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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  
WAYNESBORO HOSPITAL

Doing Business As

Number and street (or P O box if mail is not delivered to street address)  
501 EAST MAIN STREET

Room/suite

City or town, state or country, and ZIP + 4  
WAYNESBORO, PA 17268

**D**

Employer identification number

23-1360854

**E**

Telephone number

(717) 765-3410

**G**

Gross receipts \$ 66,686,409

**F**

Name and address of principal officer  
KIMBERLY M RZOMP  
501 EAST MAIN STREET  
WAYNESBORO, PA 17268

**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: ▶ N/A

**K**

Form of organization

☒ Corporation

☐ Trust

☐ Association

☐ Other ▶

**L**

Year of formation 1922

**M**

State of legal domicile PA

Part I

Summary

Activities & Governance	<b>1</b>	Briefly describe the organization's mission or most significant activities THE WAYNESBORO HOSPITAL IS A REGIONAL NONPROFIT HEALTH CARE ORGANIZATION COMMITTED TO THE IMPROVEMENT OF THE HEALTH AND WELL-BEING OF THE PEOPLE IN SOUTH-CENTRAL PENNSYLVANIA
	<b>2</b>	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets
	<b>3</b>	Number of voting members of the governing body (Part VI, line 1a) . . . . .
	<b>4</b>	Number of independent voting members of the governing body (Part VI, line 1b) . . . . .
	<b>5</b>	Total number of individuals employed in calendar year 2012 (Part V, line 2a) . . . . .
Revenue	<b>6</b>	Total number of volunteers (estimate if necessary) . . . . .
	<b>7a</b>	Total unrelated business revenue from Part VIII, column (C), line 12 . . . . .
	<b>b</b>	Net unrelated business taxable income from Form 990-T, line 34 . . . . .
Expenses	<b>8</b>	Contributions and grants (Part VIII, line 1h) . . . . .
	<b>9</b>	Program service revenue (Part VIII, line 2g) . . . . .
	<b>10</b>	Investment income (Part VIII, column (A), lines 3, 4, and 7 d ) . . . . .
	<b>11</b>	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)
	<b>12</b>	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .
	<b>13</b>	Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) . . . . .
	<b>14</b>	Benefits paid to or for members (Part IX, column (A), line 4) . . . . .
	<b>15</b>	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)
Net Assets or Fund Balances	<b>16a</b>	Professional fundraising fees (Part IX, column (A), line 11e) . . . . .
	<b>b</b>	Total fundraising expenses (Part IX, column (D), line 25) ▶ <sup>0</sup>
	<b>17</b>	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) . . . . .
	<b>18</b>	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)
	<b>19</b>	Revenue less expenses Subtract line 18 from line 12 . . . . .

Part II

Signature Block

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

**Sign Here**

\*\*\*\*\*

Signature of officer

2014-04-04

Date

KIMBERLY M RZOMP VICE PRESIDENT AND CFO

Type or print name and title

**Paid Preparer Use Only**

Prnt/Type preparer's name  
GREGORY P HALL CPA

Preparer's signature

Date

Check ☐ if self-employed

PTIN  
P00156653

Firm's name ▶ SMITH ELLIOTT KEARNS & COMPANY LLC

Firm's EIN ▶ 52-0783935

Firm's address ▶ 804 WAYNE AVENUE  
CHAMBERSBURG, PA 17201

Phone no (717) 263-3910

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

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2012)

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 WAYNESBORO HOSPITAL IS A REGIONAL NON-PROFIT HEALTH CARE ORGANIZATION COMMITTED TO THE IMPROVEMENT OF THE HEALTH AND WELL-BEING OF THE PEOPLE IN SOUTH CENTRAL PENNSYLVANIA

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 \$ 40,541,668 including grants of \$ ) (Revenue \$ 62,403,447 )

THE WAYNESBORO HOSPITAL PROVIDES NEEDED MEDICAL CARE TO THE COMMUNITY REGARDLESS OF ANY PATIENT'S ABILITY TO PAY HEALTH CARE SERVICES INCLUDE INPATIENT ROUTINE, INPATIENT ANCILLARY, AND OUTPATIENT CARE ALL MANAGEMENT AND GENERAL EXPENSES ARE CONSIDERED PROGRAM RELATED

4b

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

4c

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

4d

Other program services (Describe in Schedule O )





















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

4e

Total program service expenses ▶ 40,541,668

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 <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	4	No
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10 Yes	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b Yes	
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 Yes	
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 Yes	
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV 	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV 	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . .	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> . . . . .	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> . . . . .	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i> . . . . .	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . .	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . .	24d		
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i> . . . . .	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> . . . . .	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> . . . .	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . .	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> . . . . .	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		No
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . .	35b		
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> . . .	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> 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.	25	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	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	590
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).		2b	Yes
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?		3a	Yes
b If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.		3b	Yes
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a	Yes
b If "Yes," enter the name of the foreign country: <input type="text" value="CJ"/> See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a	No
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b	No
c If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		5c	
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		6a	No
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b	
7 Organizations that may receive deductible contributions under section 170(c).			
a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		7a	No
b If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b	
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c	No
d If "Yes," indicate the number of Forms 8282 filed during the year.		7d	
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e	No
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f	No
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g	
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h	
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8	
9 Sponsoring organizations maintaining donor advised funds.			
a Did the organization make any taxable distributions under section 4966?		9a	
b Did the organization make a distribution to a donor, donor advisor, or related person?		9b	
10 Section 501(c)(7) organizations. Enter			
a Initiation fees and capital contributions included on Part VIII, line 12.		10a	
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		10b	
11 Section 501(c)(12) organizations. Enter			
a Gross income from members or shareholders.		11a	
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		11b	
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		12a	
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		12b	
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
a Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> 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	13	
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	11	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body?	8a	Yes
b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a	No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b	
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	No
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	PA
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input checked="" type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)	
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization	
KIMBERLY M RZOMP - VICE PRESIDENT AND CFO 112 NORTH SEVENTH STREET CHAMBERSBURG, PA (717) 267-7107		

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			
(1) RICHARD MARKS CHAIRMAN OF THE BOARD	80	X		X				0	0	0
(2) PAUL D GUNDER VICE CHAIR OF BOARD	70	X		X				0	0	0
(3) DENNIS SHOCKEY SECRETARY	50	X		X				0	0	0
(4) PATRICK O'DONNELL TREASURER/SR VP AND COO	4 00 36 00	X		X				54,209	487,882	99,212
(5) NORMAN B EPSTEIN PRESIDENT	6 00 34 00	X		X				251,597	1,425,713	101,974
(6) JOHN BLUBAUGH DIRECTOR	60	X						0	0	0
(7) FRANK ERVIN DIRECTOR	60	X						0	0	0
(8) JEAN LESSARD MD DIRECTOR	30	X						0	0	0
(9) KATHRYN REIHARD MD DIRECTOR	70	X						0	0	0
(10) JAMES ROCK DIRECTOR	60	X						0	0	0
(11) PAUL SCHEMEL DIRECTOR	70	X						0	0	0
(12) LISA WARD DIRECTOR	60	X						0	0	0
(13) BONNIE ZEHLER DIRECTOR	60	X						0	0	0
(14) THOMAS ANDERSON VP OF MEDICAL AFFAIRS	8 00 32 00			X				82,058	328,232	42,225
(15) PATRICIA BARBAROWICZ VP OF COMMUNITY RELATIONS	4 00 36 00			X				19,268	173,408	60,220
(16) KENNETH L SHUR VP OF OPERATIONS	40 00			X				273,430	0	34,642
(17) SHERRI STAHL SR VP OF HOSPITAL SERVICES	8 00 32 00			X				53,132	212,528	47,558



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			
(18) MICHELE ZEIGLER VP OF INFORMATION SERVIC	8 00 32 00			X				56,289	225,160	50,811
(19) JEFF CARTY VP OF FINANCE	40 00			X				186,147	0	37,192
(20) JILL KELLER VP NURSING SVCS/QUALITY/RI	40 00			X				164,367	0	33,573
(21) MELISSA DUBROW VP & COO WAYNESBORO HOSPITAL	40 00			X				163,510	0	33,172
(22) BARBARA ROSSINI VP OF COMMUNITY RELATIONS	4 00 36 00			X				12,318	110,866	18,496
(23) JENNIFER KNIGHT DIRECTOR OF HR	40 00			X				90,526	0	8,479
(24) KIMBERLY M RZOMP ASSISTANT TREASURER/VP AND CFO	2 00 38 00			X				0	184,165	47,210
(25) SCOTT CARD PHYSICIAN	40 00					X		288,070	0	32,009
(26) ELIZABETH COOK EMERGENCY SERVICES	40 00					X		276,330	0	31,373
(27) VICKI ELLIS EMERGENCY SERVICES	40 00					X		257,379	0	30,233
(28) BRUCE FOSTER EMERGENCY SERVICES	40 00					X		328,870	0	31,373
(29) NORBERT MATHAIS EMERGENCY SERVICES	40 00					X		435,333	0	31,241
1b Sub-Total . . . . .										
c Total from continuation sheets to Part VII, Section A . . . . .										
d Total (add lines 1b and 1c) . . . . .								2,992,833	3,147,954	770,993
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▶22									

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

Section B. Independent Contractors

1	Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year									
(A) Name and business address								(B) Description of services	(C) Compensation	
THE CHAMBERSBURG HOSPITAL 112 N SEVENTH STREET CHAMBERSBURG PA 17201								PHYSICAL THERAPY SERVICES, LABORATORY SE	1,597,255	
ROBINWOOD ORTHOPEDIC SERVICES 11110 MEDICAL CAMPUS ROAD HAGERSTOWN MD 21742								SURGERY ON-CALL	410,286	
SUMMIT PHYSICIAN SERVICES 785 FIFTH AVENUE CHAMBERSBURG PA 17201								PHYSICIAN SERVICES	379,623	
SAGE TECHNOLOGY SOLUTIONS 1040 WEST MAIN STREET MOUNT JOY PA 17552								MIS SERVICES	213,462	
QUEST DIAGNOSTICS 12436 COLLECTIONS CENTER DRIVE CHICAGO IL 60693								LAB TESTING SERVICES	198,376	
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 ▶8									

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	37,794		
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	879,802		
	g	Noncash contributions included in lines 1a-1f \$				
	h	Total. Add lines 1a-1f . . . . .		917,596		
Program Service Revenue	2a	PATIENT REVENUE	Business Code 621990	60,391,292	60,391,292	
	b					
	c					
	d					
	e					
	f	All other program service revenue				
	g	Total. Add lines 2a-2f . . . . .		60,391,292		
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . .	1,879,848		
4		Income from investment of tax-exempt bond proceeds . . .				
5		Royalties . . . . .				
6a		Gross rents	(i) Real 189,140	(ii) Personal		
b		Less rental expenses	81,068			
c		Rental income or (loss)	108,072			
d		Net rental income or (loss) . . . . .	108,072			108,072
7a		Gross amount from sales of assets other than inventory	(i) Securities 1,082,646	(ii) Other 6,983		
b		Less cost or other basis and sales expenses	0	0		
c		Gain or (loss)	1,082,646	6,983		
d		Net gain or (loss) . . . . .	1,089,629			1,089,629
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	MISC OPERATING REVENUE	900099	1,695,916	1,695,916		
b	CAFETERIA	900099	225,616	225,616		
c	COURIER AND LAB SERVICE	621500	206,749		206,749	
d	All other revenue . . . . .		90,623	90,623		
e	Total. Add lines 11a-11d . . . . .		2,218,904			
12	Total revenue. See Instructions . . . . .		66,605,341	62,403,447	206,749	3,077,549

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

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

☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.				
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	1,652,028		1,652,028	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	25,278,942	21,704,976	3,573,966	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	1,234,380	994,847	239,533	
9	Other employee benefits.	5,061,584	4,079,376	982,208	
10	Payroll taxes.	1,892,123	1,524,954	367,169	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.				
c	Accounting.	24,835	19,226	5,609	
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).	2,862,128	2,215,667	646,461	
12	Advertising and promotion.	78,034	60,409	17,625	
13	Office expenses.	145,267	112,456	32,811	
14	Information technology.				
15	Royalties.				
16	Occupancy.	666,430	515,905	150,525	
17	Travel.	75,024	58,079	16,945	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	30,989	23,990	6,999	
20	Interest.				
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	2,894,652	1,530,816	1,363,836	
23	Insurance.	631,485	488,853	142,632	
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	5,796,790	4,487,484	1,309,306	
b	PROFESSIONAL SERVICES	1,687,329	1,687,329		
c	EQUIPMENT RENTAL AND RE	1,053,782	815,767	238,015	
d	MISCELLANEOUS EXPENSE	98,388	76,165	22,223	
e	All other expenses	187,783	145,369	42,414	
25	Total functional expenses. Add lines 1 through 24e.	51,351,973	40,541,668	10,810,305	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

