF SERVICE.

Identifier	Return Reference	Explanation
FIRST ACCOMPLISHMENT DESCRIPTION	FORM 990, PAGE 2, PART III, LINE 4A	HOSPITALS IN ITS MARKET

Identifier	Return Reference	Explanation
SECOND ACCOMPLISHMENT DESCRIPTION	FORM 990, PAGE 2, PART III, LINE 4B	COMMITTMENT TO SERVE THE UNDERSERVED POPULATION OF THE CITY

Identifier	Return Reference	Explanation
ALL OTHER ACCOMPLISHMENT DESCRIPTION	FORM 990, PAGE 2, PART III, LINE 4D	EXPENSES ARE FOR TREATING INPATIENTS, OUTPATIENTS AND EMERGENCY PATIENTS

Identifier	Return Reference	Explanation
RELATED PARTY INFORMATION AMONG OFFICERS	FORM 990, PAGE 6, PART VI, LINE 2	ROLAND STOCK (JOHN ROLAND) ROLAND STOCK(DAVID ROLAND) BOARD MEMBER LIFE MEMBER UNCLE TERRENCE MCGLINN THEODORE AUMEN FAMILY RELATIONSHIP

Identifier	Return Reference	Explanation
CLASSES OF MEMBERS OR STOCKHOLDERS	FORM 990, PAGE 6, PART VI, LINE 6	READING HEALTH SYSTEM ELECTS THE MEMBERS OF THE GOVERNING BODY

Identifier	Return Reference	Explanation
ELECTION OF MEMBERS AND THEIR RIGHTS	FORM 990, PAGE 6, PART VI, LINE 7A	THE MANAGEMENT OF THE CORPORATION SHALL BE VESTED IN THE BOARD OF DIRECTORS ELECTED BY THE MEMBER WHO IS THE READING HEALTH SYSTEM

Identifier	Return Reference	Explanation
DECISIONS SUBJECT TO APPROVAL OF MEMBERS	FORM 990, PAGE 6, PART VI, LINE 7B	ALL DECISIONS ARE SUBJECT TO APPROVAL BY THE BOARD OF DIRECTORS AS MANAGEMENT OF THE CORPORATION ELECTED BY THE MEMBER

Identifier	Return Reference	Explanation
ORGANIZATION'S PROCESS USED TO REVIEW FORM 990	FORM 990, PAGE 6, PART VI, LINE 11B	THE FORM 990 IS PREPARED BY HOSPITAL STAFF AND REVIEWED BY PWC ACCOUNTING FIRM TAX PERSONNEL BEFORE POSTING IT ON A WEBSITE FOR BOARD MEMBERS PRIOR TO FILING MEMBERS ARE ALERTED TO INFORMATION AND NOTICES A COPY OF THE 990 IS MAILED TO ANY BOARD MEMBER UNABLE TO VIEW THIS SITE

Identifier	Return Reference	Explanation
ENFORCEMENT OF CONFLICTS POLICY	FORM 990, PAGE 6, PART VI, LINE 12C	IT SHALL BE THE POLICY OF THE HOSPITAL TO REQUIRE EACH BOARD MEMBER TO SUBMIT IN WRITING TO THE CHIEF EXECUTIVE OFFICER A LIST OF BUSINESS OR OTHER ORGANIZATIONS OF WHICH THE MEMBER OR MEMBER'S SPOUSE IS AN OFFICER, DIRECTOR, MEMBER EMPLOYEE OR OWNER (10% OR GREATER SHARE) WITH WHICH THE COMPANY MIGHT REASONABLY ENTER INTO A RELATIONSHIP OR A TRANSACTION IN WHICH THE BOARD MEMBER WOULD HAVE CONFLICTING INTERESTS EACH YEAR A COPY OF THE WRITTEN STATEMENT WILL BE SENT TO THE BOARD MEMBER FOR UPDATING AND RESUBMISSION AND BY WHICH THE BOARD MEMBER SHALL CONFIRM HIS AWARENESS OF THIS POLICY

Identifier	Return Reference	Explanation
COMPENSATION PROCESS FOR TOP OFFICIAL	FORM 990, PAGE 6, PART VI, LINE 15A	THE READING HEALTH SYSTEM'S BOARD OF DIRECTORS HAS DULY APPOINTED AN EXECUTIVE COMPENSATION COMMITTEE (THE "COMMITTEE"), WHICH IS RESPONSIBLE FOR THE REVIEW AND APPROVAL OF ALL COMPENSATION AND BENEFITS PROVIDED TO THE HOSPITAL'S EXECUTIVE MANAGEMENT THE COMMITTEE HAS ADOPTED A WRITTEN EXECUTIVE COMPENSATION PHILOSOPHY STATEMENT AND AN EXECUTIVE COMPENSATION COMMITTEE CHARTER GOVERNING THE WORK AND REVIEW PROCESS OF THE COMMITTEE. THE COMMITTEE FOLLOWS THE PROCEDURES DESCRIBED IN THE PHILOSOPHY STATEMENT AND THE CHARTER WHEN IT REVIEWS AND APPROVES THE COMPENSATION AND EMPLOYEE BENEFITS PROVIDED TO THE HOSPITAL'S SENIOR MANAGEMENT, INCLUDING THE CHIEF EXECUTIVE OFFICER AND THE CHIEF FINANCIAL OFFICER THE COMMITTEE'S REVIEW ANALYZES EVERY ELEMENT OF COMPENSATION, INCLUDING CURRENT AND DEFERRED COMPENSATION, AND BENEFITS, INCLUDING QUALIFIED AND NON-QUALIFIED BENEFITS THE COMMITTEE CONDUCTS ITS REVIEW AND APPROVAL PROCESS AT LEAST ANNUALLY, AND APPROVES COMPENSATION AND BENEFITS ONLY TO THE EXTENT THAT THE COMMITTEE HAS CONCLUDED THAT THE COMPENSATION AND BENEFITS CONSTITUTE NO MORE THAN REASONABLE COMPENSATION FOR EACH EXECUTIVE. THE COMMITTEE CONSISTS ENTIRELY OF DISINTERESTED MEMBERS OF THE BOARD, AND THE COMMITTEE WORKS WITH AN INDEPENDENT COMPENSATION CONSULTANT TO PREPARE AND REVIEW IN ADVANCE COMPREHENSIVE DATA SHOWING THE COMPENSATION PROVIDED BY SIMILARLY SITUATED ORGANIZATIONS FOR FUNCTIONALLY SIMILAR POSITIONS THE COMMITTEE ALSO PREPARES A TIMELY AND THOROUGH WRITTEN RECORD OF ITS DELIBERATIONS AND CONCLUSIONS AS A RESULT, THE COMMITTEE'S REVIEW PROCESS IS DESIGNED TO SATISFY THE PROCEDURAL CRITERIA NECESSARY TO QUALIFY FOR THE REBUTTABLE PRESUMPTION OF REASONABLENESS UNDER THE FEDERAL INCOME TAX LAW INTERMEDIATE SANCTIONS RULES

Identifier	Return Reference	Explanation
COMPENSATION PROCESS FOR OFFICERS	FORM 990, PAGE 6, PART VI, LINE 15B	SAME RESPONSE AS LINE 15A WHICH INCLUDES KEY EMPLOYEES

Identifier	Return Reference	Explanation
GOVERNING DOCUMENTS DISCLOSURE EXPLANATION	FORM 990, PAGE 6, PART VI, LINE 19	THE ORGANIZATION DOES NOT MAKE ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
READING HOSPITAL

Employer identification number
23-1352204

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

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	(g) No
(1) READING HEALTH SYSTEM SIXTH AVE SPRUCE ST WEST READING, PA 19611 23-2201344	SUPPORTING	PA	501C3	11C	NA		No
(2) THE FRIENDS OF THE READING HOSPITAL SIXTH AVE SPRUCE ST WEST READING, PA 19611 23-6026108	SUPPORTING	PA	501C3	11B	RHS	Yes	
(3) THE RDG HOSPITAL & MED CENTER SELF- SIXTH AVE SPRUCE ST WEST READING, PA 19611 23-2087514	TRUST FUND	PA	501C3	11B	RHS	Yes	
(4) THE RDG HOSPITAL & MED CENTER WORKE SIXTH AVE SPRUCE ST WEST READING, PA 19611 22-3054717	TRUST FUND	PA	501C3	11B	RHS	Yes	
(5) READING PROFESSIONAL SERVICES SIXTH AVE SPRUCE ST WEST READING, PA 19611 23-2266054	HEALTHCARE	PA	501C3	3	RHS	Yes	
(6) THE RDG HOSPITAL MEDICAL GROUP SIXTH AVE SPRUCE ST WEST READING, PA 19611 20-5095905	HEALTHCARE	PA	501C3	3	RHS	Yes	
(7) THE HIGHLANDS AT WYOMISSING 2000 CAMBRIDGE AVE WYOMISSING, PA 19610 22-2790840	RETIREMENT	PA	501C3	9	RHS	Yes	

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) Disproportionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) THE READING HOSPITAL SURGICENTER AT SPRING RIDGE LLC 2603 KEISER BLVD WYOMISSING, PA 19610 58-2682467	SURGERY	PA	THE RDG HO	EXCLUDED				No		Yes		

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	(i) No
(1) MC REALTY CORP 627 NORTH FOURTH STREET READING, PA 19601 23-2607292	REALESTATE	PA	N/A						No

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

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

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) THE READING HOSPITAL MEDICAL GROUP	J	467,227	GL TRANSACTION
(2) READING PROFESSIONAL SERVICES	J	1,864,445	GL TRANSACTION
(3) THE HIGHLANDS AT WYOMISSING	Q	2,195,752	GL TRANSACTION
(4) THE RDG HOSP & MED CTR SELF INS FUN	P	3,613,436	GL TRANSACTION

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

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

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

Software ID:
Software Version:
EIN: 23-1352204
Name: READING HOSPITAL

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation
ADDITIONAL INFORMATION	SCHEDULE R	THE READING HEALTH SYSTEM PAYS THE INTEREST ON THE BONDS WHICH IS THEN CHARGED BACK TO THE HOSPITAL

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Reading Health System

Consolidated Financial Statements and Supplementary Consolidating Information

June 30, 2013 and 2012

Reading Health System
Index
June 30, 2013 and 2012

pwc

Independent Auditor's Report

To the Board of Directors of
Reading Health System

We have audited the accompanying consolidated financial statements of Reading Health System (the "System"), which comprise the consolidated balance sheets as of June 30, 2013 and 2012, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits We conducted our audits in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error In making those risk assessments, we consider internal control relevant to the System's preparation and fair presentation of the consolidated 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 System'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 consolidated 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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Reading Health System at June 30, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

PricewaterhouseCoopers LLP

October 21, 2013

PricewaterhouseCoopers LLP, 100 East Pratt Street, Suite 1900, Baltimoire, MD 21202-1096
T: (410) 783 7600, F: (410) 783 7680, www.pwc.com/us

