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Part III

Statement of Program Service Accomplishments

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

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1

Briefly describe the organization's mission

TO ADVANCE THE HEALTH AND WELL-BEING OF THE COMMUNITIES WE SERVE REFER TO FORM 990, SCHEDULE H FOR ADDITIONAL DISCLOSURE REGARDING LANCASTER GENERAL HOSPITAL'S MISSION

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 \$ 109,494,806 including grants of \$ ) (Revenue \$ 177,029,426 )

SURGICAL SERVICES (29,004 ENCOUNTERS)

4b

(Code ) (Expenses \$ 106,912,624 including grants of \$ ) (Revenue \$ 183,780,419 )

NURSING SERVICES (155,774 PATIENT DAYS)

4c

(Code ) (Expenses \$ 56,828,145 including grants of \$ ) (Revenue \$ 55,498,384 )

PHARMACY (13,340,680 SERVICES)

(Code ) (Expenses \$ 275,686,298 including grants of \$ 3,505,637 ) (Revenue \$ 399,926,323 )

ALL OTHER PROGRAM SERVICES, INCLUDING BUT NOT LIMITED TO, LABORATORY, RADIOLOGY, EMERGENCY MEDICINE, EDUCATION, AND PHYSICAL MEDICINE AND REHABILITATION LGH OPERATES AN EMERGENCY ROOM (ER) THAT IS OPEN TO ALL PERSONS REGARDLESS OF ABILITY TO PAY THE EMERGENCY ROOM HAD A TOTAL OF 112,960 VISITS DURING FISCAL YEAR 2013 TOTAL PATIENT DAYS FOR THE FISCAL YEAR WERE 158,242 MEDICARE AND MEDICAID PATIENTS CONTRIBUTED 16,641 AND 6,422, RESPECTIVELY, TOWARDS THE 36,770 TOTAL INPATIENT DISCHARGES DURING THE FISCAL YEAR

4d

Other program services (Describe in Schedule O )

(Expenses \$ 275,686,298 including grants of \$ 3,505,637 ) (Revenue \$ 399,926,323 )

4e












Total program service expenses

548,921,873

Form 990 (2012)

Part IV

Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3	No
4 <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 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5	
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10 Yes	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI. 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d Yes	
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17 Yes	
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 Yes	
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	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <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	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . .	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . .	24d		No
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	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . . .	29	Yes	
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	Yes	
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	35b	Yes	
36	<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	1a	383
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	6,418
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 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	16	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	14	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	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
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

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 checked="" type="checkbox"/> Own website <input 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	Dennis Roemer EVP & CFO 555 North Duke Street Lancaster, PA (717) 544-4926

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

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

[illegible]



## Part VII

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
<b>1b</b> Sub-Total . . . . .										
<b>c</b> Total from continuation sheets to Part VII, Section A . . . . .										
<b>d</b> Total (add lines 1b and 1c) . . . . .							12,146,175	0	1,458,986	

**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 ▶ 388

		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
BENCHMARK CONSTRUCTION PO BOX 806 BROWNSTOWN PA 17508	CONSTRUCTION	25,988,068
DELOITTE CONSULTING LLP 4022 SELLS DRIVE HERMITAGE TN 37076	CONSULTING	12,958,595
EPIC SYSTEMS CORP PO BOX 88314 MILWAUKEE WI 53288	HEALTHCARE TECHNOLOGY	4,098,959
SIEMENS MEDICAL SOLUTIONS PO BOX 7777 PHILADELPHIA PA 19175	MAINTENANCE REPAIRS	2,432,276
JUDGE INC 300 CONSHOHOKEN STATE ROAD WEST CONSHOHOKEN PA 19428	CONSULTING	2,153,258

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 ►199

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	1,180,851	5,027,737				
	b	Membership dues . . . . .	1b						
	c	Fundraising events . . . . .	1c	315					
	d	Related organizations . . . .	1d	50,000					
	e	Government grants (contributions)	1e	736,786					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	3,059,785					
	g	Noncash contributions included in lines 1a-1f \$		29,180					
	h	Total. Add lines 1a-1f . . . . .							
Program Service Revenue			Business Code						
	2a	OTHER NET PATIENT REVENUE	900099	514,714,891	510,756,246	3,958,645			
	b	MEDICARE/MEDICAID NET PATIENT REVENUE	900099	301,519,661	301,519,661				
	c	CAPITATION REVENUE	900099	419,665	419,665				
	d	PROVISION FOR BAD DEBT	900099	-38,700,071	-38,700,071				
	e	RENT REVENUE FROM AFFILIATES	900099	2,137,834	2,137,834				
	f	All other program service revenue		930,893	930,893	0	0		
	g	Total. Add lines 2a-2f . . . . .			781,022,873				
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . .		1,743,153			1,743,153		
	4	Income from investment of tax-exempt bond proceeds . . .		0					
	5	Royalties . . . . .		0					
	6a	Gross rents	(i) Real	(ii) Personal	0				
		b	Less rental expenses						
		c	Rental income or (loss)	0					0
		d	Net rental income or (loss) . . . . .						
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other	125,469				
		b	Less cost or other basis and sales expenses						
		c	Gain or (loss)	125,469					0
		d	Net gain or (loss) . . . . .						
	8a	Gross income from fundraising events (not including \$ 315 of contributions reported on line 1c) See Part IV, line 18 . . . . .		16,068	13,186			13,186	
	a								
	b	Less direct expenses . . . . .	2,882						
	c	Net income or (loss) from fundraising events . . .							
	9a	Gross income from gaming activities See Part IV, line 19 . . . . .			0				
	a								
	b	Less direct expenses . . . . .							
	c	Net income or (loss) from gaming activities . . .							
	10a	Gross sales of inventory, less returns and allowances .			0				
	a								
	b	Less cost of goods sold . . . . .							
c	Net income or (loss) from sales of inventory . . .								
Miscellaneous Revenue			Business Code						
11a	SALE OF SERVICES		541900	7,253,721	4,447,469	2,806,252			
b	MEDICAL SERVICES REVENUE		900099	8,353,185	8,353,185				
c	RENTAL REVENUE		531190	5,078,485			5,078,485		
d	All other revenue . . . . .			18,490,156	13,985,370	32,854	4,471,932		
e	Total. Add lines 11a-11d . . . . .			39,175,547					
12	Total revenue. See Instructions . . . . .			827,107,965	803,850,252	6,797,751	11,432,225		

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.	3,489,637	3,489,637		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	16,000	16,000		
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.	0			
4	Benefits paid to or for members.	0			
5	Compensation of current officers, directors, trustees, and key employees.	10,091,591		10,091,591	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	0			
7	Other salaries and wages.	298,032,668	226,727,978	70,622,144	682,546
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	30,089,396	23,248,491	6,770,917	69,988
9	Other employee benefits.	39,539,978	26,918,337	12,553,994	67,647
10	Payroll taxes.	20,975,871	15,524,717	5,412,880	38,274
11	Fees for services (non-employees):				
a	Management.	0			
b	Legal.	657,299		657,299	
c	Accounting.	248,216	6,360	241,521	335
d	Lobbying.	85,989		85,989	
e	Professional fundraising services. See Part IV, line 17.	35,100			35,100
f	Investment management fees.	81,537		81,537	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	34,952,300	9,436,156	25,513,790	2,354
12	Advertising and promotion.	1,678,100	1,678,038	62	
13	Office expenses.	28,054,757	9,497,328	18,509,983	47,446
14	Information technology.	15,850,527	1,221,081	14,609,954	19,492
15	Royalties.	0			
16	Occupancy.	17,448,466	14,850,213	2,582,869	15,384
17	Travel.	1,510,166	594,802	897,105	18,259
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19	Conferences, conventions, and meetings.	0			
20	Interest.	7,632,950	7,632,950		
21	Payments to affiliates.	0			
22	Depreciation, depletion, and amortization.	46,628,558	20,896,959	25,729,942	1,657
23	Insurance.	4,575,609	52,100	4,523,509	
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	PURCHASED SERVICES	32,805,121	21,126,414	11,617,054	61,653
b	BAD DEBT (NON-PATIENT)	28,338		28,338	
c	MGMT FEE	1,114,720		1,114,720	
d	MED/SURG SUPPLY	138,861,400	133,691,942	5,164,769	4,689
e	All other expenses	64,846	32,312,370	-32,381,781	134,257
25	Total functional expenses. Add lines 1 through 24e.	734,549,140	548,921,873	184,428,186	1,199,081
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).	0			