☐

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		1,420	1	1,420
	2	Savings and temporary cash investments		6,817,106	2	9,468,866
	3	Pledges and grants receivable, net		19,478	3	24,976
	4	Accounts receivable, net		6,954,267	4	7,219,062
	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		315,524	8	272,943
	9	Prepaid expenses and deferred charges		790,118	9	850,649
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a64,830,001			
	b	Less accumulated depreciation	10b45,625,453	19,083,598	10c	19,204,548
	11	Investments—publicly traded securities		13,205,130	11	14,166,317
	12	Investments—other securities See Part IV, line 11		35,455,590	12	41,469,712
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		2,754,356	15	3,439,641
	16	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34)		85,396,587	16	96,118,134
Liabilities	17	Accounts payable and accrued expenses		7,472,635	17	6,940,648
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		2,939,372	25	3,510,458
	26	<b>Total liabilities.</b> Add lines 17 through 25		10,412,007	26	10,451,106
Net Assets or Fund Balances	<b>Organizations that follow SFAS 117 (ASC 958), check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>					
	27	Unrestricted net assets		72,614,886	27	82,446,471
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets		2,369,694	29	3,220,557
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>					
	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	<b>Total net assets or fund balances</b>		74,984,580	33	85,667,028
	34	<b>Total liabilities and net assets/fund balances</b>		85,396,587	34	96,118,134

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . . . .	1	66,605,341
2	Total expenses (must equal Part IX, column (A), line 25) . . . . .	2	51,351,973
3	Revenue less expenses Subtract line 2 from line 1 . . . . .	3	15,253,368
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . . . .	4	74,984,580
5	Net unrealized gains (losses) on investments . . . . .	5	952,602
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	-5,523,522
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	85,667,028

Part XII Financial Statements and Reporting

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

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

Additional Data

Software ID:

Software Version:

EIN: 23-1360854

Name: WAYNESBORO 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			
RICHARD MARKS CHAIRMAN OF THE BOARD	80	X		X				0	0	0
PAUL D GUNDER VICE CHAIR OF BOARD	70	X		X				0	0	0
DENNIS SHOCKEY SECRETARY	50	X		X				0	0	0
PATRICK O'DONNELL TREASURER/SR VP AND COO	4 00 36 00	X		X				54,209	487,882	99,212
NORMAN B EPSTEIN PRESIDENT	6 00 34 00	X		X				251,597	1,425,713	101,974
JOHN BLUBAUGH DIRECTOR	60	X						0	0	0
FRANK ERVIN DIRECTOR	60	X						0	0	0
JEAN LESSARD MD DIRECTOR	30	X						0	0	0
KATHRYN REIHARD MD DIRECTOR	70	X						0	0	0
JAMES ROCK DIRECTOR	60	X						0	0	0
PAUL SCHEMEL DIRECTOR	70	X						0	0	0
LISA WARD DIRECTOR	60	X						0	0	0
BONNIE ZEHLER DIRECTOR	60	X						0	0	0
THOMAS ANDERSON VP OF MEDICAL AFFAIRS	8 00 32 00			X				82,058	328,232	42,225
PATRICIA BARBAROWICZ VP OF COMMUNITY RELATIONS	4 00 36 00			X				19,268	173,408	60,220
KENNETH L SHUR VP OF OPERATIONS	40 00			X				273,430	0	34,642
SHERRI STAHL SR VP OF HOSPITAL SERVICES	8 00 32 00			X				53,132	212,528	47,558
MICHELE ZEIGLER VP OF INFORMATION SERVIC	8 00 32 00			X				56,289	225,160	50,811
JEFF CARTY VP OF FINANCE	40 00			X				186,147	0	37,192
JILL KELLER VP NURSING SVCS/QUALITY/RI	40 00			X				164,367	0	33,573
MELISSA DUBROW VP & COO WAYNESBORO HOSPITAL	40 00			X				163,510	0	33,172
BARBARA ROSSINI VP OF COMMUNITY RELATIONS	4 00 36 00			X				12,318	110,866	18,496
JENNIFER KNIGHT DIRECTOR OF HR	40 00			X				90,526	0	8,479
KIMBERLY M RZOMP ASSISTANT TREASURER/VP AND CFO	2 00 38 00			X				0	184,165	47,210
SCOTT CARD PHYSICIAN	40 00					X		288,070	0	32,009

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			
ELIZABETH COOK EMERGENCY SERVICES	40 00					X		276,330	0	31,373
VICKI ELLIS EMERGENCY SERVICES	40 00					X		257,379	0	30,233
BRUCE FOSTER EMERGENCY SERVICES	40 00					X		328,870	0	31,373
NORBERT MATHAIS EMERGENCY SERVICES	40 00					X		435,333	0	31,241

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 WAYNESBORO HOSPITAL	Employer identification number 23-1360854
---	--

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<sup>1</sup>/<sub>3</sub>% 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<sup>1</sup>/<sub>3</sub>% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III )
- 10

☐

An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated
- e

☐

By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
- f

☐

If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
- g

☐

Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?  

(i)

A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

(ii)

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

(iii)

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

☐

Provide the following information about the supported organization(s)

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

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
Total									



Part II

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

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

Section C. Computation of Public Support Percentage						
14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2011 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2012. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
b 33 1/3% support test—2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
17a 10%-facts-and-circumstances test—2012. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
b 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions						▶

Part IIISupport Schedule for Organizations Described in Section 509(a)(2)

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage		
15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2011 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2012. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
b 33 1/3% support tests—2011. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶		

**Part IV** **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

SCHEDULE D  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization  
WAYNESBORO HOSPITAL

Employer identification number  
23-1360854

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?		<input type="checkbox"/> Yes <input type="checkbox"/> 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?		<input type="checkbox"/> Yes <input type="checkbox"/> 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

a Total number of conservation easements

b Total acreage restricted by conservation easements

c Number of conservation easements on a certified historic structure included in (a)

d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register

	Held at the End of the Year
2a	
2b	
2c	
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
1c	
1d	
1e	
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 . . . . .                     | 6,567,209       | 6,481,094     | 6,096,545           | 5,498,442           | 6,290,104          |
| b Contributions . . . . .                                  | 92,892          | 109,424       | 77,791              | 98,262              | 80,824             |
| c Net investment earnings, gains, and losses               | 719,880         | -23,309       | 756,758             | 499,841             | -872,486           |
| d Grants or scholarships . . . . .                         |                 |               |                     |                     |                    |
| e Other expenditures for facilities and programs . . . . . |                 |               | -450,000            |                     |                    |
| f Administrative expenses . . . . .                        |                 |               |                     |                     |                    |
| g End of year balance . . . . .                            | 7,379,981       | 6,567,209     | 6,481,094           | 6,096,545           | 5,498,442          |
- 2

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

a

Board designated or quasi-endowment ▶ 96 000 %

b

Permanent endowment ▶ 4 000 %

c

Temporarily restricted endowment ▶

The percentages in lines 2a, 2b, and 2c should equal 100%
- 3a

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

(i) unrelated organizations . . . . .

3a(i)

Yes

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 . . . . .  | 754,811                              | 1,763,766                      |                              | 2,518,577      |
| b Buildings . . . . .  | 2,483,074                            | 15,562,266                     | 10,253,026                   | 7,792,314      |
| c Leasehold improvements . . . . .   |                                      |                                |                              |                |
| d Equipment . . . . .  |                                      | 42,933,021                     | 34,622,720                   | 8,310,301      |
| e Other . . . . .  |                                      | 1,333,063                      | 749,707                      | 583,356        |
| Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) . . . . . |                                      |                                |                              | 19,204,548     |
- Schedule D (Form 990) 2012



Part XI

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements . . . . .	1	63,309,667
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	0
3	Subtract line 2e from line 1 . . . . .	3	63,309,667
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	3,295,674
c	Add lines 4a and 4b . . . . .	4c	3,295,674
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12 ) . . . . .	5	66,605,341

Part XII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements . . . . .	1	51,351,973
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	0
3	Subtract line 2e from line 1 . . . . .	3	51,351,973
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	0
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18 ) . . . . .	5	51,351,973

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
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X, LINE 2	WHEN TAX RETURNS ARE FILED, IT IS HIGHLY CERTAIN THAT SOME POSITIONS TAKEN WOULD BE SUSTAINED UPON EXAMINATION BY THE TAXING AUTHORITIES, WHILE OTHERS ARE SUBJECT TO UNCERTAINTY ABOUT THE MERITS OF THE POSITION TAKEN OR THE AMOUNT OF THE POSITION THAT WOULD BE ULTIMATELY SUSTAINED. THE BENEFIT OF A TAX POSITION IS RECOGNIZED IN THE FINANCIAL STATEMENTS IN THE PERIOD DURING WHICH, BASED ON ALL AVAILABLE EVIDENCE, MANAGEMENT BELIEVES IT IS MORE LIKELY THAN NOT THAT THE POSITION WILL BE SUSTAINED UPON EXAMINATION, INCLUDING THE RESOLUTION OF APPEALS OR LITIGATION PROCESSES, IF ANY. TAX POSITIONS TAKEN ARE NOT OFFSET OR AGGREGATED WITH OTHER POSITIONS. TAX POSITIONS THAT MEET THE MORE-LIKELY-THAN-NOT RECOGNITION THRESHOLD ARE MEASURED AS THE LARGEST AMOUNT OF TAX BENEFIT THAT IS MORE THAN 50 PERCENT LIKELY OF BEING REALIZED UPON SETTLEMENT WITH THE APPLICABLE TAXING AUTHORITY. THE PORTION OF THE BENEFITS ASSOCIATED WITH TAX POSITIONS TAKEN THAT EXCEEDS THE AMOUNT MEASURED AS DESCRIBED ABOVE WOULD BE REFLECTED AS A LIABILITY FOR UNRECOGNIZED TAX BENEFITS IN THE ACCOMPANYING BALANCE SHEET ALONG WITH ANY ASSOCIATED INTEREST AND PENALTIES THAT WOULD BE PAYABLE TO THE TAXING AUTHORITIES UPON EXAMINATION. INTEREST AND PENALTIES ASSOCIATED WITH UNRECOGNIZED TAX BENEFITS WOULD BE CLASSIFIED AS EXPENSES AGAINST OTHER OPERATING REVENUE IN THE STATEMENT OF OPERATIONS. AT JUNE 30, 2013 AND 2012, THERE WAS NO LIABILITY FOR UNRECOGNIZED TAX BENEFITS.
PART XI, LINE 4B - OTHER ADJUSTMENTS		RESTRICTED INVESTMENT INCOME 8,782. RENTAL INCOME (EXPENSE) SHOWN ELSEWHERE ON FINANCIAL STATEMENTS 108,072. CONTRIBUTION INCOME SHOWN ELSEWHERE ON FINANCIAL STATEMENTS 218,125. GAIN/(LOSS) ON DISPOSAL OF EQUIPMENT SHOWN ELSEWHERE ON FINANCIAL STATEMENTS 6,983. GAIN/(LOSS) ON SALE OF SECURITIES 1,082,646. INVESTMENT INCOME SHOWN ELSEWHERE ON FINANCIAL STATEMENTS 1,871,066.

SCHEDULE F  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Statement of Activities Outside the United States

► Complete if the organization answered "Yes" to Form 990,  
Part IV, line 14b, 15, or 16.  
► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

2012

Open to Public  
Inspection

Name of the organization  
WAYNESBORO HOSPITAL

Employer identification number  
23-1360854

Part I

General Information on Activities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

- 1 For grantmakers. 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 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of grant funds outside the United States.
- 3 Activites per Region (The following Part I, line 3 table can be duplicated if additional space is needed )

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
CENTRAL AMERICA AND THE CARIBBEAN -			ALTERNATIVE INVESTMENT VEHICLE		5,186,911
3a Sub-total	0	0			5,186,911
b Total from continuation sheets to Part I	0	0			0
c Totals (add lines 3a and 3b)	0	0			5,186,911



**Part II**

Grants and Other Assistance to Organizations or Entities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Part II can be duplicated if additional space is needed.

1	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)

- 2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter . . . . ▶
- 3 Enter total number of other organizations or entities . . . . . ▶

**Part III** **Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 16.  
Part III can be duplicated if additional space is needed.

[illegible]

**Part IV Foreign Forms**

- 1

Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)*

☐ Yes

☒ No
- 2

Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)*

☐ Yes

☒ No
- 3

Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations. (see Instructions for Form 5471)*

☒ Yes

☐ No
- 4

Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)*

☐ Yes

☒ No
- 5

Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with Respect to Certain Foreign Partnerships. (see Instructions for Form 8865)*

☐ Yes

☒ No
- 6

Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713).*

☐ Yes

☒ No

**Supplemental Information**  
Complete this part to provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information (see instructions).