Reading Health System
Consolidated Balance Sheets
June 30, 2013 and 2012

	2013	2012
Assets		
Current		
Cash and cash equivalents	$ 64,194,346	$ 191,713,225
Patient accounts receivable, less allowance for uncollectible accounts of $52,456,860 and $41,451,392 in 2013 and 2012, respectively	179,935,902	110,747,136
Other receivables	13,227,984	5,914,466
Receivable from affiliates	677,836	1,454,833
Inventories	14,821,977	12,175,915
Estimated third-party payor receivables	8,198,991	2,408,590
Prepaid expenses and other current assets	14,823,188	12,072,896
Assets whose use is limited - required for current liabilities		
Self-insurance funding arrangements	7,812,332	10,782,507
Revenue bond indentures - debt service requirements	2,878,958	7,252,138
Total current assets	306,571,514	354,521,706
Assets whose use is limited		
Self-insurance funding arrangements	20,032,628	19,640,559
Under regulatory requirements	2,912,455	2,912,455
By board for capital improvements	940,950,458	856,481,130
Total assets whose use is limited, net of current portion	963,895,541	879,034,144
Investments	20,115,778	17,741,189
Temporarily restricted funds	660,370	654,010
Property, plant and equipment, net	681,697,895	615,065,637
Deferred financing expense, net	4,815,161	4,996,857
Deferred compensation fund	2,873,977	3,023,129
Other assets	14,443,615	13,747,873
Total assets	$ 1,995,073,851	$ 1,888,784,545

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

Reading Health System
Consolidated Balance Sheets
June 30, 2013 and 2012

	2013	2012
Liabilities and Net Assets		
Current		
Current installments of long-term debt	$ 6,733,536	$ 7,680,255
Accounts payable	48,395,821	43,085,133
Estimated third-party payor settlements	4,555,158	8,068,145
Current portion of estimated self-insurance costs	10,791,791	10,877,737
Accrued expenses	31,374,720	29,276,477
Accrued vacation	21,784,242	20,537,858
Advance from third-party payor	3,832,000	3,832,000
Other current liabilities	16,014,939	7,985,863
Total current liabilities	143,482,207	131,343,468
Long-term debt, net of current portion and unamortized discount	596,948,921	603,758,661
Accrued pension liabilities	112,951,705	200,514,393
Deferred revenue	34,959,665	34,903,416
Deferred compensation	3,203,918	2,999,484
Gift annuities	579,100	586,343
Estimated self-insurance costs, net of current portion	43,781,001	40,574,001
Swap contracts	59,859,380	82,635,153
Total liabilities	995,765,897	1,097,314,919
Net assets		
Unrestricted	979,817,008	774,002,732
Temporarily restricted	660,886	654,010
Permanently restricted	18,830,060	16,812,884
Total net assets	999,307,954	791,469,626
Total liabilities and net assets	$ 1,995,073,851	$ 1,888,784,545

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

Reading Health System
Consolidated Statements of Operations
Years Ended June 30, 2013 and 2012

	2013	2012
Unrestricted revenues and other support		
Net patient service revenue	$ 914,062,738	$ 874,307,259
Provision for uncollectible accounts	(53,362,307)	(49,489,385)
Net patient service revenue less provision for uncollectible accounts	860,700,431	824,817,874
Residential revenue	19,941,623	19,875,080
Other revenue	32,402,118	28,536,854
Total revenues and other support	913,044,172	873,229,808
Expenses		
Salaries and benefits	515,466,808	480,444,099
Supplies	117,757,926	111,362,303
Utilities	12,215,580	12,853,524
Interest	15,715,462	20,443,050
Depreciation and amortization	75,024,450	64,965,124
Purchased services	79,528,886	70,323,048
Repairs and maintenance	22,743,187	19,421,008
Other	53,768,423	58,947,523
Total expenses	892,220,722	838,759,679
Income from operations	20,823,450	34,470,129
Nonoperating gains/(losses)		
Investment income	76,027,384	20,829,827
Loss on extinguishment of debt	-	(5,302,466)
Realized and unrealized (losses)/gains on swap contracts	14,200,002	(36,240,771)
Other losses	(1,509,780)	(727,167)
Nonoperating gains/(losses), net	88,717,606	(21,440,577)
Excess of revenue, gains and other support over expenses	$ 109,541,056	$ 13,029,552

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

Reading Health System
Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2013 and 2012

	2013	2012
Unrestricted net assets		
Excess of revenues, gains and other support over expenses	$ 109,541,056	$ 13,029,552
Change in unrealized gains/(losses) on investments	(1,075,841)	(19,373,757)
Change in pension liability	98,966,619	(96,257,226)
Other net assets	(1,617,558)	404,072
Increase/(Decrease) in unrestricted net assets	205,814,276	(102,197,359)
Temporarily restricted net assets		
Contributions	9,065	-
Net assets released from restrictions - for operations	(2,189)	(18,461)
Increase/(Decrease) in temporarily restricted net assets	6,876	(18,461)
Permanently restricted net assets		
Contributions	1,271,841	29,254
Change in unrealized gains/(losses) on investments	598,300	-
Change in beneficial interest in trusts	147,035	(585,204)
Increase/(Decrease) in permanently restricted net assets	2,017,176	(555,950)
Change in net assets	207,838,328	(102,771,770)
Net assets		
Beginning of year	791,469,626	894,241,396
End of year	$ 999,307,954	$ 791,469,626

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

Reading Health System
Consolidated Statements of Cash Flows
Years Ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities		
Change in net assets	$ 207,838,328	$ (102,771,770)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Change in unrealized (losses)/gains on investments	477,541	19,373,757
Change in fair value of swap contracts	(22,775,773)	30,302,796
Loss on extinguishment of debt	-	5,302,466
Premium on issuance of bonds	-	6,882,971
Amortization of bond discount	77,683	136,815
Amortization of bond premium	(212,328)	-
Amortization of deferred financing expense	181,696	353,318
Change in pension liability, net	(87,562,688)	100,658,432
Depreciation	75,024,450	64,965,124
(Gain) Loss on disposal of fixed assets	(3,200)	605,118
Provision for uncollectible accounts	53,362,307	49,489,385
Realized gains on investments	(60,889,148)	(7,440,377)
Equity income of affiliates	(5,269,424)	(185,740)
Distribution from equity investees	4,471,325	-
Restricted contributions and investment income received	(1,280,906)	(29,254)
Change in cash due to changes in operating assets and liabilities		
Receivable from patients and others	(129,864,591)	(55,449,650)
Receivable from affiliates	776,998	(194,507)
Inventories	(2,646,062)	762,708
Prepaid expenses and other assets	(2,647,935)	(8,110,770)
Accounts payable and other expenses	(3,441,352)	26,889,819
Deferred compensation	353,586	(23,645)
Gift annuities	(7,243)	(65,738)
Deferred revenue	56,249	(749,264)
Net cash provided by operating activities	26,019,513	130,701,994
Cash flows from investing activities		
Acquisition of property, plant and equipment	(127,961,335)	(64,282,208)
Proceeds from sale of fixed assets	3,200	913
Return of capital from equity investee	-	1,773,740
Purchases and sales of investments and assets whose use is limited, net	(19,234,095)	(12,959,628)
Net cash used in investing activities	(147,192,230)	(75,467,183)
Cash flows from financing activities		
Restricted contributions and investment income received	1,280,906	29,254
Proceeds from issuance of new debt, net of bond discount	-	472,471,969
Repayment of bonds	-	(470,215,013)
Increase in deferred financing expense	-	(3,548,378)
Payments of long-term debt	(7,627,068)	(15,970,553)
Net cash used in financing activities	(6,346,162)	(17,232,721)
Net increase in cash and cash equivalents	(127,518,879)	38,002,090
Cash and cash equivalents		
Beginning of year	191,713,225	153,711,135
End of year	$ 64,194,346	$ 191,713,225
Supplemental cash flow information		
Cash paid during the year for interest	$ 15,519,042	$ 21,208,003
Fixed asset additions included in accounts payable	13,688,973	12,627,200

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

1. Organizational Structure and Nature of Operations

Reading Health System ("Parent") is a tax-exempt not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code The Parent is located in West Reading, Pennsylvania and provides inpatient, outpatient and emergency care for residents of the greater Berks County area Admitting physicians are primarily practitioners in the local area

Controlled Entities and Subsidiaries of the Parent Include:

Reading Hospital ("Hospital"), a tax-exempt not-for-profit acute and post-acute care hospital,

Reading Professional Services ("RPS"), a tax-exempt entity established for charitable, educational and scientific purposes RPS recruits physicians, provides physician billing and administrative services for the Hospital, including supervision and instruction for medical students completing their residency training,

MC Realty, Inc ("MC Realty"), a wholly owned subsidiary, established to strategically acquire real estate in Berks County and the surrounding areas MC Realty is consolidated into the Parent,

The Reading Hospital Medical Group ("TRHMG"), a not-for-profit entity, established on January 1, 2007 to assure access to high quality primary care physicians and specialty physicians in sufficient numbers to meet the community need, and

The Highlands at Wyomissing ("Highlands"), a not-for-profit corporation is a fully controlled entity of The Reading Hospital The purpose of the Highlands is to operate a continuing care retirement community including residential, recreational, and health care facilities and services specially designed to meet the physical, social, and psychological needs of elderly persons The Highlands facility is located in Wyomissing, Pennsylvania and its residents are principally from the Wyomissing, and Reading, Pennsylvania area The facility contains 290 residential living units, an 80-bed skilled nursing unit and 66 personal care units Certain members of the board of directors from the Hospital are also members of the board of directors of the Highlands

Other Noncontrolled Related Entities Include:

Berkshire Health Partners ("BHP") is licensed by the Commonwealth of PA as a fully integrated, non-risk bearing preferred provider organization A nonprofit corporation in PA, BHP was established by hospitals and physicians, and offers a provider network of physicians, hospitals, and ancillary providers and services Certain members of the Hospital's Board of Directors are directors of BHP In September 2011, BHP entered into a Membership Repurchase Agreement giving the Parent full ownership of the hospital side of BHP The other 50% is owned by Reading Physicians Organization

Medicus Resource Management ("MRM"), a wholly owned subsidiary of BHP, is a for-profit company for PA tax purposes that coordinates the utilization management process and provides precertification, case management, concurrent reviews, and short term disability reviews

Reading Berks Physical Therapy LLC ("RBPT"), a limited liability corporation established to provide physical therapies at eight locations within the greater Berks County area The Hospital maintains a 40% interest in RBPT under the equity method of accounting This interest is included in other assets on the accompanying Balance Sheets,

The Reading Hospital Surgicenter at Springridge, LLC ("Springridge LLC"), a limited liability company, was established to provide ambulatory surgery services to the surrounding community The Hospital maintains a 50% ownership under the equity method of accounting In FY 2013, Reading Hospital received a distribution of $3,692,000 This interest is included in other assets on the accompanying Balance Sheets,

The Parent, along with several other acute care service hospitals throughout the central Pennsylvania area, contributed capital to form Central Pennsylvania Alliance Laboratories ("CPAL"), a joint venture to combine laboratory operations The Parent maintains a 20% ownership interest in CPAL This interest is recorded under the equity method of accounting and is included in other assets on the accompanying Balance Sheet,

The Parent's ownership of Central Pennsylvania Homecare, Inc (d b a Visiting Nurse Association, "VNA") is 44 1% Additional owners include Lancaster General with 44 1% and Pinnacle with 11 8% shares VNA provides visiting home nursing services to outpatients of the Hospital, and other healthcare providers in the surrounding community This investment is recorded under the equity method of accounting and is included in other assets on the accompanying Balance Sheets,

The Parent is a 20% owner, along with Central Pennsylvania Healthcare Alliance ("CPHA") members Ephrata Community Hospital, Lancaster General, Pinnacle Health System, Summit Health Alliance and WellSpan Health, of Quest Behavioral Health, Inc ("Quest") Quest is a not-for-profit corporation providing full service managed behavioral healthcare This investment is recorded under the equity method of accounting and is included in other assets on the accompanying Balance Sheets, and