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 . . . . .			23,904	1	25,155
	2	Savings and temporary cash investments . . . . .			119,806,687	2	33,329,579
	3	Pledges and grants receivable, net . . . . .			5,414,468	3	4,030,204
	4	Accounts receivable, net . . . . .			100,596,228	4	91,724,369
	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	0
	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	0
	7	Notes and loans receivable, net . . . . .			1,581,456	7	1,912,714
	8	Inventories for sale or use . . . . .			4,270,772	8	12,150,409
	9	Prepaid expenses and deferred charges . . . . .			9,905,975	9	9,944,309
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	1,011,762,576			
	b	Less accumulated depreciation . . . . .	10b	536,164,956	447,732,704	10c	475,597,620
	11	Investments—publicly traded securities . . . . .			43,093,687	11	87,837,224
	12	Investments—other securities See Part IV, line 11 . . . . .			0	12	0
	13	Investments—program-related See Part IV, line 11 . . . . .			0	13	0
	14	Intangible assets . . . . .				14	
	15	Other assets See Part IV, line 11 . . . . .			52,202,397	15	41,352,931
	16	Total assets. Add lines 1 through 15 (must equal line 34) . . . . .			784,628,278	16	757,904,514
Liabilities	17	Accounts payable and accrued expenses . . . . .			69,148,794	17	64,039,458
	18	Grants payable . . . . .				18	
	19	Deferred revenue . . . . .			2,001,633	19	1,147,408
	20	Tax-exempt bond liabilities . . . . .			226,888,855	20	222,110,907
	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	0
	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 . . . . .			40,312,672	25	39,747,120
	26	Total liabilities. Add lines 17 through 25 . . . . .			338,351,954	26	327,044,893
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets . . . . .			420,746,753	27	413,443,410
	28	Temporarily restricted net assets . . . . .			18,473,946	28	9,796,319
	29	Permanently restricted net assets . . . . .			7,055,625	29	7,619,892
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds . . . . .				30	
	31	Paid-in or capital surplus, or land, building or equipment fund . . . . .				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances . . . . .			446,276,324	33	430,859,621
	34	Total liabilities and net assets/fund balances . . . . .			784,628,278	34	757,904,514

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	827,107,965
2	Total expenses (must equal Part IX, column (A), line 25) . . . . .	2	734,549,140
3	Revenue less expenses Subtract line 2 from line 1 . . . . .	3	92,558,825
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . . . .	4	446,276,324
5	Net unrealized gains (losses) on investments . . . . .	5	1,267,621
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	-109,243,154
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	430,859,621

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 checked="" type="checkbox"/> Consolidated basis <input 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	Yes
3b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b	Yes

Additional Data

Software ID: 12000266

Software Version: v2012.1.0

EIN: 23-1365353

Name: LANCASTER GENERAL 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			
ALEXANDER HENDERSON ESQ Chairperson	2 00	X		X				0	0	0
C CLAIR MCCORMICK Vice Chairperson	2 00	X		X				0	0	0
THOMAS E BEEMAN PHD President and CEO, Lancaster General Health	60 00	X		X				1,102,183	0	187,276
ANTONIO SUAREZ Trustee	2 00	X						0	0	0
BRUCE R LIMPERT Trustee	2 00	X						0	0	0
CHARLES RODENBERGER MD Trustee	2 00	X						0	0	0
DEBORAH K RILEY MD Trustee	16 00	X						19,900	0	796
F NICHOLAS GRASBERGER Trustee	2 00	X						0	0	0
GIBSON ARMSTRONG Trustee	2 00	X						0	0	0
JOANNE B LADLEY Trustee	2 00	X						0	0	0
LORI PICKELL Trustee	2 00	X						0	0	0
MICHAEL W VAN BELLE Trustee	2 00	X						0	0	0
PATRICK D WHALEN Trustee	2 00	X						0	0	0
PHILIP R WENGER Trustee	2 00	X						0	0	0
REBECCA S BUMSTEAD Trustee	2 00	X						0	0	0
ROBERT F LATSHAW MD Trustee	2 00	X						0	0	0
DENISE A KENNEDY VP, Financial Services	55 00			X				185,538	0	14,843
DENNIS R ROEMER EVP & CFO	55 00			X				401,040	0	22,078
DOUGLAS W RINEHART VP, Controller	55 00			X				194,597	0	24,989
ELIZABETH D HILLS VP, Risk Management & Corporate Compliance	55 00			X				171,212	0	13,644
F JOSEPH BYORICK III CFO Emeritus & Treasurer	55 00			X				608,292	0	27,874
GARY DAVIDSON SVP and CIO	55 00			X				472,702	0	64,218
GEOFFREY W EDDOWES SVP WBH and Post Acute Care	55 00			X				313,877	0	59,055
JAN L BERGEN EVP, Lancaster General Health and President, Lancaster General Health Network	55 00			X				664,653	0	171,809
JOSEPH A PUSKAR SVP, Customer Support Services	55 00			X				293,962	0	28,054

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			
JUDI L BRENDLE VP, Nursing	55 00 0			X				258,292	0	27,731
KAY BRADY VP, Human Resources	55 00 2 00			X				168,227	0	21,338
KEITH A ORRIS SVP, Community and Government Affairs	55 00 2 00			X				273,833	0	27,408
KENNETH J COLLINS VP, Materials Management	55 00 0			X				71,691	0	8,043
LEE M DUKE II MD SVP and Chief Physician Executive	55 00 4 00			X				592,960	0	130,977
LISA R HESS VP, Marketing and Relationship Management	55 00 2 00			X				176,538	0	24,245
MARGARET F COSTELLA ESQ VP, Legal Services and Assistant Secretary	55 00 12 00			X				241,917	0	11,582
MARION A MCGOWAN RN President of Lancaster General Hospital and President of LG Health Innovation, Inc	55 00 8 00			X				694,505	0	27,996
MARY B MISKEY VP, Human Resources Operations	55 00 2 00			X				187,795	0	15,158
NORMA J FERDINAND SVP, Chief Quality Officer	55 00 2 00			X				764,292	0	87,095
REGINA M MINGLE SVP and Chief Leadership Officer	55 00 4 00			X				426,402	0	94,823
RICHARD D PAOLETTI VP, Operations	55 00 0			X				239,432	0	26,994
ROBERT P MACINA ESQ SVP, Chief Administrative/Legal Officer and Corporate Secretary	55 00 20 00			X				465,885	0	104,569
STACEY G YOUCIS VP, Operations-Musculoskeletal and Perioperative Services	55 00 0			X				244,130	0	26,956
SUSAN WYNNE SVP, Business Development-Ambulatory Services	55 00 2 00			X				330,506	0	58,154
TIMOTHY C ZELLERS VP, Cardiovascular Services Lines & Pulmonary Service	55 00 2 00			X				203,731	0	25,515
JOHN LEE Assoc Medical Director Trauma	50 00 0					X		506,987	0	27,032
JOHN YELCICK Medical Director Laboratones	50 00 0					X		412,935	0	17,504
KEVIN LORAH Medical Director	50 00 0					X		387,866	0	27,773
PHILIP BAYLISS Medical Director	50 00 0					X		548,113	0	25,557
TIMOTHY BOLEY Pernnatologist	50 00 0					X		522,182	0	27,902

SCHEDULE A  
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2012

Open to Public Inspection

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.

Department of the Treasury  
Internal Revenue Service

Name of the organization  
LANCASTER GENERAL HOSPITAL

Employer identification number  
23-1365353

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                              |          |  |  |    |   |    |  |    |                                  |
- For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990EZ.