[illegible]

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  
WAYNESBORO HOSPITAL

Employer identification number  
23-1360854

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1) . . . . .			682,201		682,201	1 330 %
b Medicaid (from Worksheet 3, column a) . . . . .			6,181,424	4,082,065	2,099,359	4 090 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .						
d <b>Total</b> Financial Assistance and Means-Tested Government Programs . . . . .			6,863,625	4,082,065	2,781,560	5 420 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .	5	2,149	57,661		57,661	0 110 %
f Health professions education (from Worksheet 5) . . . . .	3	44	50,808		50,808	0 100 %
g Subsidized health services (from Worksheet 6) . . . . .	3	444	14,007		14,007	0 030 %
h Research (from Worksheet 7) . . . . .						
i Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .	4		58,290		58,290	0 110 %
j <b>Total.</b> Other Benefits . . . . .	15	2,637	180,766		180,766	0 350 %
k <b>Total.</b> Add lines 7d and 7j . . . . .	15	2,637	7,044,391	4,082,065	2,962,326	5 770 %

Part IICommunity Building Activities

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

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

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

1

No

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

2

7,115,478

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

3

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

Section B. Medicare

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

5

13,153,530

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

6

16,826,691

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

7

-3,673,161

8Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.

☐ Cost accounting system

☐ Cost to charge ratio

☒ Other

Section C. Collection Practices

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

9a

Yes

bIf "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI.

9b

Yes

Part IVManagement Companies and Joint Ventures

(owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V

Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)  
How many hospital facilities did the organization operate during the tax year?  
1

Name, address, and primary website address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	WAYNESBORO HOSPITAL 501 EAST MAIN STREET WAYNESBORO,PA 17268	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)

WAYNESBORO HOSPITAL

Name of hospital facility or facility reporting group

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

1

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 . . . . . If "Yes," indicate what the CHNA report describes (check all that apply)	1	Yes	
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility			
b <input checked="" type="checkbox"/> Demographics of the community			
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d <input checked="" type="checkbox"/> How data was obtained			
e <input checked="" type="checkbox"/> The health needs of the community			
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs			
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests			
i <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs			
j <input type="checkbox"/> Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>			
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? . . . . . If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	Yes	
a <input checked="" type="checkbox"/> Hospital facility's website			
b <input checked="" type="checkbox"/> Available upon request from the hospital facility			
c <input type="checkbox"/> Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b <input type="checkbox"/> Execution of the implementation strategy			
c <input checked="" type="checkbox"/> Participation in the development of a community-wide plan			
d <input checked="" type="checkbox"/> Participation in the execution of a community-wide plan			
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans			
f <input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA			
g <input checked="" type="checkbox"/> Prioritization of health needs in its community			
h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i <input type="checkbox"/> Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs . . . . .	7	Yes	
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)

Financial Assistance Policy		Yes	No
<b>9</b> 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?		<b>9</b>	Yes
<b>10</b> Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>150 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>10</b>	Yes
<b>11</b> Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>300 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>11</b>	Yes
<b>12</b> Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)		<b>12</b>	Yes
<b>a</b> <input checked="" type="checkbox"/> Income level			
<b>b</b> <input checked="" type="checkbox"/> Asset level			
<b>c</b> <input type="checkbox"/> Medical indigency			
<b>d</b> <input checked="" type="checkbox"/> Insurance status			
<b>e</b> <input type="checkbox"/> Uninsured discount			
<b>f</b> <input type="checkbox"/> Medicaid/Medicare			
<b>g</b> <input checked="" type="checkbox"/> State regulation			
<b>h</b> <input type="checkbox"/> Other (describe in Part VI)			
<b>13</b> Explained the method for applying for financial assistance? . . . . .		<b>13</b>	Yes
<b>14</b> Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		<b>14</b>	Yes
<b>a</b> <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website			
<b>b</b> <input checked="" type="checkbox"/> The policy was attached to billing invoices			
<b>c</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
<b>d</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
<b>e</b> <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
<b>f</b> <input checked="" type="checkbox"/> The policy was available upon request			
<b>g</b> <input type="checkbox"/> Other (describe in Part VI)			
Billing and Collections			
<b>15</b> 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? . . . . .		<b>15</b>	Yes
<b>16</b> 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			
<b>a</b> <input type="checkbox"/> Reporting to credit agency			
<b>b</b> <input type="checkbox"/> Lawsuits			
<b>c</b> <input type="checkbox"/> Liens on residences			
<b>d</b> <input type="checkbox"/> Body attachments			
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Part VI)			
<b>17</b> Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged		<b>17</b>	Yes
<b>a</b> <input type="checkbox"/> Reporting to credit agency			
<b>b</b> <input type="checkbox"/> Lawsuits			
<b>c</b> <input type="checkbox"/> Liens on residences			
<b>d</b> <input type="checkbox"/> Body attachments			
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

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

☒

Notified individuals of the financial assistance policy on admission
- b

☒

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

☒

Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d

☒

Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

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

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

20	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input checked="" type="checkbox"/> Other (describe in Part VI)		
21	During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Part VI		No
22	During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? . . . . . If "Yes," explain in Part VI		No

Part V

Facility Information (continued)

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility  
(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year?  
\_\_\_\_\_

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

Part VI

Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
		PART I, LINE 3C THE ORGANIZATION USES FEDERAL POVERTY GUIDELINES (FPG) TO DETERMINE CHARITY CARE
		PART I, LINE 7 NOTE 1 TO THE FINANCIAL STATEMENTS PATIENT RECEIVABLESTHE HOSPITAL PROVIDES CREDIT IN THE NORMAL COURSE OF ITS BUSINESS TO PATIENTS PATIENT RECEIVABLES ARE GENERALLY DUE 60 DAYS AFTER BILLED AN ALLOWANCE FOR DOUBTFUL ACCOUNTS IS CARRIED FOR PATIENT ACCOUNTS THAT MAY BECOME UNCOLLECTIBLE IN FUTURE PERIODS THE ALLOWANCE FOR DOUBTFUL ACCOUNTS IS BASED ON MANAGEMENT'S JUDGMENT OF UNCOLLECTIBLE ACCOUNTS, HISTORICAL TRENDS AND OTHER INFORMATION PATIENT RECEIVABLES ARE CHARGED AGAINST THE ALLOWANCE WHEN, IN THE JUDGMENT OF MANAGEMENT, IT IS UNLIKELY THEY WILL BE COLLECTED BAD DEBT AMOUNTS ARE REPORTED AT GROSS CHARGES THE SHORTFALL FOR MEDICARE IS NOT INCLUDED IN OUR COMMUNITY BENEFIT REPORTING A COST TO CHARGE RATIO WAS USED TO CALCULATE THE MEDICARE ALLOWABLE COST $RCC=((NET\ PATIENT\ REVENUE/(TOTAL\ OPERATING\ REV+(OTHER\ OPR\ REV\ -+ DERIVATIVE\ GAIN/LOSS)))*TOTAL\ OPERATING\ EXPENSE)/GROSS\ PT\ REV$ ALL PATIENTS ARE SUBJECT TO THE DEBT COLLECTION POLICY REGARDLESS OF THEIR ABILITY TO PAY

Identifier	ReturnReference	Explanation
		PART II WAYNESBORO HOSPITAL WORKS TO STRENGTHEN OUR COMMUNITY THROUGH HEALTH EDUCATION EFFORTS FOR CHILDREN AND ADULTS, HEALTH FAIRS PROVIDING DIAGNOSTIC TESTING, EDUCATING COMMUNITY GROUPS ON SPECIFIC HEALTH TOPICS, FUNDING LOCAL COMMUNITY ORGANIZATIONS THROUGH THE SUMMIT ENDOWMENT PROGRAM, PROVIDING RESOURCES FOR THE "HEALTHY COMMUNITIES PARTNERSHIP" PROGRAM, PARTICIPATING IN LOCAL CIVIC ORGANZIATIONS, SPONSORING EVENTS HELD BY LOCAL CHARTIABLE ORGANIZATIONS, AND SUPPORTING WORKFORCE DEVELOPMENT INITIATIVES THROUGH SUMMIT HEALTH'S SCHOOL LIAISON DEPARTMENT
		PART III, LINE 4 THE HOSPITAL PROVIDES CREDIT IN THE NORMAL COURSE OF ITS BUSINESS TO PATIENTS PATIENT RECEIVABLES ARE GENERALLY DUE 60 DAYS AFTER BILLED AN ALLOWANCE FOR DOUBTFUL ACCOUNTS IS CARRIED FOR PATIENT ACCOUNTS THAT MAY BECOME UNCOLLECTIBLE IN FUTURE PERIODS THE ALLOWANCE FOR DOUBTFUL ACCOUNTS IS BASED ON MANAGEMENT'S JUDGMENT OF UNCOLLECTIBLE ACCOUNTS, HISTORICAL TRENDS AND OTHER INFORMATION PATIENT RECEIVABLES ARE CHARGED AGAINST THE ALLOWANCE WHEN, IN THE JUDGMENT OF MANAGEMENT, IT IS UNLIKELY THEY WILL BE COLLECTED THE COST TO CHARGE RATIO WAS USE TO CALCULATE THE COST OF BAD DEBT EXPENSE THIS RATIO IS CALCULATED AS FOLLOWS [NET PATIENT REVENUE DIVIDED BY THE TOTAL OPERATING REVENUE MULTIPLIED BY THE TOTAL OPERATING EXPENSE] DIVIDED BY THE GROSS PATIENT REVENUE

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE INFORMATION WAS OBTAINED USING THE COST METHODS USED IN PREPARING THE MEDICARE COST REPORTS THE SHORTFALL ABOVE RELATES TO OUR MISSION OF PROVIDING SERVICES TO MEMBERS OF OUR COMMUNITY
WAYNESBORO HOSPITAL		PART V, SECTION B, LINE 3 THE ORGANIZATION FORMED AN ADVISORY GROUP WHICH IS COMPOSED OF A CORE GROUP OF AGENCIES AND COMMUNITY LEADERS IN FRANKLIN COUNTY THE ORGANIZATION ALSO CONTRACTED THE PENN STATE HARRISBURG'S INSTITUTE OF STATE AND REGIONAL AFFAIRS PENN STATE OBTAINED DATA THROUGH THE USE OF FOCUS GROUPS, A COMMUNITY SURVEY, AND RESEARCHING SECONDARY DEMOGRAPHIC AND HEALTH DATA

Identifier	ReturnReference	Explanation
WAYNESBORO HOSPITAL		PART V, SECTION B, LINE 4 THE CHAMBERSBURG HOSPITAL
WAYNESBORO HOSPITAL		PART V, SECTION B, LINE 12H UNINSURED PATIENTS ARE OFFERED A 35% DISCOUNT IF PAYMENT IS MADE IN 30 DAYS

Identifier	ReturnReference	Explanation
WAYNESBORO HOSPITAL		PART V, SECTION B, LINE 20D A SLIDING SCALE IS USED TO DETERMINE THE DISCOUNTED RATE ANYONE WHO QUALIFIES RECEIVES A MINIMUM OF 25% OFF CHARGES
		PART VI, LINE 2 HEALTH NEEDS OF FRANKLIN COUNTY RESIDENTS AND SURROUNDING COMMUNITIES ARE ASSESSED THROUGH NUMEROUS RESEARCH METHODS INCLUDING CONDUCTING COMMUNITY HEALTH NEEDS ASSESSMENT (TELEPHONE SURVEY FORMAT) IN 2012 THE NEEDS WERE IDENTIFIED BY KEY LEADERS AND NONPROFITS WITHIN THE COMMUNITY FOUR PRIORITIES WERE DETERMINED



Identifier	ReturnReference	Explanation
		PART VI, LINE 3 PATIENTS ARE MADE AWARE OF THE CHARITY PROGRAM AND OTHER BILLING ASSISTANCE SERVICES AT REGISTRATION, DURING EMERGENCY ROOM VISITS, AND NOTICES PLACED IN SERVICE AREAS BILLING STATEMENTS ALSO INFORM PATIENTS OF CHARITY CARE AND OTHER BILLING ASSISTANCE PROGRAMS
		PART VI, LINE 4 WAYNESBORO HOSPITAL PRIMARILY SERVES COMMUNITY MEMBERS FROM FRANKLIN AND FULTON COUNTY, PA, AND NEARBY COMMUNITIES IN WASHINGTON COUNTY, MD ACCORDING TO U S CENSUS DATA, FRANKLIN COUNTY RESIDENTS HAVE A SLIGHTLY LOWER INCOME AND ARE SLIGHTLY OLDER THAN THE STATE AVERAGE FOR A HEALTH SYSTEM, THIS TYPICALLY RESULTS IN AN INCREASED NEED FOR HEALTHCARE SERVICES