Horizon is a for-profit limited liability partnership which provides in-home infusion drug therapy to customers in central Pennsylvania The ownership structure equals 25% ownership shares for each of four parties, including Lancaster General, Reading Hospital, Pinnacle Health, and Hershey Medical Center In FY 2013, RH received a distribution of $775,000 The investment is recorded under the equity method of accounting and is included in other assets on the accompanying Balance Sheets

2. Summary of Significant Accounting Policies

Basis of Accounting

These Financial Statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("US GAAP") The significant accounting policies followed by Reading Health System (the "System") are as follows

Principles of Consolidation

The Consolidated Financial Statements of the System include the accounts of the Parent, the Hospital, RPS, TRHMG, Highlands and MC Realty All significant intercompany balances and transactions have been eliminated

Use of Estimates

The preparation of Financial Statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period These significant estimates include the accounts

receivable allowance for doubtful accounts, contractual allowances, estimated third-party payor settlements, investments, accrued pension liabilities, accrued retirement costs and accrued insurance costs Actual results could differ from those estimates

Cash and Cash Equivalents
Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less At June 30, 2013 and 2012, the System had cash balances in financial institutions that exceeded federal depository insurance limits Management believes that the credit risk related to these deposits is minimal

Net Patient Service Revenue and Patient Accounts Receivable
The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per-diem payments Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered and include estimated retroactive adjustments under reimbursement agreements with third-party payors Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined

The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered For uninsured patients who do not qualify for charity care, The Hospital recognizes revenue based on established rates, subject to certain discounts as determined by The Hospital An estimated provision for bad debts is recorded that results in net patient service revenue being reported at the net amount expected to be received The Hospital has determined that patient service revenue is primarily recorded prior to assessing the patient's ability to pay and as such, the entire provision for bad debts related to patient revenue is recorded as a deduction from patient service revenue in the accompanying Statements of Operations and changes in net assets Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), for the year ended June 30, 2013 from these two payor sources are as follows

	Third-party Payors	Self-Pay	Total
Patient service revenue (net of contractual allowances and discounts)	95 5 %	4 5 %	100 0 %

Revenue from the Medicare and Medicaid programs accounted for approximately 33% and 7%, respectively, of Reading Hospital's net patient service revenue for the year ended June 30, 2013 and 30% and 7%, respectively, for the year ended June 30, 2012 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 2013 and 2012 net patient service revenue increased approximately $39,755,000 and $47,470,000, respectively, because of tentative settlements and final settlements for years that are no longer subject to audits, reviews, and investigations, as well as other changes in estimates

Accounts receivable are reduced by an allowance for doubtful accounts In evaluating the collectability of accounts receivable, the System 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 Management regularly reviews data about these major payor

sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts For receivables associated with services provided to patients who have third-party coverage, the System analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely) 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 part of the bill), The System records a significant provision for bad debts in the period of service on the basis of its 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 charged off against the allowance for doubtful accounts

Residential Revenue
The Highlands' entrance fees are refundable for a period of time up to 50 months During this time, for refund purposes only, a resident's entrance fee is amortized at the rate of 2% per month for 50 months beginning on the date of occupancy Entrance fees which are no longer refundable are recorded as deferred entrance fee revenue Entrance fees are amortized to income using the straight-line method over the estimated remaining life expectancy of the resident For all contracts entered into prior to January 1, 2005, a portion of the entrance fee, referred to as the health fund, equal to 30% of the total entrance fee, is reserved to be accounted for individually for each resident/couple All health funds are refundable to the extent not amortized Amortization of the health fund occurs when a resident utilizes health services (Nursing or Personal Care) The amortization rate is the incremental difference between the daily rate for health services and the monthly fee prorated on a daily basis

Other Revenue
Significant components of other revenue include rental income on leased properties, tuition revenue for The Reading Hospital School of Health Sciences and cafeteria revenues

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

Donor Restricted Gifts
Unconditional promises to give cash and other assets to the Hospital are reported at estimated fair value at the date the promise is received Conditional promises to give and indications of intentions to give are reported at estimated fair value at the date the gift is received

Contributions are reported as either temporarily or permanently restricted 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 as net assets released from restrictions Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying Consolidated Financial Statements

Compensated Paid Leave
The System records a liability for amounts due to employees for future paid leave which are attributable to services performed in the current and prior periods

Excess of Revenues, Gains and Other Support Over Expenses
The Consolidated Statements of Operations include the excess of revenues, gains and other support over expenses Changes in unrestricted net assets that are excluded from the excess of revenues, gains and other support over expenses, consistent with industry practice, include changes in unrealized gains and losses on investments other than certain not readily marketable investments, adjustments for defined benefit and other post-retirement benefits and contributions of long-lived assets (including assets acquired using contributions which by donor-restriction were to be used for the purposes of acquiring such assets)

Assets Whose Use is Limited
Assets whose use is limited includes designated assets set aside by the Board of Directors for future capital improvements, assets held by trustees under indenture agreements and self insurance trust arrangements The Board retains control over Board-restricted assets and may at its discretion subsequently use these assets for other purposes

Assets whose use is limited includes cash and cash equivalents, marketable debt securities (including U S government and government agencies, corporate, state and local government), marketable equity securities (including common, preferred and foreign stock), exchange traded/listed mutual funds (including fixed income funds), hedge funds, private equity funds and limited partnerships The Pennsylvania Continuing Care Provide Registration and Disclosure Act requires a statutory reserve equivalent to the greater of the total of debt service payments due during the next 12 months on account of any loan or 10% of the projected annual operating expenses of the facilities exclusive of depreciation, computed only on the proportional share of financing or operating expenses that is applicable to residents under entrance agreement contracts For the System, this statutory requirement applies only to The Highlands at Wyomissing This statutory reserve requirement is considered to be fulfilled from board-designated funds included within assets limited as to use

The calculation of the 10% of the annual operating expenses for 2014 is as follows

Budgeted operating expenses for 2014	$ 24,362,959
Less Budgeted depreciation and amortization expense	(3,092,503)
Net budgeted operating expenses for 2013	21,270,456
Required reserve as of July 1, 2013 (10%)	$ 2,127,046

The principal and interest due in the next 12 month period for the long-term financing of the Highlands is the greater of the two options and is calculated as follows

Principal due	$ 1,521,724
Interest due	1,549,741
Required reserve as of July 1, 2013	$ 3,071,465

Property, Plant and Equipment
Property, plant and equipment are carried at cost, less accumulated depreciation Expenditures which substantially increase the useful lives of existing assets are capitalized Routine maintenance and repairs are expensed as incurred Depreciation is computed using the straight-line method over the estimated useful lives of each class of depreciable asset Useful lives range as follows

Land improvements	5-25 years
Buildings and building improvements	10-40 years
Fixed equipment	5-10 years
Movable equipment	3-7 years

Gains and losses resulting from the retirement or sale of property, plant and equipment are included in the Consolidated Statements of Operations Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets Gifts of long-lived operating assets such as land, buildings or equipment are reported as unrestricted contributions and are, excluded from the excess of revenues, gains and other support over expenses, unless explicit donor stipulations specify how the donated asset must be used Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service

Temporarily and Permanently Restricted Net Assets
Temporarily restricted net assets are those whose use by the System has been limited by donors to a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained by the System in perpetuity

Inventories
Inventories are stated at lower of cost determined by the (first-in, first-out method) or market Physical inventory counts were conducted in February and May 2013 and adjustments recorded In January 2013, $859,000 of inventory was recorded upon acquisition of Berks Hematology Oncology Associates

Investments and Investment Income
Investment income earned on securities (interest and dividends) is reported in the non-operating income section of the Consolidated Statements of Operations within Investment income Realized gains or losses related to the sale of investments, other than temporary impairments on other than trading investments and unrealized gains or losses on alternative investments, are included in the non-operating section of the Consolidated Statements of Operations in Investment income unless the income or loss is restricted by donor or law

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value in the Consolidated Balance Sheets These securities have been classified as other than trading, and net changes in unrealized gains (losses) on these instruments are included in the Consolidated Statements of Changes in Net Assets

The fair value option for financial assets and liabilities permits the System to elect to measure eligible items at fair value on an instrument by instrument basis If elected, this option requires the System to report the unrealized gains and losses on these instruments as part of the performance indicator Once elected, the fair value option is irrevocable for that instrument Alternative

investments include investments in managed funds, which include hedge funds, private partnerships and other investments that do not have readily determinable fair values and may be subject to withdrawal restrictions Investments in hedge funds, private partnerships, and other investments in managed funds (collectively "alternative investments") are accounted for using the fair value option The unrealized gains or losses from these alternative investments are included in the Consolidated Statements of Operations as part of non-operating gains/ (losses) within Investment income

Fair Value Measurements
The System follows the provisions of Financial Accounting Standards Board ("FASB") ASC 820, Fair Value Measurement ("ASC 820"), which defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date ASC 820 also establishes a framework for measuring fair value using valuation techniques such as the market approach, cost approach and income approach, and making disclosures about fair value measurements

ASC 820 emphasizes that fair value is a market-based measurement, not an entity specific measurement Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing an asset or liability As a basis for considering market participant assumption in fair value measurements, ASC 820 defines a three-Level fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity and the reporting entity's own assumptions about market participants The fair value hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date The three levels are defined as follows

Level 1 – Inputs utilized quoted market prices in active markets for identical assets or liabilities that the System has the ability to access

Level 2 – Inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset and liability (other than quoted prices) such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals

Level 3 – Inputs are unobservable inputs for the asset or liability, which is typically based on an entity's own assumptions, as there is little, if any, related market activity

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the Level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest Level input that is significant to the fair value measurement in its entirety The System's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability

Where quoted prices are available in an active market, investments are classified in Level 1 of the valuation hierarchy Investments in Level 1 include cash, exchange-traded equity securities and mutual funds with a published daily net asset value or its equivalent ("NAV") Investments in Level 2 include financial instruments valued based on quoted market prices for identical securities in markets that are not active, quoted prices for similar securities in markets that are active, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency If quoted prices are not available, other accepted valuation methodologies, such as interest rates,

observable yield curves and spreads may be used to determine fair value This Level includes investments in marketable corporate debt securities, U S government and agency debt securities, and certain mutual funds that permit daily redemptions but whose NAV is not published Level 2 also includes investments in certain private entities that calculate NAV per share, or its equivalent, if the System has the ability to redeem its investment with the investee at the stated NAV at the measurement date or shortly thereafter Investments in Level 3 include investments in auction rate securities and other nonreadily marketable alternative investments, such as investments in private equity funds and hedge funds where the System's investments are subject to lock up periods and other longer-term liquidity restrictions and are reported at fair value based on the use of inputs that are unobservable in the public market

The fair values of Level 3 investments have been estimated by management based on all available data, including information provided by third-party pricing vendors, fund managers and general partners Auction rate securities are estimated using the income approach This approach uses estimation techniques to determine the estimated future cash flows of the respective asset or liability expected by a market participant and discounts those cash flows back to present value Alternative investments are recorded at fair value based on the NAV as a practical expedient, as provided by the respective general partner or fund administrator of the individual alternative investment funds The System believes the fair value of alternative investments in the Consolidated Balance Sheets is a reasonable estimate of its ownership interest in the alternative investment funds As part of the System's overall valuation process, management evaluates these third-party methodologies to ensure that they are representative of exit prices in the security's principal markets

These valuation methods may produce a fair value estimate that may not be reflective of future fair values Furthermore, while the System believes that its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value could result in a materially different estimate of fair value at the reporting date See Note 5 for additional details related to the System's investments