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2012



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 C

(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization LANCASTER GENERAL HOSPITAL	Employer identification number  23-1365353
--	--

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

1	Provide a description of the organization’s direct and indirect political campaign activities in Part IV	
2	Political expenditures	▶ \$
3	Volunteer hours	

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

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b	If “Yes,” describe in Part IV	

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities	▶ \$
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$
4	Did the filing organization file Form 1120-POL for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization’s funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

- A
- Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B
- Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No													

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
<b>1</b> During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of	<b>a</b> Volunteers?		No	
	<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
	<b>c</b> Media advertisements?		No	
	<b>d</b> Mailings to members, legislators, or the public?	Yes		
	<b>e</b> Publications, or published or broadcast statements?	Yes		5,889
	<b>f</b> Grants to other organizations for lobbying purposes?	Yes		45,989
	<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		35,728
	<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?	Yes		103,630
	<b>i</b> Other activities?	Yes		20,000
	<b>j</b> Total Add lines 1c through 1i			227,052
	<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912				
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912				
<b>d</b> If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?				

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
Description of the activities reported on Lines 1a through 1i.	Schedule C, Part II-B, Line 1	LANCASTER GENERAL HOSPITAL ATTEMPTED TO INFLUENCE FOREIGN, NATIONAL, STATE OR LOCAL LEGISLATION, INCLUDING ANY ATTEMPT TO INFLUENCE PUBLIC OPINION ON A LEGISLATIVE MATTER OR REFERENDUM, THROUGH THE USE OF MAILINGS, PUBLICATIONS, GRANTS, DIRECT CONTACT, AND RALLIES, DEMONSTRATIONS, SEMINARS, CONVENTIONS, SPEECHES, LECTURES, OR OTHER SIMILAR MEANS.

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 LANCASTER GENERAL HOSPITAL	Employer identification number 23-1365353
--	--

Part I

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	

Part II

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

1

Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or education)☐ Preservation of an historically important land area☐ Protection of natural habitat☐ Preservation of a certified historic structure☐ Preservation of open space

2

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

	Held at the End of the Year
a	Total number of conservation easements
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register

3

Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶\_\_\_\_\_

4

Number of states where property subject to conservation easement is located ▶\_\_\_\_\_

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes☐ No

6

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

7

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

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?

☐ Yes☐ No

9

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

Part III

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

1a

If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b

If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

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

▶ \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

2

If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ \_\_\_\_\_

b

Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

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

Cat No 52283D

Schedule D (Form 990) 2012

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

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

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

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

	Amount
1c	
1d	
1e	
1f	

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

2a

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

☐ Yes

☐ No

b

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

☐

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a	Beginning of year balance	6,583,532	6,712,971	5,136,601	4,590,848
b	Contributions	68,821	141,048	750,733	5,720
c	Net investment earnings, gains, and losses	703,460	216,509	929,316	555,097
d	Grants or scholarships				
e	Other expenditures for facilities and programs	31,483	486,960	105,106	11,892
f	Administrative expenses	-1,280	36	-1,427	3,172
g	End of year balance	7,325,610	6,583,532	6,712,971	5,136,601

2

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

a

Board designated or quasi-endowment

b

Permanent endowment

65 000 %

c

Temporarily restricted endowment

35 000 %

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)

Yes

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		33,697,156		33,697,156
b Buildings		421,301,180	159,319,202	261,981,978
c Leasehold improvements		15,460,441	10,239,096	5,221,345
d Equipment		424,994,441	296,667,705	128,326,736
e Other		116,309,358	69,938,953	46,370,405
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				475,597,620

Schedule D (Form 990) 2012





**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return**

<b>1</b>	Total revenue, gains, and other support per audited financial statements . . . . .	<b>1</b>	719,132,436
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
<b>a</b>	Net unrealized gains on investments . . . . .	<b>2a</b>	1,267,621
<b>b</b>	Donated services and use of facilities . . . . .	<b>2b</b>	
<b>c</b>	Recoveries of prior year grants . . . . .	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII ) . . . . .	<b>2d</b>	-109,243,150
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> . . . . .	<b>2e</b>	-107,975,529
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .	<b>3</b>	827,107,965
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line <b>1</b>		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	<b>4a</b>	
<b>b</b>	Other (Describe in Part XIII ) . . . . .	<b>4b</b>	0
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .	<b>4c</b>	0
<b>5</b>	Total revenue Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 12 ) . . . . .	<b>5</b>	827,107,965

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

<b>1</b>	Total expenses and losses per audited financial statements . . . . .	<b>1</b>	734,549,140
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25		
<b>a</b>	Donated services and use of facilities . . . . .	<b>2a</b>	
<b>b</b>	Prior year adjustments . . . . .	<b>2b</b>	
<b>c</b>	Other losses . . . . .	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII ) . . . . .	<b>2d</b>	0
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> . . . . .	<b>2e</b>	0
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .	<b>3</b>	734,549,140
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line <b>1</b> :		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	<b>4a</b>	
<b>b</b>	Other (Describe in Part XIII ) . . . . .	<b>4b</b>	0
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .	<b>4c</b>	0
<b>5</b>	Total expenses Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 18 ) . . . . .	<b>5</b>	734,549,140

**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
Intended uses of endowment funds	Schedule D, Part V, Line 4	LANCASTER GENERAL HOSPITAL UTILIZES THE ENDOWMENT FUNDS IN ACCORDANCE WITH THEIR TAX-EXEMPT PURPOSE AND AS SPECIFIED BY DONOR
FIN 48 (ASC 740) footnote	Schedule D, Part X, Line 2	LANCASTER GENERAL HOSPITAL FOLLOWS THE ACCOUNTING GUIDANCE FOR UNCERTAINTIES IN INCOME TAX POSITIONS WHICH REQUIRES THAT A TAX POSITION BE RECOGNIZED OR DERECOGNIZED BASED ON A "MORE LIKELY THAN NOT" THRESHOLD. THIS APPLIES TO POSITIONS TAKEN OR EXPECTED TO BE TAKEN IN A TAX RETURN. LANCASTER GENERAL HOSPITAL DOES NOT BELIEVE ITS CONSOLIDATED FINANCIAL STATEMENTS INCLUDE ANY MATERIAL UNCERTAIN TAX POSITIONS.
Other revenues in audited financial statements not in form 990	Schedule D, Part XI, Line 2d	RELATED PARTY TRANSFERS - -114981778, PERPETUAL TRUST DISTRIBUTION - 79491, CHANGE IN INTEREST IN LG-TRNA - 358296, OTHER NON-OPERATING INCOME - 5300841,

Additional Data

Software ID: 12000266  
Software Version: v2012.1.0  
EIN: 23-1365353  
Name: LANCASTER GENERAL HOSPITAL

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

(a) Description	(b) Book value
(1) MISCELLANEOUS RECEIVABLE	12,610,211
(2) OTHER LONG-TERM ASSETS	7,299,690
(3) PERPETUAL TRUST FUNDS SHOWN AT YEAR END MARKET VALUE	6,941,147
(4) ASSETS WHOSE USE IS LIMITED	6,059,680
(5) INVESTMENTS IN NON-CONSOLIDATING AFFILIATES	4,171,473
(6) DUE FROM AFFILIATES	2,924,409
(7) FUNDS HELD BY AN AFFILIATE SHOWN AT YEAR END MARKET VALUE	1,110,273
(8) OTHER CURRENT ASSETS	236,048

**SCHEDULE G**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

## Supplemental Information Regarding Fundraising or Gaming Activities

**Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a. Form 990-EZ filers are not required to complete this part.**

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

OMB No 1545-0047

# 2012

## Open to Public Inspection

Name of the organization  
LANCASTER GENERAL HOSPITAL

**Employer identification number**

23-1365353

**Part I Fundraising Activities.** Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

**1** Indicate whether the organization raised funds through any of the following activities. Check all that apply.

<b>a</b> <input checked="" type="checkbox"/> Mail solicitations	<b>e</b> <input checked="" type="checkbox"/> Solicitation of non-government grants
<b>b</b> <input checked="" type="checkbox"/> Internet and email solicitations	<b>f</b> <input checked="" type="checkbox"/> Solicitation of government grants
<b>c</b> <input checked="" type="checkbox"/> Phone solicitations	<b>g</b> <input checked="" type="checkbox"/> Special fundraising events
<b>d</b> <input checked="" type="checkbox"/> In-person solicitations	