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 WAYNESBORO HOSPITAL SUPPORTS LOCAL NON-PROFIT ORGANIZATIONS WITH FINANCIAL GRANTS FROM THE SUMMIT ENDOWMENT
		PART VI, LINE 6 THE HOSPITAL IS PART OF SUMMIT HEALTH, A REGIONAL NETWORK OF HOSPITALS AND HEALTHCARE PROVIDERS THAT ARE SERVED BY THE ORGANIZATION'S COMMUNITY HEALTH DEPARTMENT THIS DEPARTMENT'S MISSION IS TO IMPROVE THE HEALTH OF THE COMMUNITY THROUGH EDUCATION, DETECTION AND PREVENTION PROGRAMS INCLUDING HEALTH FAIRS, SCREENINGS, AND SEMINARS THIS MISSION IS COMPLETED ON BEHALF OF WAYNESBORO HOSPITAL AND ALL OTHER SUMMIT HEALT H AFFILIATES PART OF THIS MISSION IS COMPLETED THROUGH COLLABORATION WITH OTHER COMMUNITY ORGANIZATIONS INCLUDING THE PA DEPARTMENT OF HEALTH



Schedule I  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization  
WAYNESBORO HOSPITAL

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

Employer identification number  
23-1360854

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

2

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

▶

3

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

▶

**Part III**

**Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22.  
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
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 ALL FUNDING DECISIONS ARE MADE BY THE SUMMIT ENDOWMENT COMMITTEE, A COMMITTEE OF THE SUMMIT HEALTH BOARD THE ENDOWMENT MANAGER PROCESSES GRANT APPLICATIONS, ASSISTS GRANTEES IN DEVELOPING SOUND PROGRAM EVALUATION METHODOLOGIES, RECEIVES AND SUMMARIZES PERIODIC REPORTS, AND VISITS PROGRAM SITES, REPORTING ALL ACTIVITIES TO THE SUMMIT ENDOWMENT COMMITTEE AS WELL, ENDOWMENT COMMITTEE MEETING MINUTES ARE SHARED WITH WAYNESBORO HOSPITAL, CHAMBERSBURG HOSPITAL AND SUMMIT HEALTH BOARDS

Schedule J  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization  
WAYNESBORO HOSPITAL

Employer identification number  
23-1360854

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
	<div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input checked="" type="checkbox"/> Discretionary spending account</div></div> <div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input checked="" type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
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 Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2 Yes	
3	Indicate which, if any, of the following the 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		
	<div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div> <div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a	Receive a severance payment or change-of-control payment?	4a	No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c	No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a	The organization?	5a	No
b	Any related organization?	5b	No
	If "Yes," to line 5a or 5b, describe in Part III		
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a	The organization?	6a	No
b	Any related organization?	6b	No
	If "Yes," to line 6a or 6b, describe in Part III		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7 Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	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
	PART I, LINE 1A	THE ORGANIZATION REIMBURSES THE COO FOR DUES ASSOCIATED WITH A SOCIAL CLUB. THE OFFICER RECEIVES AN ALLOWANCE THAT CAN BE CONSIDERED A DISCRETIONARY SPENDING ACCOUNT. THE MONIES ARE IN LIEU OF AN AUTOMOBILE ALLOWANCE, TO PURCHASE ADDITIONAL LIFE INSURANCE, ETC. THESE MONIES ARE INCLUDED IN COMPENSATION AS REPORTED IN THE COMPENSATION OF OFFICERS TABLE. RESULTS FITNESS CLUB MEMBERSHIP IS AVAILABLE FREE OF CHARGE FOR ANY OFFICER AND ACTIVE BOARD MEMBER.
	PART I, LINE 4B	NORMAN EPSTEIN - NO PAYMENT. PATRICK W. O'DONNELL - NO PAYMENT. THOMAS ANDERSON - NO PAYMENT. PAT BARBAROWICZ - NO PAYMENT. JOHN MCELWEE - NO PAYMENT.
	PART I, LINE 7	INCENTIVE COMPENSATION IS BASED ON PRE-DETERMINED, MEASURABLE GOALS APPROVED BY THE BOARD OF DIRECTORS' EXECUTIVE COMPENSATION COMMITTEE. THE MEASURABLE GOALS ARE BASED ON QUALITY, COMMUNITY ACCESS TO CARE, PATIENT SAFETY AND LEADERSHIP.



**Software ID:**  
**Software Version:**  
**EIN:** 23-1360854  
**Name:** WAYNESBORO 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				
PATRICK O'DONNELL	(i)	41,068	10,122	3,019	8,012	1,909	64,130	0
	(ii)	369,610	91,101	27,171	72,107	17,184	577,173	0
NORMAN B EPSTEIN	(i)	212,864	32,175	6,558	11,716	3,580	266,893	0
	(ii)	1,206,227	182,325	37,161	66,389	20,289	1,512,391	0
THOMAS ANDERSON	(i)	65,119	11,781	5,158	5,144	3,301	90,503	0
	(ii)	260,476	47,124	20,632	20,577	13,203	362,012	0
PATRICIA BARBAROWICZ	(i)	15,778	2,698	792	5,695	327	25,290	0
	(ii)	142,003	24,279	7,126	51,258	2,940	227,606	0
KENNETH L SHUR	(i)	189,119	77,416	6,895	13,821	20,821	308,072	0
	(ii)	0	0	0	0	0	0	0
SHERRI STAHL	(i)	41,530	7,651	3,951	6,231	3,280	62,643	0
	(ii)	166,119	30,606	15,803	24,926	13,121	250,575	0
MICHELE ZEIGLER	(i)	44,239	8,052	3,998	6,861	3,301	66,451	0
	(ii)	176,958	32,208	15,994	27,446	13,203	265,809	0
JEFF CARTY	(i)	155,421	15,548	15,178	10,767	26,425	223,339	0
	(ii)	0	0	0	0	0	0	0
JILL KELLER	(i)	146,492	9,856	8,019	9,484	24,089	197,940	0
	(ii)	0	0	0	0	0	0	0
MELISSA DUBROW	(i)	145,826	8,910	8,774	9,443	23,729	196,682	0
	(ii)	0	0	0	0	0	0	0
KIMBERLY M RZOMP	(i)	0	0	0	0	0	0	0
	(ii)	153,475	29,400	1,290	27,984	19,226	231,375	0
SCOTT CARD	(i)	262,724	18,000	7,346	14,747	17,262	320,079	0
	(ii)	0	0	0	0	0	0	0
ELIZABETH COOK	(i)	266,612	0	9,718	15,000	16,373	307,703	0
	(ii)	0	0	0	0	0	0	0
VICKI ELLIS	(i)	247,643	0	9,736	12,630	17,603	287,612	0
	(ii)	0	0	0	0	0	0	0
BRUCE FOSTER	(i)	324,674	0	4,196	15,000	16,373	360,243	0
	(ii)	0	0	0	0	0	0	0
NORBERT MATHAIS	(i)	418,920	0	16,413	15,000	16,241	466,574	0
	(ii)	0	0	0	0	0	0	0

SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury

Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization WAYNESBORO HOSPITAL	Employer identification number 23-1360854
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Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 6	SUMMIT HEALTH, A 501(C)(3) ENTITY, IS A MEMBER OF THIS ORGANIZATION
	FORM 990, PART VI, SECTION A, LINE 7A	SUMMIT HEALTH, A 501(C)(3) ENTITY, ELECTS THE GOVERNING BODY OF THIS ORGANIZATION
	FORM 990, PART VI, SECTION A, LINE 7B	SUMMIT HEALTH, A 501(C)(3) ENTITY, HAS CERTAIN RESERVE POWERS OF THIS ORGANIZATION
	FORM 990, PART VI, SECTION B, LINE 11	THE ORGANIZATION'S 990 IS REVIEWED BY THE AUDIT COMMITTEE AND UPON APPROVAL RECOMMENDED TO THE FULL BOARD OF DIRECTORS FOR SUBMISSION TO THE IRS
	FORM 990, PART VI, SECTION B, LINE 12C	MEMBERS ARE ASKED TO ANNUALLY DISCLOSE ANY CONFLICTS OF INTEREST THEY MAY HAVE
	FORM 990, PART VI, SECTION B, LINE 15	COMPENSATION IS DISCUSSED WITH AN INDEPENDENT COMPENSATION COMMITTEE THIS IS PERFORMED IN CONCERT WITH A COMPENSATION CONSULTANT WHO ASSISTS THIS COMMITTEE IN SETTING THE COMPENSATION FOR THESE INDIVIDUALS
	FORM 990, PART VI, SECTION C, LINE 19	GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST THESE DOCUMENTS ARE HELD IN THE FINANCE DEPARTMENT OF THE WAYNESBORO HOSPITAL HOSPITAL BY LAWS AND ALL POLICIES AND PROCEDURES ARE FOUND ON THE WAYNESBORO HOSPITAL INTRANET
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	INCREASE IN PERPETUAL TRUSTS HELD BY THIRD PARTIES 126,478 TRANSFER TO AFFILIATE ORG - SUMMIT PHYSICIAN SERVICES -5,650,000
	FORM 990, PART XII, LINE 2C	THE ORGANIZATION'S PROCESS REGARDING THE COMMITTEE THAT OVERSEES THE AUDIT OF ITS FINANCIAL STATEMENTS AND SELECTION OF AN INDEPENDENT ACCOUNTANT HAS NOT CHANGED SINCE THE PRIOR YEAR

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  
WAYNESBORO HOSPITAL

Employer identification number  
23-1360854

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	No
(1) SUMMIT HEALTH  112 NORTH SEVENTH STREET  CHAMBERSBURG, PA 17201 25-1515371	MANAGE AND ADMINISTER THE LOCAL AND REGIONAL NETWORK OF HEALTHCARE PROVIDERS	PA	501(C)(3)	LINE 7	SUMMIT HEALTH		No
(2) THE CHAMBERSBURG HOSPITAL  112 NORTH SEVENTH STREET  CHAMBERSBURG, PA 17201 23-0465970	SERVE THE HEALTH CARE NEEDS OF FRANKLIN COUNTY PA AND THE SURROUNDING COMMUN	PA	501(C)(3)	LINE 3	SUMMIT HEALTH		No
(3) CHAMBERSBURG HEALTH SERVICES  260 NORTH SEVENTH STREET  CHAMBERSBURG, PA 17201 25-1515376	SERVE THE HEALTH CARE NEEDS OF FRANKLIN COUNTY PA AND THE SURROUNDING COMMUN	PA	501(C)(3)	LINE 11A, I	SUMMIT HEALTH		No
(4) SUMMIT PHYSICIAN SERVICES  601 NORLAND AVENUE  CHAMBERSBURG, PA 17201 25-1716306	PROVIDES APPROPRIATE PHYSICIAN MANPOWER FOR VARIOUS PHYS PRACTICES SERVING	PA	501(C)(3)	LINE 11A, I	SUMMIT HEALTH		No

Part III

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

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

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end- of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No

Part V

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

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

**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

- a** Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)

- f** Dividends from related organization(s)
- g** Sale of assets to related organization(s)
- h** Purchase of assets from related organization(s)
- i** Exchange of assets with related organization(s)
- j** Lease of facilities, equipment, or other assets to related organization(s)

- k** Lease of facilities, equipment, or other assets from related organization(s)
- l** Performance of services or membership or fundraising solicitations for related organization(s)
- m** Performance of services or membership or fundraising solicitations by related organization(s)
- n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o** Sharing of paid employees with related organization(s)

- p** Reimbursement paid to related organization(s) for expenses
- q** Reimbursement paid by related organization(s) for expenses

- r** Other transfer of cash or property to related organization(s)
- s** Other transfer of cash or property from related organization(s)

	Yes	No
1a		No
1b		No
1c		No
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j	Yes	
1k		No
1l		No
1m	Yes	
1n		No
1o		No
1p	Yes	
1q		No
1r		No
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

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

[illegible]

**Software ID:**  
**Software Version:**  
**EIN:** 23-1360854  
**Name:** WAYNESBORO 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	
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Audited  
Financial  
Statement

June 30  
2013





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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Waynesboro Hospital  
Waynesboro, Pennsylvania

We have audited the accompanying financial statements of Waynesboro Hospital (a nonprofit organization), which comprise the balance sheets as of June 30, 2013 and 2012 and the related statements of operations, changes in net assets, and cash flows for the years then ended and the related notes to the financial statements.

### ***MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS***

---

Management is responsible for the preparation and fair presentation of these 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 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 these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Board of Directors  
Waynesboro Hospital

### ***OPINION***

---

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Waynesboro Hospital as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***EMPHASIS OF MATTER***

---

As discussed in Note 1 to the financial statements, Waynesboro Hospital adopted Financial Accounting Standards Board, Accounting Standards Update No. 2011-07, "Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities" (ASU #2011-07) during the year ended June 30, 2013. The amendment requires certain health care entities to change the presentation of 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). The amendment also requires enhanced disclosure about policies for recognizing revenue and assessing bad debts, disclosures of patient service revenue (net of contractual allowance and discounts), and qualitative and quantitative information about changes in the allowance for doubtful accounts. The applicable June 30, 2012 balances have been restated to conform to the June 30, 2013 presentation. Our opinion is not modified with respect to this matter.