The System uses investment advisors to assist in managing their investment portfolios One advisor is authorized to execute transactions to the Pension Fund For the System's Long Term Capital Funds, the System has engaged an investment consultant and four new investment advisors who assist in managing the Long Term Capital funds This full discretionary investment mandate, guided by the System's Board adopted Investment Policy Statement, was transitioned to the new advisors in October 2012 System Treasury staff coordinate with the investment consultant and advisors and a Board Committee, the Capital Resources Committee meet regularly with Advisors to discuss operations and performance of the investment portfolios

Deferred Financing Expense
Deferred financing expense is amortized over the period the debt is outstanding using the straight-line method, which approximates the effective interest method Amortization of deferred financing costs totaled $181,696 and $353,318 at June 30, 2013 and 2012, respectively

Bond Premiums / (Discounts)
Bond premiums/(discounts) are reported as direct additions/(reductions) of the carrying values of the related debt instruments from which the discounts arose Bond premiums/(discounts) are amortized over the period during which the debt is outstanding using the straight-line method, which approximates the effective interest method, with current period adjustments included as a component of interest expense

Estimated Self-Insurance Costs
The provision for estimated self-insured claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported The System self-insures its medical malpractice, general liability, and workers' compensation risks Reserve estimates are subject to the impact of changes in claim trends as well as prevailing social, economic, and legal conditions The ultimate net cost of settling these liabilities may vary from the estimated amounts Accordingly, reserve estimates are continually reviewed and updated and any resulting adjustments are reflected in the current Financial Statements Insurance recoveries are recognized at the same time as related claims liabilities

Derivative Instruments
The System follows accounting guidance on derivative financial instruments that is based on whether the derivative instrument meets the criteria for designation as cash flow or fair value hedges The criteria for designating a derivative as a hedge includes the assessments of the instruments effectiveness in risk reduction, matching the derivative instrument to its underlying transactions, and the assessment of the probability that the underlying transaction will occur All of the System's derivative financial instruments are interest rate swap agreements without hedge accounting designation

Entering into interest rate swap agreements involves, to varying degrees, elements of credit, default, prepayments, and market risk in excess of the amounts recognized on the Consolidated Balance Sheets Such risks involved the possibility that there will be no liquid market for these arrangements, the counterpart to these arrangements may default on its obligations to perform and there may be unfavorable changes in interest rates The System does not hold derivative instruments for the purpose of managing credit risk and enters into derivative transactions with high quality counterparties

The fair value interest rate swap agreements entered into by the System is adjusted to market value quarterly at the close of the accounting period based upon quotations from market makers The change in market value is recorded in the Statement of Operations within excess of revenues, gain and other support over expenses

Income Taxes
The System is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code On such a basis, the exempt entities do not incur liability for federal income taxes, except in the case of unrelated business income

The Company evaluates uncertain tax positions using a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in an unrelated business activity tax return and disclosures regarding uncertainties in tax positions No adjustments to the Financial Statements were required as a result of this evaluation

Deferred Revenue
The Highlands has deferred revenue pertaining to refundable entrance fees of $15,798,000 and $17,078,000 at June 30, 2013 and 2012, respectively, and deferred entrance fee revenue of $17,634,000 and $16,821,000 at June 30, 2013 and 2012, respectively Entrance fees are refundable for a period of time up to 50 months before they are transferred to deferred entrance fee revenue The deferred entrance fee revenue is amortized to income using the straight-line method over the estimated remaining life expectancy of the resident

Deferred Compensation
The System was a party to a deferred compensation plan that provided retirement benefits to certain individuals employed by the System Assets were deposited pursuant to this agreement such that the market value of the assets approximates the related accrued deferred compensation liability The plan is no longer active No new participants or any additional contributions are allowed The original contributions were funded entirely by the participating employees through payroll deferral

Recently Issued Accounting Pronouncements
In July 2011, the FASB issued Accounting Standards Update ("ASU") 2011-07, "Health Care Entities (Topic 954) Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities," which requires health care entities to change the presentation in their Statement of Operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts) For nonpublic entities, the amendments are effective for Fiscal Years ("FY") and interim periods within those FY's beginning after December 15, 2012, with early adoption permitted While this standard will have no impact on the Hospital's financial position or results of operations, it will require reclassification of the provision for doubtful accounts from operating expenses to a component of net revenues beginning with the first quarter of 2013, with retrospective application required

The FASB has issued ASU No 2011-04, Fair Value Measurements (Topic 820), "Amendments to Achieve Common Fair Value measurement and Disclosures Requirements in U S GAAP and IFRSs" (ASU 2011-04) The amendments in ASU 2011-04 change the wording used to describe many of the requirements in U S generally accepted accounting principles for measuring fair value and for disclosing information about fair value measurements ASU 2011-04 is effective for FY's, and interim periods within those FY's, beginning after December 15, 2011 The System has adopted the provisions of ASU 2011-04 and made all required disclosures in the Consolidated Financial Statements

Reclassifications
Certain reclassifications to amounts previously reported have been made to conform with the current period presentation

Uncompensated Care and Community Service
The System provides services to patients who meet the criteria of its charity service policy without charge or at amounts less than the established rates Criteria for charity care consider the patient's family income, family size, and ability to pay Individuals who qualify for charity care do not have insurance or other coverage In addition, accounts that remain unpaid after all attempts of collections have been exhausted are written off to uncompensated care

The System maintains records to identify and monitor the level of charity care and community service it provides These records include the amount of charges foregone based on established rates for services, and supplies furnished under its charity care, community service policies, and the estimated cost of those services

Charges foregone for uncompensated care as determined in accordance with the System's policies were approximately $73,776,000 and $70,657,000 in 2013 and 2012, respectively Direct and indirect costs to provide these services were approximately $24,383,000 and $23,352,000 for the years ended 2013 and 2012, respectively The estimated costs were based on a calculation which

multiplied the cost to charge ratio by the gross charges associated with providing uncompensated care to patients The cost to charge ratio was obtained from our most recently filed Medicare Cost report

Additionally, the System sponsors certain other service programs and charity services, which provide substantial benefit to the broader community Such programs include services to needy populations requiring special services and support, community service programs and charity services, as well as, health promotion and education

The System's community service includes the Medical Assistance program which makes payment for services provided to families with dependent children, the aged, the blind, and the permanently and totally disabled, whose income and resources are insufficient to meet the costs of necessary medical services Payments from the Medical Assistance program are generally less than the System's charge of providing the service

In addition, community service represents the cost to deliver services to the community, net of any payment received for those services Included in these services are the System's subsidies of outpatient clinics, education of medical professionals who work with various health care providers in the community upon graduation, and community mental health programs The System also sponsors health fairs and other wellness programs throughout the community

3. Net Patient Service Revenue

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

Medicare
Inpatient acute care and rehabilitation services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors Outpatient services are reimbursed by Medicare under the Ambulatory Payment Classification System The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with Medicare The Hospital's Medicare cost reports have been closed and settled by the Medicare fiscal intermediary through June 30, 2007

Medicaid
Historically, inpatient and outpatient services rendered to Medicaid program beneficiaries were paid at prospectively determined rates with inpatient services being reimbursed on a rate-per-discharge basis and outpatient services on a predetermined fee schedule basis

On December 29, 2010, the Pennsylvania Department of Public Welfare ("DPW") received approval from the Centers for Medicare & Medicaid Services for the state plan amendments pursuant to Act 49 of 2010, passed by the Pennsylvania General Assembly on July 3, 2010, that established a new inpatient hospital fee for service payment system, new supplemental payments and the waiver to establish the statewide Quality Care Assessment DPW also received approval

on final language for the DPW contracts with managed care organizations The estimated net impact on the Hospital for the year ended June 30, 2013 was $8,239,000 (based on total payment adjustments of $19,148,000 offset by assessments of $10,909,000)

Capital Blue Cross
Beginning July 1, 2010, inpatient services rendered to Capital Blue Cross subscribers are reimbursed at negotiated case rates and per diem rates Previously, inpatient services had been reimbursed on a negotiated percentage of covered charges The prospectively determined rates are not subject to retroactive adjustment The Hospital continues to be reimbursed for outpatient services at a negotiated percentage of covered charges

Workers' Compensation
The payment method by which all employers and/or insurers of workers' compensation policies will pay for the services provided by health care providers to employees covered by workers' compensation is a percentage of the Medicare payment for these services

Other Contractual Arrangements
The System has various payment agreements with preferred provider organizations and health maintenance organizations The basis for payment under these agreements includes discounts from established charges

Revenue received under agreements with third-party payors is subject to audit and retroactive adjustment Adjustments related to tentative and final settlements with third-party payors are included in the determination of the excess of revenues, gains and other support over expenses in the year in which such adjustments become known Such adjustments relating to prior years increased net patient service revenues by approximately $13,703,000 in 2013 and 2012 by $7,446,000

The health care industry is subject to numerous laws and regulations of federal, state and local governments Compliance with these laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at the time Recently, government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed

4. Investments

	2013	2012
Deferred compensation		
Cash and cash equivalents	$ 452	$ 469
Mutual funds	2,873,525	3,022,660
Total deferred compensation	$ 2,873,977	$ 3,023,129

Assets whose uses are limited and that are required for obligations classified as current liabilities are reported as current assets The composition of assets, whose uses are limited at June 30, 2013 and 2012, is set forth in the following tables

	2013	2012
Under self-insurance funding arrangements		
Professional liability		
Cash and cash equivalents	$ 7,459,976	$ 9,066,781
U S Government securities	4,781,009	7,625,681
Corporate bonds	5,940,652	4,221,267
Mutual funds	91,242	78,752
	18,272,879	20,992,481
Workers' compensation		
Cash and cash equivalents	469,987	742,031
U S Government securities	3,870,122	4,015,106
Corporate bonds	3,442,871	2,995,656
Mutual funds	1,789,101	1,677,792
	9,572,081	9,430,585
Total assets whose use is limited under self-insurance funding arrangements	$ 27,844,960	$ 30,423,066

	2013	2012
Under revenue bond indenture agreements - held by trustee		
Cash and cash equivalents	$ 2,878,958	$ 7,252,138
Total assets whose use is limited under revenue bond indenture agreements	$ 2,878,958	$ 7,252,138
By board for capital improvement		
Cash and cash equivalents	$ 26,774,873	$ 190,763,607
U S , State and Muni Government securities	9,717,067	40,404,646
Corporate and foreign bonds	5,174,213	-
Common, preferred and foreign stocks	4,514,752	1,092,580
Mutual funds	365,941,617	133,339,800
Fixed income funds	341,575,138	281,138,349
Hedge, Private Equity, Common Trust Funds	190,165,252	222,097,808
Total assets whose use is limited by the board for capital improvements	$ 943,862,912	$ 868,836,790
Temporarily restricted funds		
Cash and cash equivalents	$ 660,370	$ 654,010
Investments		
Beneficial interest in trusts	$ 13,288,593	$ 12,671,566
Cash and equivalents	103,364	152,048
Common, foreign and preferred stock	3,185,599	3,038,983
Mutual funds	891,025	-
Corporate and foreign bonds	877,760	563,550
U S Government securities	1,769,437	1,315,042
Total assets whose use is permanently restricted as to use	$ 20,115,778	$ 17,741,189

A summary of the System's total investment return for the years ended June 30, 2013 and 2012 as reflected in the Consolidated Statements of Operations and Changes in Net Assets are as follows

	2013	2012
Investment income	$ 76,027,384	$ 20,829,827
Change in unrealized gains/(losses) on investments	(477,541)	(19,373,757)