**2a** Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☒ **Yes** ☐ **No**

**b** If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col (i)	(vi) Amount paid to (or retained by) organization
LINDSLEY CONSULTING GROUP 89 LEAMAN ROAD <u>LANCASTER, PA 17603</u>	CANCER CAPITAL CAMPAIGN SUPPORT	Yes	No	500,000	35,100	464,900
			No			
Total . . . . .				500,000	35,100	464,900

**3** List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing

PA

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

Revenue			(a) Event #1	(b) Event #2	(c) Other events	(d) Total events	
			EMPOWERED BY PINK			(add col (a) through col (c))	
			(event type)	(event type)	(total number)		
1	Gross receipts	. . .	16,068			16,068	
2	Less Contributions	. .				0	
3	Gross income (line 1 minus line 2)	. . .	16,068	0	0	16,068	
Direct Expenses	4	Cash prizes	. . .			0	
	5	Noncash prizes	. .			0	
	6	Rent/facility costs	. .			0	
	7	Food and beverages	.	2,882		2,882	
	8	Entertainment	. . .			0	
	9	Other direct expenses	.			0	
	10	Direct expense summary Add lines 4 through 9 in column (d) . . . . . ▶					(2,882)
	11	Net income summary Combine line 3, column (d), and line 10 . . . . . ▶					13,186

Part III Gaming. Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col (a) through col (c))
Direct Expenses	1	Gross revenue . . . .			
	2	Cash prizes . . . .			
	3	Non-cash prizes . . . .			
	4	Rent/facility costs . . . .			
	5	Other direct expenses . . .			
	6	Volunteer labor . . . .	<div><input type="checkbox"/> Yes</div> <div><input type="checkbox"/> No</div>	<div><input type="checkbox"/> Yes</div> <div><input type="checkbox"/> No</div>	<div><input type="checkbox"/> Yes</div> <div><input type="checkbox"/> No</div>
	7	Direct expense summary Add lines 2 through 5 in column (d) . . . . . ▶			
	8	Net gaming income summary Combine lines 1 and 7 in column (d) . . . . . ▶			

9 Enter the state(s) in which the organization operates gaming activities \_\_\_\_\_

a Is the organization licensed to operate gaming activities in each of these states? . . . . . ☐ Yes ☐ No

b If "No," explain \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? . . . . . ☐ Yes ☐ No

b If "Yes," explain \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Does the organization operate gaming activities with nonmembers? ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? ☐ Yes ☐ No

13 Indicate the percentage of gaming activity operated in



a The organization's facility	13a	
b An outside facility	13b	

14 Enter the name and address of the person who prepares the organization's gaming/special events books and records

Name  .....

Address  .....

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? ☐ Yes ☐ No


b If "Yes," enter the amount of gaming revenue received by the organization  \$ \_\_\_\_\_ and the amount of gaming revenue retained by the third party  \$ \_\_\_\_\_

c If "Yes," enter name and address of the third party

Name  .....

Address  .....

16 Gaming manager information

Name  .....


Gaming manager compensation  \$ .....

Description of services provided  .....

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? ☐ Yes ☐ No

b Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year  \$ \_\_\_\_\_

**Part IV Supplemental Information.** Complete this part to provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

Identifier	Return Reference	Explanation
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SCHEDULE H  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

**Name of the organization**  
LANCASTER GENERAL HOSPITAL

**Employer identification number**  
23-1365353

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 type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ %  b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care . . . . .  <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input checked="" 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	Yes	
b	If "Yes," did the organization make it available to the public? . . . . .	5c		No
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H	6a	Yes	
		6b	Yes	

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1) . . . . .			11,789,457	0	11,789,457	1 610 %
b Medicaid (from Worksheet 3, column a) . . . . .			66,906,128	0	66,906,128	9 110 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .			0	0	0	0 %
d <b>Total</b> Financial Assistance and Means-Tested Government Programs . . . . .	0	0	78,695,585	0	78,695,585	10 720 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .			9,157,208	3,943,607	5,213,601	0 710 %
f Health professions education (from Worksheet 5) . . . . .			12,270,225	1,838,674	10,431,551	1 420 %
g Subsidized health services (from Worksheet 6) . . . . .			262,002	84,917	177,085	0 020 %
h Research (from Worksheet 7) . . . . .					0	0 %
i Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .			609,637	0	609,637	0 080 %
j <b>Total.</b> Other Benefits . . . . .	0	0	22,299,072	5,867,198	16,431,874	2 230 %
k <b>Total.</b> Add lines 7d and 7j . . . . .	0	0	100,994,657	5,867,198	95,127,459	12 950 %

Part II

Community 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
1	Physical improvements and housing				0	0 %
2	Economic development				0	0 %
3	Community support				0	0 %
4	Environmental improvements				0	0 %
5	Leadership development and training for community members				0	0 %
6	Coalition building				0	0 %
7	Community health improvement advocacy		245,888	0	245,888	0 030 %
8	Workforce development				0	0 %
9	Other		1,500,000	0	1,500,000	0 200 %
10	Total	0	1,745,888	0	1,745,888	0 240 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

2

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

2

38,700,071

3

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

3

0

4

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

Section B. Medicare

5

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

5

266,269,220

6

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

6

344,027,496

7

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

7

-77,758,276

8

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

Section C. Collection Practices

9a

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

9a

Yes

b

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

9b

No

Part IV

Management Companies and Joint Ventures

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

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1				
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?  
2

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	LANCASTER GENERAL HOSPITAL 555 NORTH DUKE STREET PO BOX 3555 LANCASTER, PA 176043555 WWW.LGHEALTH.ORG	X	X		X		X	X			A
2	WOMEN AND BABIES HOSPITAL 690 GOOD DRIVE PO BOX 3750 LANCASTER, PA 176043750 WWW.LGHEALTH.ORG	X	X		X						A

Part V Facility Information (continued)

Section B. Facility Policies and Practices

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or facility reporting group

A

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 checked="" 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 checked="" 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>200</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>400</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 type="checkbox"/> Insurance status					
<b>e</b> <input checked="" type="checkbox"/> Uninsured discount					
<b>f</b> <input type="checkbox"/> Medicaid/Medicare					
<b>g</b> <input 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 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 checked="" 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 checked="" 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? . . . . .				<b>17</b>	Yes
If "Yes," check all actions in which the hospital facility or a third party engaged					
<b>a</b> <input checked="" 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?

9

Name and address	Type of Facility (describe)
1 SUBURBAN OUTPATIENT PAVILION 2100 HARRISBURG PIKE PO BOX 3200 LANCASTER, PA 17604	OUTPATIENT SERVICES
2 DOWNTOWN OUTPATIENT PAVILION 540 NORTH DUKE STREET LANCASTER, PA 17604	OUTPATIENT SERVICES
3 KISSEL HILL OUTPATIENT CENTER 51 PETERS ROAD LITITZ, PA 17543	OUTPATIENT SERVICES
4 WILLOW LAKES OUTPATIENT CENTER 212 WILLOW VALLEY LAKES DRIVE WILLOW STREET, PA 17584	OUTPATIENT SERVICES
5 COLUMBIA OUTPATIENT CENTER 306 NORTH SEVENTH STREET PO BOX 926 COLUMBIA, PA 17512	OUTPATIENT SERVICES
6 NORLANCO OUTPATIENT CENTER 424 CLOVERLEAF ROAD ELIZABETHTOWN, PA 17022	OUTPATIENT SERVICES
7 WALTER LAUMENT FAMILY HEALTH CENTER 317 SOUTH CHESTNUT STREET QUARRYVILLE, PA 17566	OUTPATIENT SERVICES
8 CROOKED OAK OUTPATIENT CENTER 1671 CROOKED OAK DRIVE LANCASTER, PA 17601	OUTPATIENT SERVICES
9 EDEN PHYSICAL THERAPY 730 EDEN ROAD LANCASTER, PA 17601	OUTPATIENT SERVICES
10	