*Smith Elliott Kearn & Company, LLC.*

Chambersburg, Pennsylvania  
November 1, 2013

# WAYNESBORO HOSPITAL

## Balance Sheets

June 30, 2013 and 2012

	2013	2012
ASSETS	(000 Omitted)	
<b>Current Assets</b>		
Cash and cash equivalents	\$ 9,470	\$ 6,819
Patient accounts receivable, net of estimated allowance for doubtful accounts of \$ 2,138 for 2013 and \$ 1,931 for 2012	6,978	6,669
Notes receivable	114	130
Other receivables	227	366
Inventories	273	316
Prepaid assets	852	791
Total current assets	<u>17,914</u>	<u>15,091</u>
<b>Assets Limited as to Use</b>		
Internally designated for capital improvement	48,215	42,059
Internally designated for employee benefits	41	34
Internally designated as endowments	7,101	6,312
Restricted by donor for permanent endowments	279	255
Total assets limited as to use	<u>55,636</u>	<u>48,660</u>
<b>Other Assets</b>		
Property and equipment, net	16,462	16,260
Property held for investment, net	2,742	2,823
Notes receivable	329	350
Perpetual trusts held by third parties	2,940	2,114
Long-term patients accounts receivable, net of estimated allowance for doubtful accounts of \$ 29 for 2013 and \$ 28 for 2012	95	98
Total assets	<u>\$ 96,118</u>	<u>\$ 85,396</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 2,863	\$ 3,144
Estimated amounts payable under third-party contractual agreements	3,213	2,640
Advances from third-party payors	253	253
Accrued expenses	3,632	3,892
Total current liabilities	<u>9,961</u>	<u>9,929</u>
<b>Other Liabilities</b>		
Other liabilities	490	483
Total liabilities	<u>10,451</u>	<u>10,412</u>
<b>Net Assets</b>		
Unrestricted	82,448	72,615
Permanently restricted	3,219	2,369
Total net assets	<u>85,667</u>	<u>74,984</u>
Total liabilities and net assets	<u>\$ 96,118</u>	<u>\$ 85,396</u>

# WAYNESBORO HOSPITAL

## Statements of Operations

Years Ended June 30, 2013 and 2012

	2013	2012
	(000 Omitted)	
<b>UNRESTRICTED REVENUES, GAINS, AND OTHER SUPPORT</b>		
Patient service revenue (net of contractual allowances and discounts)	\$ 67,671	\$ 65,455
Provision for bad debts	(7,115)	(5,935)
Net patient service revenue less provision for bad debts	60,556	59,520
Other operating revenue	2,055	454
Total revenues, gains, and other support	62,611	59,974
<b>EXPENSES</b>		
Salaries and wages	26,931	27,019
Fringe benefits	8,188	8,951
Professional services	1,687	1,376
Contracted services	2,867	3,011
Materials, supplies, and services	7,487	7,435
Utilities	659	633
Insurance	631	622
Depreciation	2,895	2,735
Interest	-	7
Total expenses	51,345	51,789
Operating income	11,266	8,185
<b>OTHER INCOME (EXPENSES)</b>		
Net realized gains on investments	1,083	248
Investment income, net of expenses	1,863	1,287
Non-operating income, net of expenses	108	112
Gain on disposal of equipment	7	77
Contributions	218	193
Total other income	3,279	1,917
Excess of revenues, gains, and other support over expenses	14,545	10,102
Net unrealized gains (losses) on investments	930	(421)
Investment income appropriated from permanently restricted net assets	8	5
Transfers to affiliate organizations, net	(5,650)	(5,343)
Increase in unrestricted net assets	\$ 9,833	\$ 4,343

# WAYNESBORO HOSPITAL

## Statements of Changes in Net Assets

Years Ended June 30, 2013 and 2012

	2013	2012
	(000 Omitted)	
<b>UNRESTRICTED NET ASSETS</b>		
Excess of revenues, gains, and other support over expenses	\$ 14,545	\$ 10,102
Net unrealized gains (losses) on investments	930	(421)
Investment income appropriated from permanently restricted net assets	8	5
Transfers to affiliate organizations, net	<u>(5,650)</u>	<u>(5,343)</u>
Increase in unrestricted net assets	<u>9,833</u>	<u>4,343</u>
 <b>PERMANENTLY RESTRICTED NET ASSETS</b>		
Contributions	699	25
Investment income, net of expenses	9	5
Income appropriated to unrestricted net assets	(8)	(5)
Net unrealized gains (losses) on investments	23	(7)
Net unrealized gains (losses) on perpetual trusts held by third parties	<u>127</u>	<u>(168)</u>
Increase (decrease) in permanently restricted net assets	<u>850</u>	<u>(150)</u>
 Increase in net assets	10,683	4,193
 Net assets, beginning of year	<u>74,984</u>	<u>70,791</u>
 Net assets, end of year	<u><u>\$ 85,667</u></u>	<u><u>\$ 74,984</u></u>

# WAYNESBORO HOSPITAL

## Statements of Cash Flows

Years Ended June 30, 2013 and 2012

	2013	2012
	(000 Omitted)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 10,683	\$ 4,193
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized (gains) losses on investments	(2,163)	348
Depreciation and amortization	2,976	2,816
(Gain) on disposal of property and equipment	(7)	(77)
Transfers to affiliated organizations	5,650	5,343
Provision for bad debts	7,115	5,935
Restricted contributions and investment income received	(700)	(25)
(Increase) decrease in:		
Patient accounts receivable	(7,421)	(6,929)
Other receivables	232	64
Inventories	43	20
Prepaid assets	(61)	(14)
Increase (decrease) in:		
Accounts payable	(281)	1,026
Estimated amounts payable under third-party contractual agreements	573	875
Accrued expenses and other current liabilities	(260)	405
Other liabilities	7	(16)
Net cash provided by operating activities	<u>16,386</u>	<u>13,964</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(3,097)	(3,746)
Net increase in assets limited as to use	(5,639)	(1,340)
Proceeds from sales of property and equipment	7	88
Investment in notes receivable	(57)	(12)
Receipts on notes receivable	1	24
Net cash used by investing activities	<u>(8,785)</u>	<u>(4,986)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Transfers to affiliated organizations	(5,650)	(5,343)
Restricted contributions and investment income	700	25
Payments on long-term debt	-	(595)
Net cash used by financing activities	<u>(4,950)</u>	<u>(5,913)</u>
Net increase in cash and cash equivalents	2,651	3,065
Cash and cash equivalents, beginning of year	6,819	3,754
Cash and cash equivalents, end of year	<u>\$ 9,470</u>	<u>\$ 6,819</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ -	\$ 3

# WAYNESBORO HOSPITAL

## Notes to Financial Statements

June 30, 2013 and 2012

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### Note 1 Description of Organization and Summary of Significant Accounting Policies

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#### *Organization*

Waynesboro Hospital (the "Hospital"), located in Waynesboro, Pennsylvania, is a not-for-profit acute care hospital. The Hospital provides inpatient, outpatient, and emergency care services to the Franklin County, Pennsylvania service area. Admitting physicians are primarily practitioners in the local area.

The Hospital is a wholly-controlled subsidiary of Summit Health (SH). SH was formed to operate exclusively for the benefit and support of the Hospital and its sister subsidiaries and affiliates. SH controls the Hospital through the nomination of its board of directors and oversees Hospital activities, including review and approval of capital and operating budgets.

#### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles 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. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive management estimates affecting the financial statements were the allowance for doubtful accounts, reserve for contractual allowances, settlements under third party contractual agreements, medical malpractice, employee health insurance, and workers' compensation. Actual results could differ from those estimates.

#### *Cash and Cash Equivalents*

For purposes of the statements of cash flows, cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less.

#### *Patient Receivables*

The Hospital provides credit in the normal course of its business to patients. Patient receivables are based on the outstanding patient balance after any contractual reimbursements are applied and are generally due 30 days after billed.

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



# WAYNESBORO HOSPITAL

## Notes to Financial Statements

June 30, 2013 and 2012

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### Note 1 Description of Organization and Summary of Significant Accounting Policies (Continued)

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#### *Patient Receivables (Continued)*

for bad debts in the period of service on the basis of its past experience, which indicates that some 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.

An allowance for doubtful accounts is carried for patient accounts that may become uncollectible in future periods based on a sliding scale of estimated uncollectible percentages of 10% to 75% applied against various self-pay aging balance categories with higher percentages applied to older account balance categories to recognize the elevated level of collectability risk for these receivable balances. The estimated allocations are based on management's judgment of uncollectible accounts, historical trends of charge-offs, and other information. Patient receivables are charged against the allowance when, in the judgment of management, it is unlikely they will be collected.

The Hospital's allowance for doubtful accounts for self-pay patients increased from 45% of self-pay accounts receivable at June 30, 2012 to 46% of self-pay account receivable at June 30, 2013. In addition, the Hospital's self-pay writeoffs increased from \$5,600,000 during the year ended June 30, 2012 to \$6,500,000 during the year ended June 30, 2013. Both increases were the result of negative trends experienced in the collection of amounts from self-pay patients during the year ended June 30, 2013. The Hospital has reviewed its charity care program and is positioned to implement changes when final IRS regulations are published. The Hospital has updated its uninsured discount policy. The increased discount percentage is reflective of the current marketplace and comparable with other like facilities. The Hospital does not maintain an allowance for doubtful accounts from third-party payors, nor did it have significant writeoffs from third-party payors.

#### *Investments*

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the balance sheets. Unrealized gains and losses are included in the change in net assets. Realized gains or losses are computed on the specific identification method. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the excess of revenues, gains, and other support over expenses unless the income or loss is restricted by donor or law.

#### *Inventories*

Inventories consisting of medical supplies are stated at the lower of cost (average cost) or market, using the first-in/first-out (FIFO) method of accounting for inventories.

#### *Assets Limited as to Use*

Assets limited as to use primarily include designated assets set aside by the Board of Directors for future capital improvements and endowment purposes over which the Board retains control and may at its discretion subsequently use for other purposes.

# WAYNESBORO HOSPITAL

## Notes to Financial Statements

June 30, 2013 and 2012

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### Note 1 Description of Organization and Summary of Significant Accounting Policies (Continued)

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#### ***Property and Equipment***

Property and equipment acquisitions with a value of \$ 1,000 or more and an expected useful life of two years or more are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. The estimated lives are generally in accordance with those recommended by the American Hospital Association. 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 assets such as land, buildings, or equipment are reported as unrestricted support, and are excluded from the excess of revenues, gains, and other support over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

#### ***Promises to Give***

Unconditional promises to give are recognized as revenues or gains in the period received and as increases in assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. No allowance for doubtful accounts has been established for promises to give based on past collection experience.

#### ***Perpetual Trusts Held by Third Parties***

The Hospital is an income beneficiary of several trusts established by donors at local banks. Funds contributed to these trusts are to be invested in perpetuity. The Hospital has the irrevocable right to receive all or a proportional share of the income from the trusts in perpetuity, but will never receive the assets held in the trusts. The Hospital recognizes its proportionate share of the fair value of these trusts as a permanently restricted net asset in the balance sheets.

#### ***Temporarily and Permanently Restricted Net Assets***

Temporarily restricted net assets are those whose use by the Hospital 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 Hospital in perpetuity.

#### ***Excess of Revenues, Gains, and Other Support Over Expenses***

The statements of operations include *excess of revenues, gains, and other support over expenses*. Changes in unrestricted net assets which are excluded from *excess of revenues, gains, and other support over expenses*, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using donor restricted contributions).

# WAYNESBORO HOSPITAL

## Notes to Financial Statements

June 30, 2013 and 2012

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### Note 1 Description of Organization and Summary of Significant Accounting Policies (Continued)

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#### *Net Patient Service Revenue*

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 revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews and investigations. As a result of final cost settlements, net patient service revenue did not change in 2013 or 2012.

Laws and regulations governing Medicare, Medicaid, and other third-party programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change in the near term.

During the year ended June 30, 2013, the Hospital adopted Financial Accounting Standards Board, Accounting Standards Update No. 2011-07, "Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities" (ASU #2011-07). The amendment requires certain health care entities to change the presentation of 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). Additionally, those health care entities are required to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts. The amendments also require disclosures of patient service revenue (net of contractual allowance and discounts) as well as qualitative and quantitative information about changes in the allowance for doubtful accounts. As a result of adopting this amendment, the applicable June 30, 2012 balances have been restated in the financial statements to conform to the June 30, 2013 presentation.

#### *Donor-Restricted Gifts*

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

# WAYNESBORO HOSPITAL

## Notes to Financial Statements

June 30, 2013 and 2012

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### Note 1 Description of Organization and Summary of Significant Accounting Policies (Continued)

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#### *Estimated Malpractice Costs*

The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported. The Hospital is insured for malpractice under a retrospectively rated policy of a multi-provider captive. This type of policy covers only malpractice claims covered by the policy which are reported to the insurance carrier during the policy term. If this policy is discontinued, it would be the Hospital's intention to obtain tail coverage.

#### *Unemployment Compensation*

The Hospital has elected under the Pennsylvania Unemployment Compensation Law to directly fund unemployment benefits paid. The election requires the purchase of insurance bonds be made as surety for payment for any future unemployment charges payable by the Hospital. The Hospital satisfies this requirement through a surety bond in the amount of \$ 44,000 that expires on December 31, 2015.