The System's investments are managed by institutional investment advisors, fund managers and bank trust departments Because the System's investments include a variety of financial instruments, the related values as presented in the Consolidated Financial Statements are subject to various market fluctuations which include changes in the equity markets, interest rate environment and general economic conditions

In mid FY2012, the Capital Resources Committee, which is responsible for the oversight of the Investments and Debt of the System, began a process to outsource discretionary investment management of the Long Range Capital portfolio This was started after deliberate process to develop a comprehensive Investment Policy Statement (IPS) that was approved early in FY2012 and later refreshed in mid FY2013 The Committee and System staff met, and interviewed, multiple investment banks and institutional managers as well as investment consultants

At the end of FY2012, the Committee engaged an Investment Consultant and four investment Advisors to manage the Long Range Capital investment portfolio under the guidance of the IPS The four investment managers were all selected based on their specific investment expertise and strengths Each was assigned a specific investment mandate based on these criteria In October 2012, once Advisor Investment Management Agreements (IMAs) were finalized, new investment allocations were calculated and preparations with the Investment Custodian finalized The daily liquidity investments were liquidated and transferred to each of the respective new Advisors for deployment under each respective IMA

During FY2013, $810 5 million of original Long Range Capital legacy investments were deployed under the new investment mandates, with $40 6 million remaining to be liquidated On June 30, 2013, the total of all Long Term Capital portfolio and the legacy Long Range Capital portfolio are fully invested and are valued at $900 8 million

The System performs an annual impairment analysis, no impairments were identified in Fiscal Year 2013 and 2012 There were 109 investments with a fair value of $301 1 million that were in an unrealized loss position totaling $19 6 million as of June 30, 2013 The unrealized losses on these investments were caused by interest rate increases and general market conditions For investments in an unrealized loss position, the System does not have the intent or requirement to sell them, therefore, the System does not consider these investments to be other-than-temporarily impaired as of June 30, 2013

The following table presents cost and fair value of investments for June 30, 2013 and June 30, 2012

	Fair Value	Cost	Fair Value	Cost
Cash and Equiv	$ 38,347,980	$ 38,347,980	$ 208,631,105	$ 208,631,105
State and Local Govt Sec	9,717,067	9,711,764	9,639,052	9,997,656
US Government Securities	10,420,568	10,283,813	43,721,423	41,079,255
Mutual Funds	371,586,510	353,263,428	138,119,003	130,643,211
Equities - Common Stock	7,700,351	6,450,034	4,131,563	3,498,856
Corporate and Foreign Bonds	15,435,495	15,540,603	7,780,474	7,451,332
Fixed Income Funds	341,575,141	344,051,702	281,138,349	276,192,389
Hedge Funds and PE Funds	190,165,252	176,707,121	222,097,807	206,185,628
Beneficial Interest in Trusts	13,288,592	11,985,975	12,671,566	11,876,337
Total	**$ 998,236,956**	**$ 966,342,420**	**$ 927,930,342**	**$ 895,555,769**

The following tables represent the fair value measurement levels for all assets and liabilities, which the System has recorded at fair value

		Fair Value Measurement Using		
	June 30, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets				
Cash and cash equivalents	$ 38,347,980	$ 38,347,980	$ -	$ -
State and Local Govt Sec	9,717,067	-	-	9,717,067
Corporate and foreign bonds	15,435,495	-	15,435,495	-
Common, preferred and foreign stock	7,700,351	7,700,351	-	-
U S Government securities	10,420,568	-	10,420,568	-
Mutual funds	371,586,510	335,472,405	36,114,105	-
Fixed income funds	341,575,141	335,353,344	6,221,797	-
Beneficial interests in trusts	13,288,592	-	-	13,288,592
Hedge, Private Equity, Common Trust Funds	190,165,252	-	6,676,991	183,488,261
Total investments	$ 998,236,956	$ 716,874,080	$ 74,868,956	$ 206,493,920
Liabilities				
Swap contracts	$ 59,859,380	$ -	$ 59,859,380	$ -

		Fair Value Measurement Using		
	June 30, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets				
Cash and cash equivalents	$ 208,631,105	$ 208,631,105	$ -	$ -
State and Local Govt Sec	9,639,052	-	-	9,639,052
Corporate and foreign bonds	7,780,474	-	7,780,474	-
Common, preferred and foreign stock	4,131,563	4,131,563	-	-
U S Government securities	43,721,423	-	43,721,423	-
Mutual funds	138,119,003	138,119,003	-	-
Fixed income funds	281,138,349	281,138,349	-	-
Beneficial interests in trusts	12,671,566	-	-	12,671,566
Hedge, Private Equity, Common Trust Funds	222,097,807	-	77,248,808	144,848,999
Total investments	$ 927,930,342	$ 632,020,020	$ 128,750,705	$ 167,159,617
Liabilities				
Swap contracts	$ 82,635,153	$ -	$ 82,635,153	$ -

Following is the summary of the inputs and valuation techniques as of June 30, 2013 and 2012 for valuing Level 2 and Level 3 financial instruments

Financial Instrument	Input	Valuation Technique
Cash Equivalents	Broker/Dealer	Market
U S Government Agencies	Broker/Dealer	Market
Corporate	Broker/Dealer	Market
Interest Rate Swaps agreements	Broker/Dealer	Market
Exchange traded/mutual funds	NAV	Market/Income
Auction Rate Securities	Broker/Dealer	Income
Hedge Funds	NAV	Market/Income
Limited Partnership/companies	NAV	Market/Income

The following table represents the non-readily marketable investments and auction rate securities for which fair value was measured under Level 3

	Hedge Funds	Interests in Trusts	Government Securities	Equity Securities
Fair value at July 1, 2012	$ 110,376,934	$ 12,671,566	$ 9,639,052	$ 34,472,065
Purchases	97,252,579	-	-	8,688,990
Sales	(81,123,771)	-	(285,000)	(6,674,668)
Realized gains/(losses)	16,543,643	-	-	-
Net change in unrealized gains/(losses)	288,721	617,026	363,015	3,663,768
Fair value at June 30, 2013	$ 143,338,106	$ 13,288,592	$ 9,717,067	$ 40,150,155

	Hedge Funds	Beneficial Interests in Trusts	State and Local Government Securities	State and Local Government Securities
Fair value at July 1, 2011	$ 123,372,469	$ 13,248,119	$ 10,295,179	$ 29,252,340
Purchases	-	-	-	8,016,687
Sales	(11,774,209)	-	(100,000)	(4,796,321)
Realized gains/(losses)	2,872,165	-	-	1,999,359
Net change in unrealized gains/(losses)	(4,093,491)	(576,553)	(556,127)	-
Fair value at June 30, 2012	$ 110,376,934	$ 12,671,566	$ 9,639,052	$ 34,472,065

As shown above, the System's significant Level 3 measurements which employ unobservable inputs that are readily quantifiable pertain to auction rate securities At June 30, 2013, the System held investments in auction rate securities from four different issuers having an original principal amount of $10,215,000 The following table presents the significant assumptions used to determine the fair values of the System's auction rate securities at June 30, 2013 and 2012

Financial Instrument	Valuation Technique	Input	Range
Auction Rate Securities	Discounted Cash Flow	Discount rates	5 59%-7 19%
		Maximum rate	L+200%-205%
		Workout period	6-11 years

L - one-month LIBOR *(The London InterBank Offered Rate)*

Disclosure - Fair Value Measurements of Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)

	Fair Value ($Millions)	Unfunded Committements	Redemption Frequency (If Eligible)	Redemption Notice Period
Equity Long/Short Hedge Funds - a	$ 15 0	$ -	Quarterly, Annually	30-90 Days
Event Driven Hedge Funds - b	9 9	-	Quarterly, Annual Rolling	60 Days
Global Opportunities Hedge Funds - c	2 9	-	Quarterly	45 Days
Multi Strategy Hedge Funds - d	89 7	-	Quarterly, Semi-Annually, Annually, Bi Annually on Anniversary	60 - 120 Days
Real Assets - e	6 3	-	Annually	90 Days
Real Estate Funds - f	27 2	13 5	N/A	N/A
Private Equity Funds - g	32 5	15 1	N/A	N/A
Total	**$ 183.5**	**$ 28.6**		

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

b This class includes investments in hedge funds that invest in equities and bonds to profit from economic, political, and government driven events A majority of the investments are targeted at economic policy decisions The fair values of the investments in this class have been estimated using the net asset value per share of the investments as a practical expedient

c This class includes investments in hedge funds that hold investments in U S and non-U S common stocks in the healthcare, energy, information technology, utilities, and telecommunications sectors The fair values of the investments in this class have been estimated using the net asset value per share of the investments as a practical expedient

d This class invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility The fair values of the investments in this class have been estimated using the net asset value per share of the investments as a practical expedient Investments representing approximately 17 percent of the value of the investments in this class are biannually redeemed and sell orders have been placed These will be redeemed in Sept 2014 and May 2015 The remaining restriction period for these investments ranges from quarterly to annually

e This class includes funds with direct investments in base and precious metals and investment securities of miners, and associated mining equipment This fund has a 90 day redemption notice period, which 1/3 of the fund will pay out with the remaining 2/3 paying out in the second and third year respectively

f This class includes real estate funds that invest in U S and non-U S residential and commercial as well as distressed real estate The fair values of the investments in this class have been estimated using the net asset value of the System's ownership interest in partners' capital as a practical expedient $15 million of these funds have a 90 day redemption notice, but the fund manager can only accommodate redemption requests as liquid assets allow The remaining funds will receive distributions from each fund as the underlying investments of the funds are liquidated It is estimated that the underlying assets of these funds will be liquidated over the next 7 to 10 years, although these funds may liquidate early in the event of purchase by a third party, or initial public offering

g This class includes private equity funds These investments cannot be redeemed with the funds Instead, the nature of the investments in this class is that distributions are received through the liquidation of the underlying assets of the fund These funds are managed by one of the System's advisors with particular private equity experience in secondary market dealing These funds could be subject to redemption to a third party buyer, but at June 30, 2013, no funds were currently being evaluated this way The fair values of the investments in this class have been estimated using the net asset value of the System's ownership interest in partners' capital as a practical expedient

5. Property, Plant and Equipment

Property, plant and equipment and related accumulated depreciation at June 30, 2013 and 2012 consist of

	2013	2012
Land and land improvements	$ 65,272,375	$ 62,907,873
Buildings and improvements	537,217,113	524,663,808
Fixed equipment	267,538,143	266,202,182
Movable equipment	403,795,604	279,426,761
Property, plant, equipment before depreciation and AIP	1,273,823,235	1,133,200,624
Less Accumulated depreciation	$ (646,293,982)	(570,689,459)
Property, plant, equipment before AIP, net of depreciation	627,529,253	562,511,165
AIP Non Equipment (EPIC & Construction Projects)	$ 54,168,642	52,554,472
Net property, plant and equipment	$ 681,697,895	$ 615,065,637

Depreciation expense was approximately $75,024,000 and $64,965,000 for the years ended June 30, 2013 and 2012, respectively

6. Long-Term Debt

Long-term debt at June 30, 2013 and 2012 consist of

	2013		2012	
	Carrying Value	Fair Value (Level 2)	Carrying Value	Fair Value (Level 2)
Berks County Municipal Authority Hospital Revenue Bond Series of 2012, net of unamortized discount and premium	$ 478,725,089	$ 475,014,687	$ 479,354,940	$ 480,768,793
Berks County Municipal Authority Hospital Revenue Bond Series of 2009, net of unamortized discount	117,946,613	134,321,792	121,438,220	140,138,046
Berks County Municipal Authority Hospital Revenue Bond Series of 1999, net of unamortized discount	-	-	1,204,746	1,226,344
Berks County Municipal Authority Hospital Revenue Bond Series of 1993,	4,770,000	4,963,431	6,965,000	7,355,191
Term loans	2,240,755	2,240,755	2,476,010	2,476,010
Total long-term debt	603,682,457	616,540,665	611,438,916	631,964,384
Less Amounts due within one year	6,733,536		7,680,255	
Long-term debt, net of current portion	$ 596,948,921		$ 603,758,661	