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc )
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report
- 8
- Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
FEDERAL POVERTY GUIDELINES	SCHEDULE H, PART I, LINE 3C	LANCASTER GENERAL HOSPITAL FOLLOWS THE FEDERAL POVERTY GUIDELINES FOR FREE CARE AND DISCOUNTED CARE
FREE OR DISCOUNTED CARE BUDGET	SCHEDULE H, PART I, LINE 5B	LANCASTER GENERAL HOSPITAL'S FINANCIAL ASSISTANCE EXPENSES OF \$30,724,500 PROVIDED UNDER ITS CHARITY CARE POLICY EXCEEDED ITS BUDGETED AMOUNT OF \$24,000,021 BY \$6,724,479 THE PRIOR YEAR EXPENSES WERE \$23,060,052

Identifier	ReturnReference	Explanation
Community benefit report prepared by related organization	Schedule H, Part I, Line 6 a	LANCASTER GENERAL HEALTH
COMMUNITY BENEFIT REPORT	SCHEDULE H, PART I, LINE 6A	LANCASTER GENERAL HOSPITAL'S COMMUNITY BENEFIT REPORT IS A REPORT DISTINCT FOR THIS ORGANIZATION

Identifier	ReturnReference	Explanation
COMMUNITY BENEFIT REPORT	SCHEDULE H, PART I, LINE 6B	LANCASTER GENERAL HOSPITAL MAKES AVAILABLE TO THE PUBLIC AN ANNUAL REPORT WHICH INCLUDES INFORMATION ABOUT COMMUNITY BENEFIT AND HEALTH EFFORTS
Costing Methodology used to calculate financial assistance	Schedule H, Part I, Line 7	A COST ACCOUNTING SYSTEM WAS USED TO CALCULATE THE COST TO CHARGE RATIO BY CALCULATING TOTAL PATIENT CHARGES AND THE COSTS RELATED TO THESE CHARGES THIS SYSTEM ADDRESSES ALL PATIENT SEGMENTS PART I, LINE 7A, COLUMN C - FINANCIAL ASSISTANCE AT COST WAS CALCULATED USING THE COST ACCOUNTING SYSTEM COST TO CHARGE RATIO



Identifier	ReturnReference	Explanation
PERCENT OF TOTAL EXPENSE	SCHEDULE H, PART I, LINE 7	THE FUNCTIONAL EXPENSE IS POPULATED FROM FORM 990, PART IX, LINE 25 BAD DEBT IS NO LONGER SUBTRACTED FROM THE FUNCTIONAL EXPENSE AMOUNT BECAUSE IN JULY 2012, LANCASTER GENERAL HOSPITAL ADOPTED THE PROVISIONS OF ASU 2011-07 "PRESENTATION AND DISCLOSURE OF PATIENT REVENUE, PROVISION FOR BAD DEBTS, AND THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR CERTAIN HEALTH CARE ENTITIES " THE ASU REQUIRES HEALTH CARE ENTITIES TO PRESENT THE PROVISION FOR BAD DEBTS RELATED TO PATIENT SERVICE REVENUE AS A DEDUCTION FROM PATIENT SERVICE REVENUE ON THE FACE OF THE COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
Bad Debt Expense excluded from financial assistance calculation	Schedule H, Part I, Line 7, column(f)	0

Identifier	ReturnReference	Explanation
SUBSIDIZED HEALTH SERVICES	SCHEDULE H, PART I, LINE 7G	SUBSIDIZED HEALTH SERVICES REPORTED INCLUDES A COMPREHENSIVE CARE CLINIC
Community Building Activities	Schedule H, Part II	PART II, LINE 7, COMMUNITY HEALTH IMPROVEMENT ADVOCACY INCLUDES SALARIES FOR FINANCIAL COUNSELORS WHO DISCUSS ELIGIBILITY AND REGISTER PATIENTS FOR ALL GOVERNMENTAL AND FINANCIAL ASSISTANCE PROGRAMS PART II, LINE 9, OTHER - INCLUDES PAYMENTS TO THE SCHOOL DISTRICT OF LANCASTER (EIN# 23-1726414) WHICH PROVIDES FUNDING FOR SCHOOL BASED HEALTH CLINICS AS WELL AS NURSING STAFFING TO PROMOTE THE HEALTH AND WELL-BEING OF SCHOOL AGED CHILDREN

Identifier	ReturnReference	Explanation
Bad debt expense - methodology used to estimate amount	Schedule H, Part III, Line 2	LANCASTER GENERAL HOSPITAL RECOGNIZES BAD DEBT EXPENSE AND THE ALLOWANCE FOR DOUBTFUL ACCOUNTS BASED UPON HISTORICAL EXPERIENCE FOR BOTH THIRD-PARTY PAYERS AND SELF PAY MANAGEMENT REGULARLY EVALUATES PATIENT ACCOUNT HISTORY IN DETERMINING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR BAD DEBTS PATIENT ACCOUNTS RECEIVABLE ARE CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS WHEN MANAGEMENT DETERMINES THAT RECOVERY IS UNLIKELY AND COLLECTION EFFORTS CEASE LOSSES HAVE BEEN CONSISTENT WITH MANAGEMENT'S EXPECTATIONS
Bad debt expense - methodology used to estimate amount as community benefit	Schedule H, Part III, Line 3	AMOUNT IS ZERO BECAUSE THESE ACCOUNTS WOULD NOT BE INCLUDED AS BAD DEBT BUT WOULD BE INCLUDED AS CHARITY CARE

Identifier	ReturnReference	Explanation
Bad debt expense - financial statement footnote	Schedule H, Part III, Line 4	BAD DEBT IS EXPLAINED WITHIN THE NET PATIENT SERVICE REVENUE SECTION OF THE NOTES TO FINANCIAL STATEMENTS ON PAGES 11 AND 12 OF LANCASTER GENERAL HOSPITAL'S ATTACHED AUDITED FINANCIAL STATEMENTS
Community benefit & methodology for determining medicare costs	Schedule H, Part III, Line 8	A HIGHLY DEVELOPED COST ACCOUNTING SYSTEM WAS USED IN ORDER TO ATTAIN MORE PRECISE AMOUNTS REPORTED ON FORM 990, SCHEDULE H, PART III, SECTION B, LINES 5 AND 6 RATHER THAN AMOUNTS FROM LANCASTER GENERAL HOSPITAL'S MEDICARE COST REPORT FOR FISCAL YEAR 2013 THE \$77,758,276 REPORTED AS A SHORTFALL ON LINE 7 SHOULD BE TREATED AS COMMUNITY BENEFIT AS IT REPRESENTS COSTS NOT RECOVERED AS A RESULT OF SERVING THE MEDICARE POPULATION IF LANCASTER GENERAL HOSPITAL WOULD NOT SERVE THIS POPULATION, THE SHORTFALL WOULD BE ALLOCATED WITHIN THE COMMUNITY IN AREAS DEEMED A PRIORITY BY THE MISSION & COMMUNITY BENEFIT COMMITTEE THE TOTAL REVENUE REPORTED ON THE MEDICARE COST REPORT WAS \$163,226,046 AND INCLUDES BAD DEBT, INDIRECT MEDICAL EDUCATION (IME) PAYMENTS, COINSURANCES, AND DEDUCTIBLES DIRECT GRADUATE MEDICAL EDUCATION (GME) REVENUE OF \$1,262,060 IS REPORTED ON SCHEDULE H, PART I, LINE 7F, HEALTH PROFESSIONS EDUCATION AND THEREFORE IS EXCLUDED FROM THIS AMOUNT THE TOTAL EXPENSE REPORTED ON THE MEDICARE COST REPORT WAS \$123,383,006 PHYSICIAN, CRNA, AND LABORATORY SERVICES REVENUE AND EXPENSE RELATED TO THESE SERVICES ARE REMOVED FROM THE MEDICARE COST REPORT PHYSICIAN, CRNA, AND LABORATORY SERVICES REVENUE AND EXPENSE ARE INCLUDED IN THE AMOUNT REPORTED ON SCHEDULE H, PART III, SECTION B, LINE 7 DERIVED FROM THE COST ACCOUNTING SYSTEM