#### *Workers' Compensation*

The Hospital participates in a fund to pay any workers' compensation claims which could arise. The reserve is based upon historical experience and represents an estimate of workers' compensation claims which have occurred, but have not yet been paid. These estimates are adjusted annually based upon the Hospital's projected experience. Medical expenses associated with workers' compensation claims are funded directly by the Hospital. These claims are also covered by a surety bond for the Hospital, The Chambersburg Hospital, Chambersburg Health Services, and Summit Physician Services in the amount of \$ 2,100,000.

#### *Income Taxes*

The Hospital is a not-for-profit corporation and has been recognized as tax-exempt pursuant to Sec. 501(c)(3) of the Internal Revenue Code. It is classified as a public charity. Accordingly, no provision for federal income tax has been recorded. With few exceptions, the Hospital is no longer subject to federal income tax examinations by tax authorities for years before 2010.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above would be reflected as a liability for unrecognized tax benefits in the accompanying balance sheets along with any associated

# WAYNESBORO HOSPITAL

## Notes to Financial Statements

June 30, 2013 and 2012

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### Note 1 Description of Organization and Summary of Significant Accounting Policies (Continued)

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#### *Income Taxes (Continued)*

interest and penalties that would be payable to the taxing authorities upon examination. Interest and penalties associated with unrecognized tax benefits would be classified as expenses against other operating revenue in the statements of operations. At June 30, 2013 and 2012 there was no liability for unrecognized tax benefits.

#### *Advertising*

The Hospital follows the policy of charging costs of advertising to expense as incurred. Advertising expense was \$ 78,000 and \$ 85,000 for the years ended June 30, 2013 and 2012, respectively.

#### *Reclassifications*

Certain reclassifications have been made to the 2012 financial statements in order to conform to the 2013 presentation.

### Note 2 Net Patient Service Revenue

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

#### ➤ **Medicare**

Inpatient acute care 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 paid at prospectively determined rates per encounter. 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 the Hospital. The Hospital's Medicare cost reports have been settled by the Medicare fiscal intermediary through June 30, 2009. The provision for Medicare contractual allowances amounted to \$ 48,501,000 for the year ended June 30, 2013 and \$ 43,578,000 for the year ended June 30, 2012.

#### ➤ **Medicaid**

Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. As with the Medicare program, these rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services are reimbursed based on established fee schedules. Cost reports are filed with the Department of Public Welfare on an annual basis, but the reports are primarily for information. Both outpatient and inpatient services do not require final settlement because payments received during the year are not subject to retroactive adjustment. The provision for Medicaid contractual allowances amounted to \$ 14,647,000 for the year ended June 30, 2013 and \$ 13,963,000 for the year ended June 30, 2012.

# WAYNESBORO HOSPITAL

## Notes to Financial Statements

June 30, 2013 and 2012

### Note 2 Net Patient Service Revenue (Continued)

#### ➤ Blue Cross

Inpatient acute care services rendered to Blue Cross subscribers are paid at prospectively determined rates per discharge. These rates vary based on the type of service: maternity, newborn, or non-maternity. Outpatient surgery cases are paid at a prospectively determined rate per case based on a classification system based on the primary surgical procedure performed. Other outpatient services are reimbursed at a percentage of the Hospital's established charges. Reimbursement rates are adjusted annually based on various indices. The provision for Blue Cross contractual allowances amounted to \$ 8,841,000 for the year ended June 30, 2013 and \$ 8,708,000 for the year ended June 30, 2012.

#### ➤ Highmark Blue Shield

Inpatient acute care services rendered to Highmark Blue Shield 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 at a percentage of the Hospital's established charges. The Hospital's sub-acute care services are reimbursed on prospectively determined rates. The provision for Highmark Blue Shield contractual allowances amounted to \$ 2,806,000 for the year ended June 30, 2013 and \$ 3,187,000 for the year ended June 30, 2012.

The Hospital currently has its own choice of which network to use to bill out of state claims. The decision of the network used is flexible based on payment and functionality and can be changed at any time it is considered advantageous to the Hospital.

A summary of net patient service revenue before the provision for bad debts for the years ended June 30 is as follows:

	2013	2012
	(000 Omitted)	
Patient service revenue	\$ 153,086	\$ 144,005
Contractual allowance and discounts	85,415	78,550
Net patient service revenue	<u>\$ 67,671</u>	<u>\$ 65,455</u>

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

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 that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a portion of the

# WAYNESBORO HOSPITAL

## Notes to Financial Statements

June 30, 2013 and 2012

### Note 2 Net Patient Service Revenue (Continued)

Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the years ended June 30, 2013 and 2012 from these major payor sources, is as follows:

	Third-Party Payors	Self-Pay	Total All Payors
<b>2013</b>			
<b>(000 Omitted)</b>			
Patient service revenue (net of contractual allowances and discounts)	<u>\$ 45,902</u>	<u>\$ 21,769</u>	<u>\$ 67,671</u>
<b>2012</b>			
<b>(000 Omitted)</b>			
Patient service revenue (net of contractual allowances and discounts)	<u>\$ 44,207</u>	<u>\$ 21,248</u>	<u>\$ 65,455</u>

### Note 3 Investments

The Hospital's internally designated investment portfolio for Capital Improvement and Endowments are combined with the internally designated investment portfolios of the related affiliates of Summit Health to make up the Summit Health Master Trust. The investment portfolio for the internally designated funds for Capital Improvement and Endowments discloses the Hospital's interest in the various master trust portfolios. The employee benefit and donor restricted funds are maintained in separate brokerage accounts.

The composition of the "fixed income", "equity securities", and "real assets" investment types in the Summit Health Master Trust is only available for the entire investment portfolio and is not detailed for each affiliate's portion of the various investments. Because of this, the Hospital's assets in the investment portfolio for Capital Improvement and Endowments are shown as "fixed income", "equity securities", and "real assets". The Hospital's interest in the master trust portfolios represented 20% at June 30, 2013 and 2012. Investment activity is shown net in the statements of cash flows since the funds are pooled with other affiliates and individual entity activity is not available.

Even though the Summit Health Master Trust labels the funds as "fixed income", "equity securities", and "real assets", each fund does not necessarily include only fixed income, equity securities, or real assets and may include a combination of money market funds, fixed income, equity securities, closely held partnerships, and accrued interest. Because of this, the total assets for the Summit Health Master Trust are reported in a different format than the "fixed income", "equity securities", and "real assets" reported for the individual portfolios of the participating Summit Health affiliates.

# WAYNESBORO HOSPITAL

## Notes to Financial Statements

June 30, 2013 and 2012

### Note 3 Investments (Continued)

The composition of the Summit Health Master Trust assets is set forth in the following schedule:

	2013		2012	
	Cost	Fair Market Value	Cost	Fair Market Value
	(000 Omitted)		(000 Omitted)	
Cash and money market funds	\$ 6,969	\$ 6,969	\$ 2,944	\$ 2,944
Fixed income				
U S treasury obligations	6,139	6,104	577	594
U S government agencies	5,701	5,735	6,916	7,064
Corporate and foreign bonds	16,070	16,010	15,101	15,381
Fixed income mutual funds	88,565	86,867	90,047	90,187
International fixed income mutual funds	55,540	53,524	-	-
Equities Securities				
Equity securities	-	-	5,610	5,077
Domestic equity mutual funds	30,417	37,237	61,898	65,667
International equity mutual funds	18,894	19,533	17,864	17,006
Hedge funds	13,556	26,188	13,556	23,010
Closely held partnerships	21,580	23,708	20,289	21,729
Accrued interest	273	273	242	242
	<u>\$ 263,704</u>	<u>\$ 282,148</u>	<u>\$ 235,044</u>	<u>\$ 248,901</u>

The composition of assets limited as to use at June 30 is set forth in the following schedule:

	2013		2012	
	Cost	Fair Market Value	Cost	Fair Market Value
	(000 Omitted)		(000 Omitted)	
Internally Designated for Capital Improvement (Part of Summit Health Master Trust)				
Money market funds	\$ 48	\$ 48	\$ 66	\$ 66
Fixed income	28,001	27,476	22,562	22,673
Equity securities	6,745	6,936	7,175	6,705
Hedge funds	4,000	4,416	4,000	3,880
Real Assets	8,794	9,339	8,327	8,735
	<u>47,588</u>	<u>48,215</u>	<u>42,130</u>	<u>42,059</u>
Internally Designated for Employee Benefits				
Equity mutual funds	25	25	11	19
Fixed income mutual funds	16	16	16	15
	<u>41</u>	<u>41</u>	<u>27</u>	<u>34</u>
Internally Designated as Endowments (Part of Summit Health Master Trust)				
Money market funds	551	551	379	379
Fixed income	2,513	2,432	2,113	2,089
Equity securities	1,650	1,873	1,742	1,789
Hedge funds	470	771	470	677
Real Assets	1,349	1,474	1,274	1,378
	<u>\$ 6,533</u>	<u>\$ 7,101</u>	<u>\$ 5,978</u>	<u>\$ 6,312</u>



# WAYNESBORO HOSPITAL

## Notes to Financial Statements

June 30, 2013 and 2012

### Note 3 Investments (Continued)

	2013		2012	
	Cost	Fair Market Value	Cost	Fair Market Value
	(000 Omitted)		(000 Omitted)	
<b>Restricted by Donor for Permanent Endowments</b>				
Money market funds	\$ 14	\$ 14	\$ 6	\$ 6
Fixed income mutual funds	92	93	90	95
Equity mutual funds	146	172	155	154
	<u>252</u>	<u>279</u>	<u>251</u>	<u>255</u>
Total assets limited as to use	<u>\$ 54,414</u>	<u>\$ 55,636</u>	<u>\$ 48,386</u>	<u>\$ 48,660</u>

Net investment income from assets limited as to use and investment properties (included in "non-operating income") consists of the following for the years ended June 30:

	2013	2012
	(000 Omitted)	
<b>Net Investment Income:</b>		
Investment income	\$ 2,082	\$ 1,493
Less: investment expense	(102)	(89)
	<u>\$ 1,980</u>	<u>\$ 1,404</u>

### Note 4 Endowments

The Hospital's endowments consist of two individual funds established to provide investment income for the Hospital's operations. The endowments include both donor-restricted endowment funds and funds designated by the Hospital's board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Hospital to function as endowments, are classified and reported as unrestricted or permanently restricted net assets based on the existence or absence of donor-imposed restrictions.

The Commonwealth of Pennsylvania has not adopted the Uniform Prudent Management of Institutional Funds Act of 2006. Guidance for the administration of endowment funds in Pennsylvania is provided in Act 141, which was passed by the Pennsylvania legislature in 1998. Under Act 141, Pennsylvania not-for-profit organizations are permitted to elect an annual amount that may be used from their endowment funds based on an annual spending rate between 2% and 7%. Act 141 permits the spending of accumulated principal and income from an endowment fund if the amount withdrawn is less than or equal to the annually elected percentage. The Hospital's interpretation of Act 141 classifies interest income, dividends, and capital appreciation earned by donor-restricted endowment fund investments as permanently restricted activity. The Hospital intends to preserve the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Hospital classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

# WAYNESBORO HOSPITAL

## Notes to Financial Statements

June 30, 2013 and 2012

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### Note 4 Endowments (Continued)

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The Hospital considers several factors when making a determination to appropriate or accumulate donor-restricted endowment funds. These factors include the duration and preservation of the fund, the mission of the Hospital, the purpose of the donor-restricted endowment fund, satisfaction of specific donor instructions, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, and other resources.

The Hospital has adopted an investment policy and strategies to provide for future needs; maintain the purchasing power of the fund's assets; consistently invest assets in a prudent, high-quality, diversified, and risk-sensitive manner; achieve the optimal return possible within the specified risk parameters; and adhere to established guidelines.

To satisfy the long-term rate-of-return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) measured over a three-year time period. The Hospital targets a diversified asset allocation with a mix of investments in equity, alternative investments, fixed income, and short-term investments with a greater emphasis on equity and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

The Hospital's board designated endowment has provisions that 100% of the income from the endowment funds is to be distributed back to the Hospital for operations and the donor-restricted endowments have provisions that 100% of the income from the endowment funds is to be distributed back to the Hospital, with a portion of these funds available to be used for operations and the rest are considered permanently restricted net assets. The distributions are based on a three year rolling percentage of the amount that is available to be disbursed.