Under the terms of the various debt agreements, the System is required to maintain certain deposits with a trustee Such deposits are included with assets whose use is limited in the Consolidated Financial Statements The various agreements also place limits on the incurrence of additional borrowings and require that the System satisfy certain measures of financial performance as long as the debt is outstanding The System was in compliance with these covenants at June 30, 2013 and 2012

Scheduled principal repayments on long-term debt are as follows for the years ending June 30, 2013

2014	$ 6,733,536
2015	7,074,468
2016	5,274,162
2017	5,528,648
2018	5,751,432
Thereafter	568,648,509
Total long-term debt	599,010,755
Plus Unamortized Net Premium	4,618,515
Long term-debt, net of unamortized discount	$ 603,629,270

Berks County Municipal Authority Hospital Revenue Bond Series of 2012
On June 28, 2012, The Berks County Municipal Authority ("Authority") issued $473,275,000 (notional) of Revenue Bonds in four series, 2012 A, B, C and D

The Authority issued $160,065,000 of Fixed Rate Serial Revenue Bonds ("2012 A") for the purpose of refunding the Dauphin Country General Authority Hospital Revenue Bond Series 1994A, Berks County Bond Series 1998 and 2008

Mandatory annual principal redemptions by the System for the 2012 A bonds due November 1, 2039 through November 1, 2044 range from $7,590,000 to $33,555,000 with final maturity on November 1, 2044 Effective interest rate of the bonds range from 4 23% to 4 50%

The Authority issued $91,775,000 of Variable Rate Serial Revenue bonds ("2012 B") for the purpose of refunding the Authority Series 2009 A-5

Mandatory annual principal redemptions by the System for the 2012 B bonds due November 1, 2035 through November 1, 2039 range from $3,225,000 to $24,955,000 with final maturity on November 1, 2039 Interest on these bonds is calculated on a SIFMA Municipal Index rate plus a fixed spread of 1 50% The SIFMA rate at June 30, 2013 was 06%

The Authority issued a $47,235,000 Floating Rate Bond ("2012 C") used to refund the Series 2009 A-4 and a $174,000,000 Floating Rate Bond ("2012 D") used to Refund the Series 2009 A-1 and A-2 Both Series 2012 C and 2012 D were privately placed with commercial banks

Mandatory monthly principal redemptions by the System for the 2012 C bonds commence August 1, 2012 through July 1, 2022 and range from $39,363 to $128,823 with final maturity date on July 1, 2022 Interest on these bonds is calculated using a one month London Interbank Offered Rate Index rate (LIBOR) plus a fixed spread of 1 20% times an Applicable Factor of 70 0% The one month LIBOR rate at June 30, 2013 was 19%

Mandatory annual principal redemptions by the System for the 2012 D bonds due November 1, 2022 through November 1, 2035 range from $8,625,000 to $21,120,000 with final maturity on November 1, 2035 Interest on these bonds is calculated on a SIFMA Municipal Index rate plus a fixed spread of 70% The SIFMA rate at June 30, 2013 was 06%

Berks County Municipal Authority Hospital Revenue Bond Series of 2009
Series 2009 A-1, A-2, A-4 and A-5 were refunded on June 28, 2012 with the aforementioned Bond Series 2012 The 2009 A-3 bond remains outstanding

The 2009 A-3 bonds were issued on July 15, 2009 The Authority issued $133,665,000 of Fixed Rate Revenue Bonds, Series 2009 A-3 for the primary purpose of redeeming $115,520,000 of 2001 Bonds and $14,965,000 for major renovation projects

The 2009 A-3 bonds are comprised of $44,285,000 of serial bonds and $89,380,000 of term bonds The serial bonds are due in installments payable November 1, 2009 through 2019, with payments ranging from $120,000 to $4,895,000 The term bonds are due on November 1 of 2024, 2031 and 2039, with payments ranging from $820,000 to $9,380,000 The effective interest rate on the serial bonds ranges from 3% to 5% and 5 25% to 5 75% for the term bonds

Berks County Municipal Authority Hospital Revenue Bond Series of 1999
On November 1, 1999, the Authority issued $45,805,000 of Hospital Revenue Bonds, Series 1999 ("1999 Bonds") for the primary purpose of providing funds for the cost of certain capital projects relating to the facilities, buildings, and equipment of the Hospital (the "project"), and to include payment of costs incurred with the issuance of the 1999 Bonds The project consists of certain improvements to the Hospital's campus, the construction of new facilities, the renovation of existing facilities, and the acquisition of certain medical equipment The System granted to the Authority a security interest in certain assets and substantially all revenues as collateral for its obligation under the indenture The Series 1999 Bond matured in November 2012 with the final payment of $1,210,000 plus accrued interest

Berks County Municipal Authority Hospital Revenue Bond Series of 1993
On June 1, 1993, the Authority issued Hospital Revenue Bonds, Series of 1993 ("1993 Bonds") for the primary purpose of providing funds for the advance refunding of the Berks County Municipal Authority Hospital Revenue Bonds Series of 1986 ("1986 Bonds"), the retirement of certain other indebtedness, and the funding of certain medical and computer equipment to be located on Hospital premises

Remaining mandatory annual principal redemptions by the Hospital for the 1993 Bonds are $2,320,000 in FY2013 and $2,450,000 in FY2014 when the Bond matures All mandatory redemptions are at par value The Hospital granted to the Authority a security interest in certain assets and substantially all revenues as collateral for its obligation under the indenture

The stated interest rates of the 1993 Bonds at June 30, 2013 are 5 70%

Term Loans
Effective retroactive to January 1, 2004, the Hospital replaced NMG Limited Partnership as the borrower on three promissory notes The Hospital was previously the guarantor for the notes The original notes were issued as follows $2,100,000 due March 31, 2020, $2,000,000 due December 31, 2019 and $165,000 due March 31, 2006 In conjunction with the assumption of debt, the Hospital received assets which have been purchased with the proceeds from the debt

Mandatory annual principal redemptions by the Hospital for the notes for the 2012-2019 period range from $219,000 to $411,000 in 2019 The interest rate is calculated based upon the one month LIBOR plus a spread of 1 70% This LIBOR rate was 19% at June 30, 2013

Line of Credit
At June 30, 2013, the System had available a line of credit of $10,500,000 with M&T Bank The amounts outstanding on the available letters of credit at June 30, 2013 and 2012, equaled $3,992,500 for both periods

7. Interest Rate Swaps

The System has, in the past used derivative instruments, such as interest rate swaps, to manage certain interest rate exposures Derivative instruments are viewed as risk management tools by the System and are not used for trading and speculative purposes

When quoted market prices are not available, the valuation of derivative instruments is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each leg of the derivative This analysis reflects the contractual terms of the derivatives, including interest rate curves and implied volatilities The estimates of fair value valuation are made by swap counterparties using a standardized methodology based on observable market inputs As part of the System's overall valuation process, management evaluates this counterparty valuation methodology to ensure that it is representative of exit prices in the principal markets These future net cash flows, however, are susceptible to change primarily due to fluctuations in interest rates As a result, the estimated values of these derivatives will change over time as cash is received and paid, and as interest rates change As these changes occur, they may have a positive or negative impact on estimated valuations

The System has classified its interest rate swap in Level 2 of the fair value hierarchy, as the significant inputs to the overall valuations are based on market-observable data or information derived from or corroborated by market-observable data For over-the-counter derivatives that

trade in liquid markets such as interest rate swaps, model inputs (i e contractual terms, market prices, yield curves, credit curves, and measures of volatility) can generally be verified, and model selection does not involve significant management judgment

The fair market value of the swap contracts and the related realized and unrealized gains/(losses) were as follows, as of June 30, 2013 and 2012

Classification of derivatives in Balance Sheets	**Fair market value**	
	2013	**2012**
Derivatives not designated as hedging instrument		
2008 Bond Issuance	$ 147,064	$ 191,717
2005 Bond Issuance	(5,006,891)	(7,149,360)
2002 Bond Issuance	(22,950,621)	(31,355,502)
2001 Bond Issuance	(30,041,409)	(41,389,318)
1997 Bond Issuance	(421,865)	(623,313)
1992 Bond Issuance	(1,082,389)	(1,620,320)
Term loans	(503,269)	(689,057)
Total swap contracts	$ (59,859,380)	$ (82,635,153)

Classification of derivatives gain/(loss) in Statements of Operations	**Amount of gain/(loss) recognized in excess of revenue over expenses**	
	2013	**2012**
Derivatives not designated as hedging instrument		
Unrealized gain/(loss) on swap contracts	$ 22,775,774	$ (30,302,796)
Realized gain/(loss) on swap contracts	(8,575,772)	(5,937,975)
Realized and unrealized gains (losses) on swap contracts	$ 14,200,002	$ (36,240,771)

In connection with the 2008 bond issuance, the System entered into an interest rate swap agreement with a third party The swap economically converted the fixed rate obligation of the 2008 bonds from a fixed rate of 7 5% to variable rates Notional amount of the swap is $100 million and this swap matured in November 2012

In connection with the 2008 bond issuance, the System entered into two basis swaps by which the System pays SIFMA and receives an average of 85% of three month LIBOR Notional amount of these basis swaps is $175 4 million and the three month LIBOR rate at June 30, 2013 was 27%

In connection with the 2005 bond issuance, the System entered into an interest rate swap agreement with a third party The swap economically converts the variable rate obligation of the 2005 bonds to a fixed rate of 3 584% Notional amount of the swap is $39 million

In connection with the 2001 and 2002 bonds issuances, the System entered into two interest rate swap agreements with a third party The swaps economically convert the variable rate obligations of the 2001 and 2002 bonds to a fixed rate of 4 30% and 4 69%, respectively Notional amounts of the swaps are $143 6 million and $75 1 million

On June 26, 2006, the System entered into an interest rate swap agreement on the 2001, 2002 and 2005 bond issuances which were effective as of August 4, 2006 The swap has a variable effective interest rate at 68% of the LIBOR

In connection with the 2002 bond issuance, the System entered into two interest rate swap agreements The swaps effectively convert the variable rate obligation of the Series A and B Bonds to fixed rates of 4 69% and 6 28%, respectively Notional amounts of the swaps are $4 6 million and $8 2 million

In connection with the 1997 bond issuance, the System entered into an interest rate swap agreement which was effective as of May 26, 2005 The swap effectively converts the variable rate obligation of the Bonds to a fixed rate of 3 397% Notional amount of the swap is $5 9 million

In connection with the 1992 bond issuance, the System entered into an interest rate swap agreement which was effective as of May 26, 2005 The swap effectively converts the variable rate obligation of the Bonds to a fixed rate of 3 607% Notional amount of the swap is $8 1 million

In connection with the term loans, the System assumed two interest rate swap agreements with a third party The swaps effectively convert the variable obligations to fixed rates of 9 13% for the $2,100,000 note and 9 06% for the $2,000,000 note The fair value of the interest rate swap agreements is the amount at which they would be settled based on estimates of market rates, which was a liability of $503,000 at June 30, 2013 and $689,000 at June 30, 2012