Identifier	ReturnReference	Explanation
COLLECTION PRACTICES	SCHEDULE H, PART III, LINE 9B	LANCASTER GENERAL HOSPITAL'S CURRENT COLLECTION POLICY DOES NOT CONTAIN PROVISIONS ON THE COLLECTION PRACTICES TO FOLLOW FOR PATIENTS WHO ARE KNOWN TO QUALIFY FOR CHARITY CARE OR FINANCIAL ASSISTANCE
Community Served by Needs Assessment	Schedule H, Part V Section B, Line 3	(1) LANCASTER GENERAL HOSPITAL - THE COMMUNITY HEALTH NEEDS ASSESSMENT WAS CONDUCTED IN PARTNERSHIP WITH THE LANCASTER HEALTH IMPROVEMENT PARTNERSHIP (LHIP) AND ITS PARTNER ORGANIZATIONS EXPERTS IN VARIOUS ASPECTS OF PUBLIC HEALTH PROVIDED COMMENTS AND RECOMMENDATIONS BASED ON COUNTY DATA AND THE CLIENTS THEY REPRESENT INPUT FROM THE EXPERTS WAS GATHERED THROUGH MEETINGS THAT INCLUDED INTERVIEWS AND FOCUS GROUPS THE INDIVIDUALS CONSULTED WITH ARE REPRESENTATIVES OF VARIOUS AREAS OF PUBLIC HEALTH AND COMMUNITY GROUPS AND THE TYPES OF ORGANIZATIONS IN WHICH THEY ARE MEMBERS OF ARE AS FOLLOWS MENTAL HEALTH, COUNTY GOVERNMENT, LOCAL HOSPITALS, THE STATE HEALTH DEPARTMENT, NURSING HOMES, PUBLIC HEALTH, FACILITY FOR THE HOMELESS, PREGNANCY SERVICES, FAITH BASED-LOW INCOME, HIV PREVENTION, DRUG & ALCOHOL PREVENTION, PHILANTHROPIC SERVICES, DATA ANALYSTS, LOCAL SCHOOL AND COLLEGE, CANCER PREVENTION, LOW INCOME POPULATION, FAITH BASED AND CHILDREN, IMMUNIZATION COALITION, LATINO COMMUNITY, LOCAL CHAMBER OF COMMERCE, CITY GOVERNMENT, AFRICAN-AMERICAN COMMUNITY, AND SOCIAL SERVICES ,

Identifier	ReturnReference	Explanation
Other Hospital Facilities included in Needs Assessment	Schedule H, Part V Section B, Line 4	(1) LANCASTER GENERAL HOSPITAL - LANCASTER REHABILITATION HOSPITAL LLC ,
COMMUNITY HEALTH NEEDS ASSESSMENT	SCHEDULE H, PART V, SECTION B, LINE 5A	THE COMMUNITY HEALTH NEEDS ASSESSMENT CAN BE FOUND IN THE "ABOUT US" SECTION ON THE FACILITY'S WEBSITE WWW.LGHEALTH.ORG

Identifier	ReturnReference	Explanation
Other ways hospital publicized Financial Assistance Policy	Schedule H, Part V Section B, Line 14g	(1) LANCASTER GENERAL HOSPITAL - THE FACILITY DOES NOT ATTACH THE FINANCIAL ASSISTANCE POLICY TO BILLING INVOICES HOWEVER, THE INVOICES NOTE THAT FINANCIAL ASSISTANCE IS AVAILABLE AND TO CONTACT THE FACILITY FOR ASSISTANCE ,
Means used to determine amounts billed	Schedule H, Part V Section B, Line 20d	(1) LANCASTER GENERAL HOSPITAL - THE FACILITY USED A BILLING RATE BETWEEN THE AVERAGE NEGOTIATED COMMERCIAL INSURANCE RATE AND THE MEDICARE RATE ,

Identifier	ReturnReference	Explanation
ADDITIONAL EXPLANATION	SCHEDULE H, PART VI	LANCASTER GENERAL HOSPITAL PROVIDED FINANCIAL SUPPORT TO THE CITY OF LANCASTER (EIN 23-6001904) IN THE AMOUNT OF \$1,380,000 THESE FUNDS PROVIDED ASSISTANCE TO THE CITY FOR SPECIAL EVENTS AND ITS POLICE, FIRE, AND PUBLIC WORKS SERVICES
Needs assessment	Schedule H, Part VI, Line 2	AT LANCASTER GENERAL HOSPITAL, WE ARE WORKING TO IMPROVE THE HEALTH AND WELL-BEING OF OUR COMMUNITIES WE SERVE BY IDENTIFYING AND ADDRESSING COMMUNITY HEALTH PRIORITIES THE MISSION & COMMUNITY BENEFIT COMMITTEE OF THE BOARD OF TRUSTEES PROVIDES OVERSIGHT FOR ALL OF OUR COMMUNITY BENEFIT ACTIVITIES, ESTABLISHES OUR LOCAL HEALTH PRIORITIES, AND MONITORS THE HEALTH STATUS OF THE COMMUNITIES WE SERVE SINCE WE CANNOT ADDRESS ALL OF OUR COMMUNITY'S NEEDS ALONE, WE AND OTHER MEMBERS OF THE LANCASTER HEALTH IMPROVEMENT PARTNERSHIP (LHIP) REGULARLY ANALYZE FEDERAL, STATE, AND LOCAL DATA TO IDENTIFY OUR COMMUNITY'S MOST PRESSING HEALTH CONCERNS LANCASTER GENERAL HOSPITAL CONTRACTS WITH HEALTHY COMMUNITIES INSTITUTE (HCI) TO PROVIDE DEMOGRAPHIC AND SECONDARY DATA ON HEALTH, HEALTH DETERMINANTS, AND QUALITY OF LIFE TOPICS FOR OUR COMMUNITY THAT IS PRIMARILY DERIVED FROM STATE AND NATIONAL PUBLIC HEALTH SOURCES FROM THIS DATA, WE SELECT THOSE ISSUES THAT AFFECT THE MOST PEOPLE, AND DOES, OR WILL, COST SOCIETY THE MOST IN EITHER DOLLARS OR QUALITY OF LIFE AS WE BUILD ACTION PLANS FOR EACH OF OUR PRIORITY AREAS, WE CONSIDER PROGRAMS AND ACTIVITIES THAT INFLUENCE THE INDIVIDUAL, FAMILY, COMMUNITY AND WORKPLACE, AS WELL AS SUPPORT POLICIES THAT INFLUENCE POSITIVE HEALTH OUTCOMES WE STRIVE TO INFLUENCE HEALTH WHERE PEOPLE LIVE, WORK, PLAY, AND LEARN LANCASTER GENERAL HOSPITAL WORKS TO CREATE COMMUNITY BENEFIT ACTIVITIES THAT EXCEED INDUSTRY STANDARDS, WHETHER WE ARE BEING A ROLE MODEL FOR ENVIRONMENTALLY-FRIENDLY POLICIES OR ADVOCATING FOR HEALTH LEGISLATION THAT BENEFITS ALL RESIDENTS WE DO THIS NOT ONLY BECAUSE IT'S OUR MISSION, BUT ALSO BECAUSE IT'S THE RIGHT THING TO DO