Endowment net assets consisted of the following as of June 30:

	2013	2012
	(000 Omitted)	
Board designated endowment funds	\$ 7,101	\$ 6,312
Donor permanently restricted endowment funds	279	255
	<u>\$ 7,380</u>	<u>\$ 6,567</u>

# WAYNESBORO HOSPITAL

## Notes to Financial Statements

June 30, 2013 and 2012

### Note 4 Endowments (Continued)

The changes in endowment net assets for the years ended June 30, 2013 and 2012 were as follows:

	Unrestricted	Permanently Restricted (000 Omitted)	Total
Endowment net assets at July 1, 2011	\$ 6,244	\$ 237	\$ 6,481
Investment return:			
Investment income	133	6	139
Realized gains	20	-	20
Unrealized depreciation	(171)	(7)	(178)
Total investment return	(18)	(1)	(19)
Net contributions to other investment accounts	90	-	90
Contributions	-	25	25
Payments of income to beneficiaries	-	(5)	(5)
Trustee commissions	(4)	(1)	(5)
Endowment net assets at June 30, 2012	6,312	255	6,567
Investment return:			
Investment income	202	6	208
Realized gains	162	2	164
Unrealized appreciation	233	23	256
Total investment return	597	31	628
Net contributions from other investment accounts	195	-	195
Payments of income to beneficiaries	-	(6)	(6)
Trust commissions	(3)	(1)	(4)
Endowment net assets at June 30, 2013	\$ 7,101	\$ 279	\$ 7,380

# WAYNESBORO HOSPITAL

## Notes to Financial Statements

June 30, 2013 and 2012

### Note 5 Property and Equipment

A summary of property and equipment and property held for investment at June 30 is as follows:

		2013	
Asset Description	Cost	Accumulated Depreciation (000 Omitted)	Depreciated Cost
Land	\$ 1,764	\$ -	\$ 1,764
Land improvements	1,107	750	357
Buildings and building improvements	15,562	9,757	5,805
Fixed equipment	5,590	5,165	425
Major moveable equipment	37,343	29,458	7,885
Construction in progress	226	-	226
	<u>\$ 61,592</u>	<u>\$ 45,130</u>	<u>\$ 16,462</u>
Property held for investment	\$ 3,238	\$ 496	\$ 2,742

		2012	
Asset Description	Cost	Accumulated Depreciation (000 Omitted)	Depreciated Cost
Land	\$ 1,764	\$ -	\$ 1,764
Land improvements	1,107	689	418
Buildings and building improvements	15,164	9,362	5,802
Fixed equipment	5,593	4,963	630
Major moveable equipment	34,838	27,476	7,362
Construction in progress	284	-	284
	<u>\$ 58,750</u>	<u>\$ 42,490</u>	<u>\$ 16,260</u>
Property held for investment	<u>\$ 3,238</u>	<u>\$ 415</u>	<u>\$ 2,823</u>

Depreciation expense related to operations was \$ 2,895,000 and \$ 2,735,000 for the years ended June 30, 2013 and 2012, respectively. Depreciation expense on investment properties (included in non-operating income) was \$ 81,000 and \$ 77,000 for the years ended June 30, 2013 and 2012, respectively.

### Note 6 Malpractice Insurance Coverage

The Hospital maintains professional liability insurance coverage under a retrospectively rated policy of a multiprovider captive. Summit Health has a 3% ownership in the captive. Premiums are accrued based on the captive's experience to date. The insurance covers all employees, including certain hospital-based physicians. The Hospital would be liable for such incidents only if the insurance company failed to meet its obligations or policy limitations were exceeded. The Hospital accrued \$ 374,000 at June 30, 2013 and 2012 based on actuarial calculations using a discount rate of 3.00% at June 30, 2013 and 2012, as an estimate for the ultimate costs of unasserted medical malpractice claims.

# WAYNESBORO HOSPITAL

## Notes to Financial Statements

June 30, 2013 and 2012

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### Note 6 Malpractice Insurance Coverage (Continued)

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The Pennsylvania Medical Care Availability and Reduction of Error Fund (the MCARE Fund), formerly known as the Medical Professional Liability Catastrophe Loss Fund, an agency fund of the State of Pennsylvania, acts as a service agent to facilitate the payment of medical malpractice claims exceeding the primary layer of professional liability insurance carried by the Hospital and other health care providers practicing in Pennsylvania. The MCARE Fund policies are retrospectively rated on a claims-made basis. The MCARE Fund levies health care provider surcharges, as a percentage of insurance premiums for basic coverage, to pay claims and administrative expenses on behalf of MCARE Fund participants. The MCARE Fund currently provides coverage for claims in excess of \$ 500,000 with a per occurrence limit of \$ 500,000 and an aggregate annual limit of \$ 1,500,000. The coverage limit of the MCARE Fund is subject to review by the insurance commissioner, at which time the coverage limit of the fund may be reduced to zero for later years.

### Note 7 Pension Plan

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#### *Defined Contribution Plan*

The Hospital sponsors a defined contribution pension plan. Participation in this plan is available to any employee who has reached age 21, has completed one year of service, and works more than 1,000 hours during the current plan year. The Hospital contributes 3% of each eligible employee's earnings into the plan. In addition, employees can defer a portion of their gross earnings into the plan and the Hospital will make a 50% matching deposit on contributions up to 6% of gross earnings. The total cost for this plan was \$ 1,234,000 for the years ended June 30, 2013 and 2012.

### Note 8 Concentrations of Credit Risk

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The Hospital has deposits at local financial institutions which exceed the Federal Deposit Insurance Corporation limits at times throughout the year. Management considers this a normal business risk.

The Hospital had \$ 9,860,000 and \$7,061,000 at June 30, 2013 and 2012, respectively, in a daily repurchase agreement with a local bank, collateralized by the underlying securities of the repurchase agreement, which are held in the bank's name.

The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. Patients' ability to pay for services is dependent upon economic factors in the Franklin County, Pennsylvania and surrounding areas. The mix of receivables from patients and third-party payors at June 30 was as follows:

	2013	2012
Medicare	12%	18%
Medicaid	16	18
Blue Cross	10	9
Blue Shield	3	3
Other third-party payors	25	18
Self-pay patients	34	34
	<u>100%</u>	<u>100%</u>

# WAYNESBORO HOSPITAL

## Notes to Financial Statements

June 30, 2013 and 2012

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### Note 8 Concentrations of Credit Risk (Continued)

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Revenue from Medicare, Medicaid, Blue Cross, and Blue Shield programs accounted for approximately 76% and 74% of the Hospital's net patient service revenue for the years ended June 30, 2013 and 2012, respectively.

The Hospital's portion of the Summit Health Master Trust includes an investment in a hedge fund partnership that represents approximately 9% of the Hospital's portion of the trust's value at June 30, 2013 and 2012.

### Note 9 Commitments and Contingencies

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#### *Litigation*

The Hospital is subject to legal proceedings and claims arising in the ordinary course of its business. The Hospital believes it has meritorious defenses to these actions, and plans to vigorously contest all claims; however, the ultimate outcome of these actions is uncertain. The Hospital maintains insurance coverage, but this coverage does not include punitive damage awards. The amount or range of potential loss is not determinable at this time.

#### *Laws and Regulations*

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, and government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes the Hospital is in compliance with fraud and abuse as well as other applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

#### *Investments*

The Hospital's investments are exposed to various risks, such as interest rate, market, currency and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment assets reported in the financial statements.

# WAYNESBORO HOSPITAL

## Notes to Financial Statements

June 30, 2013 and 2012

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### Note 10 Related Party Transactions

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#### *Parent and Subsidiaries*

The Hospital receives and provides goods and services and administrative and support services to Summit Health and its wholly-controlled subsidiaries, The Chambersburg Hospital, Chambersburg Health Services, Summit Physician Services, and Summit Surgery Center, L.P. Costs and services performed by the Hospital for the benefit of these organizations are recorded as receivables and included in other receivables in the balance sheets. Costs and services performed by these organizations for the benefit of the Hospital are recorded as payables and are included in accounts payable in the balance sheets.

The Hospital had a receivable from Summit Health of \$ 1,000 at June 30, 2013. The Hospital had a payable to Summit Health of \$ 601,000 at June 30, 2013 and \$ 531,000 at June 30, 2012.

The Hospital had a receivable from The Chambersburg Hospital of \$ 26,000 at June 30, 2013 and \$ 22,000 at June 30, 2012. It also had a payable to The Chambersburg Hospital of \$ 1,628,000 at June 30, 2013 and \$ 1,780,000 at June 30, 2012. The Hospital paid The Chambersburg Hospital \$ 1,743,000 and \$ 1,721,000 for salaries and contracted services for the years ended June 30, 2013 and 2012, respectively.

The Hospital had a receivable from Chambersburg Health Services of \$ 1,000 at June 30, 2013 and \$ 52,000 at June 30, 2012. The Hospital received \$ 22,000 in rental income from Chambersburg Health Services for the years ended June 30, 2013 and 2012.

The Hospital had a receivable from Summit Physician Services of \$ 4,000 at June 30, 2013 and \$ 1,000 at June 30, 2012. The Hospital had a payable to Summit Physician Services of \$ 30,000 at June 30, 2013 and \$ 25,000 at June 30, 2012. The Hospital received \$ 67,000 in rental income from Summit Physician Services for the years ended June 30, 2013 and 2012. The Hospital also paid Summit Physician Services \$ 341,000 and \$ 294,000 for professional services expenses for the years ended June 30, 2013 and 2012, respectively. The Hospital transferred \$ 5,650,000 and \$ 5,343,000 to Summit Physician Services through equity transfers for the years ended June 30, 2013 and 2012, respectively.

The Chambersburg Hospital Obligated Group, consisting of the Hospital, Chambersburg Health Services, Summit Health, The Chambersburg Hospital, and Summit Physician Services, previously entered into the "Franklin County Industrial Development Authority Fixed Rate Revenue Bonds Series of 2010" agreement to provide funding for a building expansion project at the Chambersburg Hospital and refinance The Chambersburg Hospital's 1998 revenue bonds. Under the terms of the agreement, the Hospital is a guarantor of the 2010 revenue bonds, which totaled \$ 124,145,000 and \$ 125,725,000 at June 30, 2013 and 2012, respectively. These revenue bonds mature in July 2025, July 2030, and July 2042. At this time, management is not aware of any risks that may require the Hospital to act on the guaranty agreement.

# WAYNESBORO HOSPITAL

## Notes to Financial Statements

June 30, 2013 and 2012

### Note 10 Related Party Transactions (Continued)

#### *Employee Receivables*

The Hospital has various receivables from employees and doctors of the Hospital for sign-on bonuses, tuition loans, and other job related financing needs. The receivables are generally payable on demand if the employee leaves the employment of the Hospital and is cancelable by the Hospital once the employee meets certain course or employment time requirements with interest generally charged only if the employee leaves employment. No allowance has been recorded for bad debts related to these receivables. The balances of these receivables are divided between current and non-current based on the date of cancellation and is recorded in notes receivable in the balance sheets as follows:

	2013	2012
	(000 Omitted)	
Current	\$ 114	\$ 130
Non-current	329	350
	<u>\$ 443</u>	<u>\$ 480</u>

### Note 11 Promises to Give

There are unrestricted pledges from individuals to assist the Hospital for operations over the next several years that are included in other receivables in the balance sheets. An allowance for uncollectible promises to give has not been established as management feels the promises will be fully collected.

The following is a summary of unconditional promises to give at June 30:

	2012	2012
	(000 Omitted)	
Pledges receivable for general operations	<u>\$ 25</u>	<u>\$ 19</u>

The remaining balance on these pledges at June 30, 2013 is as follows:

	(000 Omitted)
Receivable in less than one year	\$ 4
Receivable in one to five years	20
Receivable after five years	1
Total pledges receivable	<u>\$ 25</u>

Discounting of pledges was insignificant at June 30, 2013 and 2012.



# WAYNESBORO HOSPITAL

## Notes to Financial Statements

June 30, 2013 and 2012

### Note 12 Permanently Restricted Net Assets

Permanently restricted net assets at June 30 are restricted to:

	2013	2012
	(000 Omitted)	
Investments to be held in perpetuity, the income from which is expendable to support health care services		
Donor restricted endowments	\$ 279	\$ 255
Perpetual trusts held by third parties	2,940	2,114
	<u>\$ 3,219</u>	<u>\$ 2,369</u>

### Note 13 Functional Expenses

The Hospital provides general health care services to residents within its geographic location. Expenses relating to these services are as follows:

2013			
	Total	Health Care Services	General and Administration
	(000 Omitted)		
Salaries and wages	\$ 26,931	\$ 21,705	\$ 5,226
Fringe benefits	8,188	6,599	1,589
Professional services	1,687	1,687	-
Contracted services, materials, and services, utilities, and insurance	11,644	9,014	2,630
Depreciation	2,895	1,531	1,364
Total	<u>\$ 51,345</u>	<u>\$ 40,536</u>	<u>\$ 10,809</u>

2012			
	Total	Health Care Services	General and Administration
	(000 Omitted)		
Salaries and wages	\$ 27,019	\$ 21,940	\$ 5,079
Fringe benefits	8,951	7,268	1,683
Professional services	1,376	1,376	-
Contracted services, materials, and services, utilities, and insurance	11,701	8,932	2,769
Depreciation	2,735	1,444	1,291
Interest expense	7	4	3
Total	<u>\$ 51,789</u>	<u>\$ 40,964</u>	<u>\$ 10,825</u>

# WAYNESBORO HOSPITAL

## Notes to Financial Statements

June 30, 2013 and 2012

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### Note 14 Fair Value of Financial Instruments

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The following methods and assumptions were used by the Hospital in estimating the fair value of its financial instruments:

***Cash and cash equivalents***

The carrying amount reported in the balance sheets for cash and cash equivalents approximates fair value.