The change in the value of the interest rate swap agreements and the interest expense associated with these swaps are recorded in other non-operating gains/(losses) on the Statements of Operations

8. Accounting for Defined Benefit Plan

Substantially all employees of the System are covered under a qualified noncontributory defined benefit pension plan Pension costs are funded as accrued except when not permitted by regulations, such as full funding limitations Unfunded prior service costs are amortized over an initial term of thirty years

The System follows the FASB standards over employer's accounting for defined benefit pension and other post-retirement plans Included in these standards is a requirement for an entity to recognize in its Balance Sheet, the overfunded or underfunded status of its defined benefit postretirement plans measured as the difference between the fair value of the plan assets, and the benefit obligation For a pension plan, this would be the projected benefit obligation, for any other post-retirement plan, the benefit obligation would be the accumulated post-retirement benefit obligation These standards also require measurement dates for the pension plan obligation to be measured as of the date of the entity's Balance Sheet

The System will be transitioning for the current defined benefit plan structure Employees hired on or after July 1, 2013 will be enrolled in a defined contribution plan Current employees will continue to accrue benefits in the existing defined plan until June 30, 2016 On July 1, 2016 the benefits will remain accrued and employees will begin to accumulate dollars under a defined contribution plan

Obligations and Funded Status at June 30 for the Plan

	2013	2012
Change in projected benefit obligation		
Benefit obligation at beginning of year	$ 478,052,596	$ 378,415,249
Service cost	20,221,748	15,919,894
Interest cost	23,509,010	21,595,137
Actuarial loss/(gain)	(9,184,898)	73,636,234
Benefits paid	(11,789,340)	(11,513,918)
Curtailment	(70,273,670)	-
Benefit obligation at end of year	$ 430,535,446	$ 478,052,596
Change in plan assets		
Fair value of plan assets at beginning of year	$ 277,861,737	$ 278,882,822
Actual return on assets	32,764,023	(3,907,167)
Employer contributions	19,070,855	14,400,000
Benefits paid	(11,789,340)	(11,513,918)
Fair value of plan assets at end of year	$ 317,907,275	$ 277,861,737

The accrued liability of the plan at June 30, 2013 and 2012 consists of the following components

	2013	2012
Funded status	$ (112,628,174)	$ (200,190,859)

The accumulated benefit obligations totaled $423,957,000 and $408,166,000 at June 30, 2013 and 2012, respectively, for the Plan

Amounts recognized in the Balance Sheet consist of

	2013	2012
Accrued pension	$ 112,628,171	$ 200,190,859
Total accrued liability	$ 112,628,171	$ 200,190,859
Amounts recognized in net assets consist of		
Net actuarial loss	$ 81,869,184	$ 179,386,937
Prior service cost	-	1,448,866
Pension cost charged to net assets	$ 81,869,184	$ 180,835,803

Net periodic benefit cost components include the following

	2013	2012
Service cost - benefits earned during the period	$ 20,221,748	$ 15,919,894
Interest cost on projected benefit obligation	23,509,010	21,595,137
Expected return on plan assets	(23,199,274)	(22,446,051)
Amortization of prior service cost	161,972	215,963
Amortization of net gain	8,494,436	3,516,263
Effect of curtailment	1,286,894	-
Net periodic pension cost Charged to operations	$ 30,474,786	$ 18,801,206

Other changes in plan assets and benefit obligations recognized in unrestricted net assets

	2013	2012
Net loss (gain)	$ (18,749,647)	$ 99,989,452
Amortization of prior service cost	(161,972)	(215,963)
Amortization of net loss	(8,494,436)	(3,516,263)
Effect of curtailment	(71,560,564)	-
Total recognized in unrestricted net assets	$ (98,966,619)	$ 96,257,226
Total recognized in net periodic benefit cost and unrestricted net assets	$ (68,491,833)	$ 115,058,432

The amounts expected to be amortized from unrestricted net asset to net periodic pension costs during fiscal year 2014 are a net loss of $1,176,000 and a prior service cost of $0

Weighted-average assumptions used to determine benefit obligations at June 30

	2013	2012
Discount rate	5 32 %	5 00 %
Rate of compensation increase	3 00 %	3 00 %
Measurement date	6/30/2013	6/30/2012

Weighted-average assumptions used to determine net periodic benefit cost for years ended June 30

	2013	2012
Discount rate	5 00%/4 75%	5 78 %
Expected long-term return on plan assets	8 00 %	8 00 %
Rate of compensation increase	3 00 %	3 00 %

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

Plan Assets
Reading Hospital Pension Plan weighted-average asset allocations at June 30, 2013 and 2012, by asset category are as follows

	Plan Assets at June 30	
	2013	**2012**
Asset category		
Cash and cash equivalents	8 2 %	1 7 %
Mutual funds	19 0	19 8
Fixed income	13 5	20 4
Equity investments	3 8	3 6
Alternate investments	55 5	54 5
	100 0 %	100 0 %

The overall investment objective of the Plan is to provide a return on investment consistent with the Plan's spending needs and to prevent erosion of purchasing power by inflation Achievement of the return will be sought from an investment strategy that provides an opportunity for superior returns within acceptable levels of risk and volatility of returns

The following tables represent the fair value measurement levels for all assets and liabilities, which the Hospital has recorded at fair value

		Fair Value Measurement Using		
	June 30, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets				
Cash and cash equivalents	$ 25,940,319	$ 25,940,319	$ -	$ -
State and local government securities	8,875,000	-	-	8,875,000
Mutual funds	60,121,164	60,121,164	-	-
Equities	12,213,662	12,213,662	-	-
Fixed income funds	34,146,523	34,146,523	-	-
Hedge funds	176,610,607	-	45,081,258	131,529,349
Total investments	$ 317,907,275	$ 132,421,668	$ 45,081,258	$ 140,404,349

		Fair Value Measurement Using		
	June 30, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets				
Cash and cash equivalents	$ 4,592,602	$ 4,592,602	$ -	$ -
State and local government securities	9,175,000	-	-	9,175,000
Mutual funds	55,052,978	55,052,978	-	-
Equities	9,941,823	9,941,823	-	-
Fixed income funds	47,585,136	47,585,136	-	-
Hedge funds	151,514,197	-	31,725,966	119,788,231
Total investments	$ 277,861,736	$ 117,172,539	$ 31,725,966	$ 128,963,231

The following table represents the nonreadily marketable investments and auction rate securities for which fair value was measured under Level 3

	Hedge Funds	State and Local Government Securities
Fair value at July 1, 2012	$ 119,788,232	$ 9,175,000
Purchases	17,670,006	-
Sales	(20,537,938)	(300,000)
Realized gains/(losses)	1,158,266	-
Net change in unrealized gains/(losses)	13,450,783	-
Fair value at June 30, 2013	$ 131,529,349	$ 8,875,000

	Hedge Funds	State and Local Government Securities
Fair value at July 1, 2011	$ 127,862,288	$ 9,450,000
Purchases	25,427,940	-
Sales	(33,959,960)	(275,000)
Realized gains/(losses)	1,001,636	-
Net change in unrealized gains/(losses)	(543,672)	-
Fair value at June 30, 2012	$ 119,788,232	$ 9,175,000

Cash Flows
Contributions (Unaudited)

The Reading Hospital expects to contribute the minimum required contribution during the 2014 fiscal year to the Plan, which is estimated to be $19,000,000

Estimated Future Benefit Payments (Unaudited)
The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid

Years Ending June 30,	
2014	$ 13,050,670
2015	14,155,110
2016	15,967,127
2017	18,591,094
2018	20,549,088
2019–2023	130,342,149

9. Related Party Transactions

Other receivables from affiliated organizations at June 30, 2013 and 2012 consist of

	2013	2012
Springridge, LLC	$ 589,168	$ 1,302,269
Berkshire Health Partners	108,745	144,255
Central Pennsylvania Homecare Inc	5,350	8,309
Total receivables from affiliated organizations	$ 703,263	$ 1,454,833

These amounts are all noninterest bearing with no stated repayment terms

Included in other assets are the following investments in affiliates at June 30, 2013 and 2012

	2013	2012
CPAL	$ 350,373	$ 350,373
Quest	19,717	13,594
Springridge, LLC	1,851,041	1,728,372
RBPT	237,864	332,774
Horizon	655,569	803,319
VNA Community Care Services	6,444,261	5,653,051
BHP	1,044,782	920,400
Total investments in affiliated organizations	$ 10,603,607	$ 9,801,883

10. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at fair value are available for the following purposes at June 30, 2013 and 2012

	2013	2012
Various health care services	$ 660,370	$ 654,010

Permanently restricted net assets at fair value at June 30, 2013 and 2012 are restricted to

	2013	2012
Permanent endowment funds, the interest and dividend income from which is expendable to support health care services	$ 5,541,468	$ 4,127,781
Funds held in trust by others	13,288,592	12,685,103
Total permanently restricted net assets	$ 18,830,060	$ 16,812,884

11. Insurance Arrangements

The System participates in the Pennsylvania Medical Care Availability and Reduction of Error Fund or Mcare Fund established under the Commonwealth of Pennsylvania The Mcare Fund presently provides coverage excess of up to $500,000 to the System's primary per occurrence retention (which is currently $500,000) with annual aggregate coverage of $1,500,000

The System established a self-insurance trust fund to provide protection against professional liability claims The trust is actuarially funded on an annual basis to provide single limit professional liability coverage of $500,000 per occurrence and $2,500,000 in the annual aggregate for the Hospital and certain employees For incidents occurring since April 30, 2009, the System purchased commercial insurance to provide coverage on a claims-made basis in an amount up to $25,000,000 in excess of a total retention of $3,000,000 ($500,000 primary, $500,000 Mcare excess and a $2,000,000 self-insured buffer) The adoption of the ASU 2010-24 Pronouncement had no impact on the System's financial performance or cash flows Claim liabilities are no longer netted by insurance recoveries For the years ended June 30, 2013 and 2012, the insurance recoverable amounts were $4,500,000, and $5,600,000, respectively, which is included in other assets on the Consolidated Balance Sheets Funding requirements of the plan are subject to increase depending on the plan's claim experience Premium payments for the Mcare Fund are based upon each individually licensed healthcare provider's rating with the Joint Underwriters Association and the amount of the surcharge to be assessed is determined by the Mcare Fund on an annual basis The System's annual surcharge premiums for participation in the Mcare Fund were $1,706,000 and $1,445,000 for the years ended June 30, 2013 and 2012, respectively

Additionally, the System self-insures its workers' compensation and minor general liability risks The System's self-insurance plan has been reviewed and approved by the Commissioner of Insurance of Pennsylvania

The System purchases excess workers' compensation insurance for all controlled entities of the hospital with statutory limits over a self-retention of $1,000,000 per occurrence subject to a policy maximum of $1,000,000 for the policy period The System has established a trust fund for the payment of workers' compensation benefits

Reserves for self-insurance claims at June 30, 2013 and 2012 are summarized as follows

	2013	2012
Professional liability claims payable	$ 40,602,000	$ 37,489,000
Workers' compensation	13,970,751	13,962,738
Total self-insurance claims reserve	54,572,751	51,451,738
Less Current portion	10,791,751	10,877,737
Self-insurance claims reserve, net of current portion	$ 43,781,000	$ 40,574,001

12. Commitment and Contingencies

Operating Leases

The System leases equipment and facilities under operating leases expiring at various dates through May 2026 Total rental expense under all operating leases was $12,271,000 and $12,187,000 for the years ended June 30, 2013 and 2012, respectively