Identifier	ReturnReference	Explanation
Patient education of eligibility for assistance	Schedule H, Part VI, Line 3	NOTICES OF AVAILABILITY OF CHARITY CARE AND FINANCIAL ASSISTANCE ARE POSTED AT PATIENT REGISTRATION POINTS THROUGHOUT THE ORGANIZATION AND PRESENTED TO CUSTOMERS UPON REQUEST AS WELL AS LISTED ON THEIR BILL SUMMARY INFORMATION IS ALSO AVAILABLE ON THE LANCASTER GENERAL HEALTH WEBSITE A FINANCIAL COUNSELOR WILL ATTEMPT TO VISIT ALL INPATIENTS WHO PRESENT AS UNINSURED TO DISCUSS ELIGIBILITY FOR ALL GOVERNMENTAL PROGRAMS AND FINANCIAL ASSISTANCE PROGRAMS
Community information	Schedule H, Part VI, Line 4	LANCASTER GENERAL HOSPITAL'S PRIMARY AND SECONDARY SERVICE AREAS COMPRISE ALL OF LANCASTER COUNTY, PENNSYLVANIA LGH ALSO SERVES PATIENTS IN BERKS, CHESTER, DAUPHIN, LEBANON, AND YORK COUNTIES LOCATED IN SOUTH CENTRAL PENNSYLVANIA, LANCASTER COUNTY IS 950 SQUARE MILES IN SIZE AND IS HOME TO 531,198 PEOPLE ABOUT 16% OF THE POPULATION IS OVER THE AGE OF 64, 51 1% OF THE POPULATION IS FEMALE THE MEDIAN INCOME IS \$54,029, AND 10 3% OF THE POPULATION LIVES BELOW THE FEDERAL POVERTY LEVEL LANCASTER GENERAL HOSPITAL'S MARKET SHARE IN LANCASTER COUNTY IS APPROXIMATELY 56 2%

Identifier	ReturnReference	Explanation
Promotion of community health	Schedule H, Part VI, Line 5	LANCASTER GENERAL HOSPITAL IS GOVERNED BY A 15-MEMBER BOARD OF TRUSTEES, INCLUDING 12 COMMUNITY MEMBERS AND THREE PHYSICIANS WHO ALL RESIDE IN OUR PRIMARY OR SECONDARY SERVICE AREAS. THEY VOLUNTEER THEIR PROFESSIONAL TIME AND EXPERTISE TO GUIDE THE HOSPITAL. ALL TRUSTEES ANNUALLY COMPLETE A CONFLICT OF INTEREST STATEMENT TO ENSURE THEIR OBJECTIVITY. THE BOARD OF TRUSTEES OPERATES SEVEN COMMITTEES COMPRISED OF AN ADDITIONAL 30+ COMMUNITY MEMBERS. THE COMMITTEES INCLUDE QUALITY, MISSION & COMMUNITY BENEFIT, PROFESSIONAL AFFAIRS, FINANCE/CAPITAL ALLOCATIONS, AUDIT & COMPLIANCE, EXECUTIVE, AND INVESTMENT SUBCOMMITTEE. THE HOSPITAL APPLIES ITS ANNUAL SURPLUS TOWARD IMPROVING PATIENT CARE, MEDICAL EDUCATION AND RESEARCH. IN FISCAL YEAR 2013, THE HOSPITAL COMMITTED \$74.4 MILLION TO SPENDING FOR PROPERTY, PLANT AND EQUIPMENT. THE PURCHASES HAVE INCLUDED BUILDING RENOVATIONS AND EXPANSIONS, NEW FACILITIES, AND NEW AND REPLACEMENT HEALTHCARE TECHNOLOGY. THE HOSPITAL'S SURPLUS HELPS FUND, AND SERVES AS A CLINICAL EDUCATION SITE FOR, THE LANCASTER GENERAL COLLEGE OF NURSING AND HEALTH SCIENCES AND THE LANCASTER GENERAL FAMILY MEDICINE RESIDENCY PROGRAM. ENROLLMENT IS MORE THAN 1,400 STUDENTS. THE HOSPITAL OPERATES THE LANCASTER GENERAL RESEARCH INSTITUTE, WHICH PROVIDES RESEARCH SUPPORT TO LGH PHYSICIANS AND STAFF, FOCUSING ON TREATMENT, DIAGNOSTIC AND PROCEDURAL EFFICACY IN THE GENERAL HOSPITAL AND AFFILIATED SPECIALTY AREAS. THE INSTITUTE ALSO WORKS IN CONJUNCTION WITH THE FAMILY MEDICINE RESIDENCY PROGRAM TO PROVIDE RESEARCH OPPORTUNITIES FOR THE ADVANCEMENT OF MEDICAL EDUCATION. THE HOSPITAL ALSO OPERATES RESIDENCY PROGRAMS IN FAMILY MEDICINE AND PHARMACY PRACTICE, AS WELL AS FELLOWSHIP PROGRAMS IN GERIATRIC MEDICINE AND PALLIATIVE CARE.
Affiliated health care system	Schedule H, Part VI, Line 6	LANCASTER GENERAL HOSPITAL IS UNDER THE CONTROL OF ITS PARENT ORGANIZATION LANCASTER GENERAL HEALTH. LANCASTER GENERAL HEALTH (EIN# 23-2250941) IS A NOT-FOR-PROFIT ORGANIZATION, WHICH PROVIDES MANAGERIAL AND FINANCIAL SUPPORT TO ITS CONTROLLED ORGANIZATION AND IS ALSO RESPONSIBLE FOR UNDERTAKING ACTIVITIES TO IMPROVE THE HEALTH OF THE COMMUNITY. THE MULTIPLE AFFILIATES UNDER THE CONTROL OF LANCASTER GENERAL HEALTH IN ADDITION TO LANCASTER GENERAL HOSPITAL ARE LANCASTER GENERAL HEALTH-COLUMBIA CENTER (EIN# 23-0485650) WHICH IS A HEALTH CARE CLINIC THAT PROVIDES PRIMARY AND SPECIALTY MEDICAL SERVICES WHERE SERVICES ARE PROVIDED BY LICENSED PHYSICIANS AND OFFICE SPACE IS LEASED TO HEALTH CARE PROVIDERS AND OTHERS. IN ADDITION, LANCASTER GENERAL HEALTH-COLUMBIA CENTER OFFERS PREVENTIVE, DIAGNOSTIC, AND THERAPEUTIC MEDICAL SERVICES TO PATIENTS ON AN OUTPATIENT BASIS. LANCASTER GENERAL HEALTH FOUNDATION (EIN# 20-5767147) EXISTS TO ADVANCE THE CULTURE OF PHILANTHROPY WITHIN THE LANCASTER GENERAL HEALTH SYSTEM. PENNSYLVANIA COLLEGE OF HEALTH SCIENCES (EIN# 06-1645496) EDUCATES COMPETENT, CARING AND SOCIALLY RESPONSIBLE INDIVIDUALS WHO CONTRIBUTE TO THE HEALTH OF THE COMMUNITY. LANCASTER GENERAL IMAGING CORPORATION'S (EIN# 23-3102789) EXEMPT PURPOSES ARE CONDUCTED THROUGH ITS CONTROL OF TWO PARTNERSHIPS, MRI GROUP, LLP (EIN# 33-1011386) WHICH PROVIDES MEDICAL SERVICES RELATING TO MAGNETIC RESONANCE IMAGING AND COMPUTER TOMOGRAPHY AND LANCASTER PET PARTNERSHIP, LLP (EIN# 23-3102793) WHICH PROVIDES MEDICAL SERVICES RELATING TO POSITRON EMISSION TOMOGRAPHY. LANCASTER GENERAL AMBULATORY SURGICAL SERVICES INC.'S (EIN# 20-4943239) EXEMPT PURPOSES ARE TO PROVIDE SURGICAL SERVICES TO PATIENTS. LANCASTER GENERAL MEDICAL GROUP (EIN# 23-2777286) WAS ORGANIZED TO DEVELOP, OWN, AND OPERATE OUTPATIENT HEALTHCARE PRACTICES WHERE PRIMARY AND SPECIALTY MEDICAL SERVICES ARE PROVIDED BY LICENSED PHYSICIANS. LANCASTER GENERAL REHABILITATION SERVICES INC.'S (EIN# 20-4943109) EXEMPT PURPOSE IS CONDUCTED THROUGH THE INVESTMENT IN AN ACUTE PATIENT REHABILITATION HOSPITAL WHERE PATIENTS ARE TREATED REGARDLESS OF ABILITY TO PAY. THE HEART GROUP OF LANCASTER GENERAL HEALTH (EIN# 30-0634510) PROVIDES SPECIALTY CARDIOLOGY HEALTHCARE SERVICES. LANCASTER GENERAL HEALTH INNOVATIVE SOLUTIONS, INC. (EIN# 46-05898543) CONCEIVES AND LAUNCHES NOVEL HEALTHCARE SERVICES AND PRODUCTS. LG HEALTH COMMUNITY CARE COLLABORATIVE, LLC (EIN# 45-5542179) IS AN ACCOUNTABLE CARE ORGANIZATION. OTHER AFFILIATES OF LANCASTER GENERAL HEALTH INCLUDE LANCASTER GENERAL INSURANCE COMPANY, LTD. AND LANCASTER GENERAL BUSINESS TRUST AND ITS SUBSIDIARIES.