***Notes receivable***

The carrying amount approximates fair value since the majority of the notes are either with related parties or of a short duration.

***Patient accounts and other receivables***

The carrying amount reported in the balance sheets for patient accounts and other receivables approximates fair value. Unconditional promises to give approximate fair value.

***Assets limited as to use and perpetual trusts held by third parties***

Fair values of investment securities and perpetual trusts held by third parties are based on quoted market prices.

***Accounts payable and accrued expenses***

The carrying amount reported in the balance sheets for accounts payable and accrued expenses approximates fair value.

***Estimated amounts payable under third-party contractual agreements***

The carrying amount reported in the balance sheets for estimated amounts payable under third-party contractual agreements approximates fair value.

***Advances from third-party payors***

The carrying amount reported in the balance sheets for advances from third-party payors approximates fair value.

# WAYNESBORO HOSPITAL

## Notes to Financial Statements

June 30, 2013 and 2012

### Note 14 Fair Value of Financial Instruments (Continued)

The carrying amounts and fair values of the Hospital's financial instruments at June 30 are as follows:

	2013		2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(000 Omitted)		(000 Omitted)	
<b>Financial Assets:</b>				
Cash and cash equivalents	\$ 9,470	\$ 9,470	\$ 6,819	\$ 6,819
Notes receivable	443	443	480	480
Other receivables	7,300	7,300	7,133	7,133
Assets limited as to use	55,636	55,636	48,660	48,660
<b>Financial Liabilities:</b>				
Accounts payable and accrued expenses	\$ 6,495	\$ 6,495	\$ 7,036	\$ 7,036
Estimated amounts payable under third-party contractual agreements	3,213	3,213	2,640	2,640
Advances from third-party payors	253	253	253	253

### Note 15 Charity Care

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy and Department of Public Welfare regulations for outpatient services. The estimated cost of charity care amounted to \$ 2,804,000 and \$ 3,488,000 for the years ended June 30, 2013 and 2012, respectively.

### Note 16 Fair Value Measurements

Generally accepted accounting principles requires disclosures about fair value measurements by establishing a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets or liabilities fall within different levels of the hierarchy, the classification is based on the lowest level input that is significant to the fair value measurement of the asset or liability. Classification of assets and liabilities within the hierarchy considers the markets in which the assets and liabilities are traded and the reliability and transparency of the assumptions used to determine fair value.

The hierarchy requires the use of observable market data when available. The levels of the hierarchy and those investments included in each are as follows:

**Level 1:** Represented by quoted prices available in an active market. Level 1 securities include highly liquid government bonds, treasury securities, mortgage products, and exchange traded equities.

# WAYNESBORO HOSPITAL

## Notes to Financial Statements

June 30, 2013 and 2012

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### Note 16 Fair Value Measurements (Continued)

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**Level 2:** Represented by assets and liabilities similar to Level 1 where quoted prices are not available, but are observable, either directly or indirectly through corroboration with observable market data, such as quoted prices for similar securities and quoted prices in inactive markets and estimated using pricing models or discounted cash flows. Level 2 securities would include U.S. agency securities, mortgage-backed agency securities, obligations of states and political subdivisions, and certain corporate, asset backed securities, money market funds, and swap agreements.

**Level 3:** Represented by financial instruments where there is limited activity or unobservable market prices and pricing models significant to determining the fair value measurement including the reporting entity's own assumptions about the market risk. Level 3 securities would include hedge funds, private equity securities, closely held partnerships, and internally developed values.

Following is a description of the valuation methodologies used for instruments measured on a recurring basis at estimated fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy:

#### **Investment Assets Limited as to Use and Perpetual Trusts Held by Third Parties**

Where quoted prices are available in an active market, securities are classified within level 1 of the valuation hierarchy. Level 1 securities would include exchange traded equities. If quoted market prices are not available, securities are classified within level 2 and fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow. Level 2 securities would include U.S. agency securities, mortgage-backed agency securities, corporate and municipal bonds, asset backed securities, money market funds, and other securities. Perpetual trusts held by third parties generally consist of mutual funds that are held and administered by local banks, management has no control over these investments, and are classified within level 2. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within level 3 of the valuation hierarchy. The Hospital's level 3 investments are a fund-to-fund hedge fund involving several different hedge funds and closely-held partnerships. The market value of the hedge funds and closely-held partnerships is based on returns and activity during the year received from various investment managers of the funds and partnerships. The pricing of level 3 investments is based on a variety of methods which are proprietary to the investment funds. These methods range from present value to obtaining values of underlying securities through active and inactive markets.

# WAYNESBORO HOSPITAL

## Notes to Financial Statements

June 30, 2013 and 2012

### Note 16 Fair Value Measurements (Continued)

A summary of the Hospital's assets measured on a recurring basis as of June 30, 2013 and 2012 are as follows:

June 30, 2013				
	Level 1	Level 2	Level 3	Total Fair Value Measurements
	(000 Omitted)			
ASSETS				
Investment assets limited as to use				
Money market funds	\$ -	\$ 613	\$ -	\$ 613
Government agency obligations	-	2,443	-	2,443
Corporate and foreign bonds	-	3,239	-	3,239
Hedge funds	-	-	5,187	5,187
Closely held partnerships	-	-	4,875	4,875
Domestic fixed income mutual funds	18,195	-	-	18,195
International fixed income mutual funds	9,664	-	-	9,664
Domestic equity mutual funds	7,544	-	-	7,544
International equity mutual funds	3,876	-	-	3,876
Total investment assets limited as to use	39,279	6,295	10,062	55,636
Perpetual trusts held by third parties	-	2,940	-	2,940
	\$ 39,279	\$ 9,235	\$ 10,062	\$ 58,576

June 30, 2012				
	Level 1	Level 2	Level 3	Total Fair Value Measurements
	(000 Omitted)			
ASSETS				
Investment assets limited as to use				
Money market funds	\$ -	\$ 451	\$ -	\$ 451
Fixed income	17,330	4,458	-	21,788
Equity securities	7,307	-	-	7,307
Hedge funds	-	-	4,557	4,557
Closely held partnerships	-	-	4,161	4,161
Domestic fixed income mutual funds	97	-	-	97
International fixed income mutual funds	13	-	-	13
Domestic equity mutual funds	10,241	-	-	10,241
International equity mutual funds	45	-	-	45
Total investment assets limited as to use	35,033	4,909	8,718	48,660
Perpetual trusts held by third parties	-	2,114	-	2,114
	\$ 35,033	\$ 7,023	\$ 8,718	\$ 50,774

# WAYNESBORO HOSPITAL

## Notes to Financial Statements

June 30, 2013 and 2012

### Note 16 Fair Value Measurements (Continued)

The changes in assets measured at fair value on a recurring basis using significant unobservable inputs (level 3) are as follows for the years ended June 30, 2013 and 2012:

	2013	2012
	(000 Omitted)	
Beginning balance	\$ 8,718	\$ 3,793
Total gains or losses (realized/unrealized):		
Realized gains (losses) included in other income (expenses)	-	-
Unrealized gains (losses) included in change in net assets	1,338	(1,062)
Purchases, issues, sales, and settlements:		
Purchases	15	5,995
Sales	(9)	(8)
Ending balance	<u>\$ 10,062</u>	<u>\$ 8,718</u>
The amount of total gains or losses for the period included in change in net assets attributable to the change in unrealized gains or losses relating to assets still held at the reporting date		
	<u>\$ 1,338</u>	<u>(\$ 1,062)</u>

There were no assets or liabilities measured at fair value on a nonrecurring basis at June 30, 2013 and 2012.

# WAYNESBORO HOSPITAL

## Notes to Financial Statements

June 30, 2013 and 2012

### Note 16 Fair Value Measurements (Continued)

As noted in Note 3, the Hospital's internally designated investment portfolio for Capital Improvement and Endowments are combined with the internally designated investment portfolios of the related affiliates of Summit Health to make up the Summit Health Master Trust. The composition of the Summit Health Master Trust assets by measurement level and investment grade is set forth in the following schedule. Accrued interest of \$ 273,000 and \$ 242,000 at June 30, 2013 and 2012, respectively, are not included in this analysis as they are not recorded at fair value.

June 30, 2013				Total Fair Value Measurements
	Level 1	Level 2	Level 3	
		(000 Omitted)		
Money market funds	\$ -	\$ 6,969	\$ -	\$ 6,969
U S treasury obligations AAA	-	6,104	-	6,104
U S government agency obligations				
AAA	-	4,492	-	4,492
Not rated	-	1,243	-	1,243
Corporate and foreign bonds				
AAA	-	2,947	-	2,947
A1	-	1,342	-	1,342
A2	-	735	-	735
A3	-	1,220	-	1,220
BA1	-	451	-	451
BAA1	-	1,208	-	1,208
BAA2	-	292	-	292
BAA3	-	4,196	-	4,196
Foreign government bonds				
AAA	-	1,628	-	1,628
BAA1	-	864	-	864
BAA3	-	1,127	-	1,127
Fixed income mutual funds	86,867	-	-	86,867
International fixed income mutual funds	53,524	-	-	53,524
Domestic equity mutual funds	37,237	-	-	37,237
International equity mutual funds	19,533	-	-	19,533
Hedge funds	-	-	26,188	26,188
Closely held partnerships	-	-	23,708	23,708
Total	<u>\$ 197,161</u>	<u>\$ 34,818</u>	<u>\$ 49,896</u>	<u>\$ 281,875</u>

# WAYNESBORO HOSPITAL

## Notes to Financial Statements

June 30, 2013 and 2012

### Note 16 Fair Value Measurements (Continued)

June 30, 2012				Total Fair Value Measurements
	Level 1	Level 2	Level 3	
	(000 Omitted)			
Money market funds	\$ -	\$ 2,944	\$ -	\$ 2,944
U S treasury obligations AAA	-	594	-	594
U S government agency obligations				
AAA	-	6,710	-	6,710
Not rated	-	354	-	354
Corporate and foreign bonds				
AAA	-	2,842	-	2,842
AA2	-	628	-	628
AA3	-	1,505	-	1,505
A2	-	2,287	-	2,287
A3	-	1,729	-	1,729
BAA1	-	356	-	356
BAA2	-	334	-	334
BAA3	-	2,894	-	2,894
Foreign government bonds				
AAA	-	1,680	-	1,680
BAA3	-	1,126	-	1,126
Equity securities				
Materials	227	-	-	227
Industrials	377	-	-	377
Consumer Discretionary	519	-	-	519
Consumer Staples	219	-	-	219
Energy	813	-	-	813
Financial	1,255	-	-	1,255
Health Care	462	-	-	462
Information Technology	722	-	-	722
Miscellaneous	483	-	-	483
Fixed income mutual funds	90,187	-	-	90,187
Domestic equity mutual funds	65,667	-	-	65,667
International equity mutual funds	17,006	-	-	17,006
Hedge funds	-	-	23,010	23,010
Closely held partnerships	-	-	21,729	21,729
Total	<u>\$ 177,937</u>	<u>\$ 25,983</u>	<u>\$ 44,739</u>	<u>\$ 248,659</u>



# WAYNESBORO HOSPITAL

## Notes to Financial Statements

June 30, 2013 and 2012

### Note 16 Fair Value Measurements (Continued)

The changes in assets measured at fair value on a recurring basis using significant unobservable inputs (level 3) for the Summit Health Master Trust assets are as follows for the years ended June 30, 2013 and 2012:

	2013	2012
	(000 Omitted)	
Beginning balance	\$ 44,739	\$ 34,547
Total gains or losses (realized/unrealized):		
Realized gains included in other income (expenses)	1	1
Unrealized gains (losses) included in change in net assets	5,128	( 34)
Purchases, issues, sales, and settlements:		
Purchases	72	10,266
Sales	( 44)	( 41)
Ending balance	\$ <u>49,896</u>	\$ <u>44,739</u>
The amount of total gains or losses for the period included in change in net assets attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	\$ <u>5,128</u>	(\$ <u>34</u> )

### Note 17 Evaluation of Subsequent Events

The Hospital has evaluated events and transactions subsequent to June 30, 2013 through November 1, 2013, the date these financial statements were issued. The following event has been identified as a subsequent event requiring disclosure:

In September 2013, the Hospital's board of directors and in October 2013, Summit Health's board of directors approved the construction of a medical office building adjacent to the Hospital with a cost not to exceed \$17 million. The building will provide rental office space to primary and specialty physicians in the Waynesboro area with construction anticipated to begin in early 2014 and completion anticipated in 2015.