The following table summarizes future minimum rental commitments under noncancellable operating leases with initial or remaining terms of more than one year

Years Ending June 30,	
2014	$ 7,570,500
2015	6,178,521
2016	4,383,520
2017	3,433,824
2018 and thereafter	17,882,598

EPIC
On September 9, 2011, Reading Hospital entered into a sale and purchase agreement ("SPA") with EPIC Systems Corporation to purchase, install, and implement EPIC software for a consideration of $22 million of which $8,579,000 in payments ("Meaningful Use Funds") have been received As of June 30, 2013, Reading Hospital has paid a sum of $16 0 million to EPIC Systems Corporation Additional services and costs will be incurred toward the entire project scope, expecting to total $130 million in additional capital costs and $23 million in operating costs

Obligation to Provide Future Services
The Highlands annually calculates the present value of the estimated net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred entrance fee revenue If the present value of the net cost of future services and use of facilities exceeds the deferred revenue, a liability is recorded with the corresponding charge to income As of June 30, 2013 and 2012, the estimated present value of the net cost of future services and use of facilities is less than the deferred entrance fee revenue, thus, no liability has been recorded

Litigation
The System and its controlled entities are involved in certain litigation which involves professional and general liability In the opinion of management and legal counsel, the ultimate liability, if any, will not have a material effect on the consolidated financial condition of the Parent and its controlled entities

Regulatory Compliance
Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation The System believes that it is in compliance with all applicable laws and regulations through the years ended June 30, 2013 and 2012 Compliance with such laws and regulations can be subject to government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs

13. Functional Expenses

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

	2013	2012
Health care services	$ 674,531,174	$ 686,010,429
General and administrative	217,689,548	152,749,250
Total functional expenses	$ 892,220,722	$ 838,759,679

14. Concentrations of Credit Risk

Financial instruments which potentially subject the System to concentrations of credit risk consist primarily of cash, cash equivalents, investments, and accounts receivable

Management periodically evaluates the credit standing of the financial institutions with which they maintain their cash, cash equivalents, and investments Amounts held in its accounts often exceed the federally insured levels

The fair value of the System's investments is subject to various market fluctuations which include changes in the interest rate environment and general economic conditions

The System grants credit to its patients and other third-party payors, primarily Medicare, Medical Assistance, Blue Cross and various commercial insurance companies The System maintains reserves for potential credit losses and such losses have historically been within management's expectations The mix of receivables from patients and third-party payors at June 30, 2013 and 2012, was as follows

	2013	2012
Medicare	32%	29%
Medical Assistance	14%	18%
Blue Cross	14%	17%
Commercial insurance	28%	17%
Self-pay	10%	17%
Other	2%	2%
	100%	100%

15. Subsequent Events

The Company has evaluated subsequent events through October 21, 2013 Management reviews and identifies subsequent events through participation at meetings of the Board of Directors and their subcommittees

In July 2013, after two years of work on design and infrastructure, the Board of Trustees of the Reading Health System approved the 7th Avenue Project for a total cost of $354,000,000 The project includes a state of the art perioperative center, five all-private room nursing units and additional space for the Emergency Department and Trauma Center There is no expansion of licensed beds included in this project

Supplementary Consolidating Information

pwc

Report of Independent Auditors on
Supplementary Consolidating Information

To The Board of Directors of
Reading Health System

We have audited the consolidated financial statements of Reading Health System as of June 30, 2013 and for the year then ended and our report thereon appears on page 1 of this document That audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole The supplementary consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole

PricewaterhouseCoopers LLP

October 21, 2013

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Reading Health System
Consolidating Balance Sheet
Year Ended June 30, 2013

Schedule I

	Parent	Hospital	RPS	TRHMG	Highlands	Consolidating and Eliminating Entries	Reading Health System
Current assets							
Cash and cash equivalents	$ -	$ 61,781,109	$ 23,424	$ 72,745	$ 2,317,068	$ -	$ 64,194,346
Patient accounts receivable, less allowance for uncollectible accounts of $52,456,860	-	171,175,301	4,231,911	1,944,218	2,584,472	-	179,935,902
Other receivables	1,788,580	10,830,652	550,108	57,940	704	-	13,227,984
Receivable from affiliates	8,145,493	2,613,524	(11,610)	43,565	-	(10,113,136)	677,836
Inventories	-	14,442,833	-	-	379,144	-	14,821,977
Estimated third-party payor receivables	-	8,198,991	-	-	-		8,198,991
Prepaid expenses and other current assets	-	14,164,667	-	413,091	245,430	-	14,823,188
Assets whose use is limited - required for current liabilities							
Self-insurance funding arrangements	-	7,812,332	-	-	-	-	7,812,332
Revenue bond indentures - debt service	-	2,878,958	-	-	-	-	2,878,958
Total current assets	9,934,073	293,898,367	4,793,833	2,531,559	5,526,818	(10,113,136)	306,571,514
Assets whose use is limited							
Self-insurance funding arrangements	-	20,032,628	-	-	-	-	20,032,628
Under regulatory requirements	-	-	-	-	2,912,455	-	2,912,455
By board for capital improvements	900,699,219	133,563	-	-	40,117,676	-	940,950,458
Total assets whose use is limited, net of current portion	900,699,219	20,166,191	-	-	43,030,131	-	963,895,541
Investments	-	20,115,778	-	-	-	-	20,115,778
Temporarily restricted funds	-	627,847	(258)	-	32,781	-	660,370
Long-term receivables from affiliates	523,014,508	-	-	-	-	(523,014,508)	-
Property, plant and equipment, net	40,194,230	582,640,305	-	7,110,415	51,752,945	-	681,697,895
Deferred financing expense, net	4,815,161	-	-	-	-	-	4,815,161
Deferred compensation fund	-	2,873,977	-	-	-	-	2,873,977
Other assets	8,514,701	5,961,437	258	-	(32,781)	-	14,443,615
Total assets	$ 1,487,171,892	$ 926,283,902	$ 4,793,833	$ 9,641,974	$ 100,309,894	$ (533,127,644)	$ 1,995,073,851

Reading Health System
Consolidating Balance Sheet
Year Ended June 30, 2013

Schedule I

	Parent	Hospital	RPS	TRHMG	Highlands	Consolidating and Eliminating Entries	Reading Health System
Current liabilities							
Current installments of long-term debt	$ 4,157,350	$ 2,576,186	$ -	$ -	$ -	$ -	$ 6,733,536
Current installments of long-term affiliated payables	-	4,157,350	-	-	5,955,786	(10,113,136)	-
Current portion of estimated self-insurance costs	-	10,596,040	-	-	195,751	-	10,791,791
Accounts payable	-	44,783,037	566,300	1,929,774	1,116,710	-	48,395,821
Estimated third-party settlements	-	4,555,158	-	-	-	-	4,555,158
Accrued expenses	2,981,259	18,132,199	6,438,002	3,032,730	790,530	-	31,374,720
Accrued vacation	-	17,039,602	3,201,890	1,099,952	442,798	-	21,784,242
Advance from third-party payor	-	3,832,000	-	-	-	-	3,832,000
Other current liabilities	-	15,293,996	-	3,411	717,532	-	16,014,939
Total current liabilities	7,138,609	120,965,568	10,206,192	6,065,867	9,219,107	(10,113,136)	143,482,207
Long-term debt, net of current portion and unamortized discount	592,514,352	4,434,569	-	-	-	-	596,948,921
Long-term affiliates payables, net of current portion	-	484,952,763	-	-	38,061,745	(523,014,508)	-
Accrued pension costs, net of current portion	-	112,628,171	-	-	323,534	-	112,951,705
Deferred revenue	-	3,203,918	-	-	-	-	3,203,918
Deferred compensation	-	1,527,412	-	-	33,432,253	-	34,959,665
Gift annuities	-	-	-	-	579,100	-	579,100
Estimated self-insurance costs, net of current portion	-	43,781,001	-	-	-	-	43,781,001
Swap contracts	59,356,111	503,269	-	-	-	-	59,859,380
Total liabilities	659,009,072	771,996,671	10,206,192	6,065,867	81,615,739	(533,127,644)	995,765,897
Net assets							
Unrestricted	828,162,820	134,829,325	(5,412,617)	3,576,107	18,661,373	-	979,817,008
Temporarily restricted	-	627,847	258	-	32,781	-	660,886
Permanently restricted	-	18,830,060	-	-	-	-	18,830,060
Total net assets	828,162,820	154,287,232	(5,412,359)	3,576,107	18,694,154	-	999,307,954
Total liabilities and net assets	$ 1,487,171,892	$ 926,283,903	$ 4,793,833	$ 9,641,974	$ 100,309,893	$ (533,127,644)	$ 1,995,073,851

Reading Health System
Consolidating Statement of Operations
Year Ended June 30, 2013

Schedule II

	Parent	Hospital	RPS	TRHMG	Highlands	Consolidating and Eliminating Entries	Reading Health System
Unrestricted revenues							
Net patient service revenue	$ -	$ 826,106,667	$ 40,133,209	$ 43,785,756	$ 4,037,106	$ -	$ 914,062,738
Provision for uncollectible accounts	-	(48,424,699)	(3,423,545)	(1,514,063)	-	-	(53,362,307)
Net patient service revenue less provision for uncollectible accounts	-	$ 777,681,968	$ 36,709,664	$ 42,271,693	$ 4,037,106	-	$ 860,700,431
Residential revenue	-	-	-	-	19,941,623	-	19,941,623
Other revenue	1,548,965	26,932,872	3,125,033	1,941,159	629,997	(1,775,908)	32,402,118
Total revenues and other support	1,548,965	804,614,840	39,834,697	44,212,852	24,608,726	(1,775,908)	913,044,172
Expenses							
Salaries and benefits	-	391,388,510	58,943,836	53,228,280	11,906,182	-	515,466,808
Supplies	-	111,411,510	1,136,822	3,122,464	2,087,130	-	117,757,926
Utilities	-	10,054,052	83,077	1,020,904	1,057,547	-	12,215,580
Interest	-	14,295,289	-	-	1,420,173	-	15,715,462
Depreciation	-	69,798,968	343,788	1,847,111	3,034,583	-	75,024,450
Purchased services	2,004,000	63,806,204	7,604,903	4,015,326	2,098,453	-	79,528,886
Repairs and maintenance	-	21,576,515	123,321	618,859	424,492	-	22,743,187
Other	-	42,296,214	5,386,325	6,078,256	1,783,536	(1,775,908)	53,768,423
Total expenses	2,004,000	724,627,262	73,622,072	69,931,200	23,812,096	(1,775,908)	892,220,722
Income (loss) from operations	(455,035)	79,987,578	(33,787,375)	(25,718,348)	796,630	-	20,823,450
Meaningful Use Funds	-	7,586,912	-	-	-	-	7,586,912
EPIC expense offset	-	(7,586,912)	-	-	-	-	(7,586,912)
Nonoperating gains/(losses)							
Investment income	73,623,405	562,345	-	-	1,841,634	-	76,027,384
Other (losses)/gains	-	(2,123,821)	-	-	614,041	-	(1,509,780)
Loss on extinguishment of debt	-	-	-	-	-	-	-
Realized and unrealized loss on interest rate swaps	14,098,501	101,501	-	-	-	-	14,200,002
Nonoperating gains, net	87,721,906	(1,459,975)	-	-	2,455,675	-	88,717,606
Excess (deficiency) of revenue, gains and other support over expenses	$ 87,266,871	$ 78,527,603	$ (33,787,375)	$ (25,718,348)	$ 3,252,305	$ -	$ 109,541,056