Identifier	ReturnReference	Explanation
STATE FILING OF COMMUNITY BENEFIT REPORT	SCHEDULE H, PART VI, LINE 7	LANCASTER GENERAL HOSPITAL ISSUES AN ANNUAL REPORT WHICH INCLUDES INFORMATION ABOUT COMMUNITY BENEFIT AND HEALTH EFFORTS THIS REPORT IS NOT FILED WITH THE STATE OF PENNSYLVANIA



Schedule I  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization  
LANCASTER GENERAL 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  
23-1365353

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
See Additional Data Table							

2

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

18

3

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

1

**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
(1) CASH		16,000			

**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
Procedures for monitoring use of grant funds	Schedule I, Part I, Line 2	CONTRIBUTIONS MADE BY LANCASTER GENERAL HOSPITAL MUST MEET THE FOLLOWING CRITERIA SET FORTH BY THE MISSION & COMMUNITY BENEFIT COMMITTEE 1) GAPS IN HEALTH CARE SERVICES WILL BE REDUCED, 2) RESOURCES WILL BE DIRECTED TO DESIGNATED PRIMARY AND SECONDARY HEALTH PRIORITIES, HEALTH PROMOTION, AND PREVENTION INITIATIVES, 3) INITIATIVES WILL DRIVE COST-EFFECTIVE, COMMUNITY CARE/INTERVENTIONS THAT PROMOTE HEALTH AND WELL-BEING OF OUR COMMUNITY, 4) INITIATIVES WILL BE RESPONSIVE TO THE NEEDS OF SPECIAL/DISPARATE POPULATIONS, 5) ENDOWMENT OR CAPITAL CAMPAIGN REQUESTS WILL NOT BE FINANCIALLY SUPPORTED, 6) ONLY TAX EXEMPT ORGANIZATIONS AND GOVERNMENTAL INITIATIVES AT THE LOCAL LEVEL THAT RELATE TO LANCASTER GENERAL HOSPITAL'S MISSION WILL BE SUPPORTED, AND 7) ONGOING DEFICIT FUNDING WILL NOT BE PROVIDED UNLESS FUNDAMENTAL TO A LANCASTER GENERAL HOSPITAL HEALTH PRIORITY AND/OR THE CARE OF THE MEDICALLY UNDERSERVED SCHOLARSHIPS AND LOANS ARE AWARDED TO STUDENTS AT THE LANCASTER GENERAL COLLEGE OF NURSING AND HEALTH SCIENCES ON A NON-DISCRIMINATORY BASIS THE SCHOLARSHIPS AND LOANS ARE BASED ON FINANCIAL NEED, ACADEMIC PROGRESS, AND CLINICAL PERFORMANCE

Software ID: 12000266

Software Version: v2012.1.0

EIN: 23-1365353

Name: LANCASTER GENERAL HOSPITAL

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
AMERICAN HEART ASSOCIATION610 COMMUNITY WAY LANCASTER,PA 17603	13-5613797	501(C)(3)	29,100		FMV		CONTRIBUTION TO SUPPORT PROGRAM SERVICE
CITY OF LANCASTER39 WEST CHESTNUT STREET LANCASTER,PA 17608	23-6001904	GOVERNMENT ENTITY	1,380,000		FMV		CONTRIBUTION TO SUPPORT PROGRAM SERVICE

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
COLUMBIA BORO SCHOOL DISTRICT200 NORTH FIFTH STREET COLUMBIA,PA 17512	23-6004263	501(C)(3)	0	37,140	FMV	PURCHASED OUTDOOR EXERCISE EQUIPMENT INSTALLED ON THE COLUMBIA HIGH SCHOOL FOOTBALL FIELD	CONTRIBUTION TO SUPPORT PROGRAM SERVICE
COLUMBIA QUICK RESPONSE SERVICE INC PO BOX 30 COLUMBIA,PA 17512	20-3280577	501(C)(3)	6,500		FMV		CONTRIBUTION TO SUPPORT PROGRAM SERVICE



Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
COMMUNITY LIFE NETWORK510 WALNUT STREET COLUMBIA,PA 17512	20-2161018	501(C)(3)	8,400		FMV		CONTRIBUTION TO SUPPORT PROGRAM SERVICE
DOMESTIC VIOLENCE SERVICESPO BOX 359 LANCASTER,PA 17608	23-1667311	501(C)(3)	250	7,000	FMV	RENT FOR CLASSROOM USE	CONTRIBUTION TO SUPPORT PROGRAM SERVICE

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
EDWARD HAND MEDICAL HERITAGE FOUNDATION PO BOX 10302 LANCASTER,PA 17603	20-8119480	501(C)(3)	13,500		FMV		CONTRIBUTION TO SUPPORT PROGRAM SERVICE
JAMES STREET IMPROVEMENT DISTRICT 206 WEST JAMES STREET LANCASTER,PA 17603	71-0927742	501(C)(3)	160,000		FMV		CONTRIBUTION TO SUPPORT PROGRAM SERVICE

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
LANCASTER CHAMBER OF COMMERCE100 SOUTH QUEEN STREET LANCASTER,PA 17608	23-2095463	501(C)(6)	5,000		FMV		CONTRIBUTION TO SUPPORT PROGRAM SERVICE
LANCASTER COMMUNITY SAFETY COALITION262 CONESTOGA STREET LANCASTER,PA 17608	20-0123222	501(C)(3)	5,000		FMV		CONTRIBUTION TO SUPPORT PROGRAM SERVICE

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
LANCASTER COUNTY MEDICAL FOUNDATION 137 E WALNUT ST LANCASTER,PA 17602	26-0499498	501(C)(3)	75,000		FMV		CONTRIBUTION TO SUPPORT PROGRAM SERVICE
MILLERSVILLE UNIVERSITYPO BOX 1002 MILLERSVILLE,PA 17551	23-2397926	501(C)(3)	5,000		FMV		CONTRIBUTION TO SUPPORT PROGRAM SERVICE

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
ROHRERSTOWN FIRE COMPANY500 ELIZABETH STREET LANCASTER,PA 17603	23-7197558	501(C)(3)	15,000		FMV		CONTRIBUTION TO SUPPORT PROGRAM SERVICE
SAN JUAN BAUTISTA425 S DUKE STREET LANCASTER,PA 17602	23-1983654	501(C)(3)	5,000		FMV		CONTRIBUTION TO SUPPORT PROGRAM SERVICE

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
SCHOOL DISTRICT OF LANCASTER1020 LEHIGH AVENUE LANCASTER,PA 17602	23-1726414	501(C)(3)	1,500,000		FMV		CONTRIBUTION TO SUPPORT PROGRAM SERVICE
UNITED AUXILIARIES TO THE LANCASTER GENERAL HOSPITALPO BOX 3555 LANCASTER,PA 17604	23-1976868	501(C)(3)	15,260		FMV		CONTRIBUTION TO SUPPORT PROGRAM SERVICE

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
UNITED STATES GOLF ASSOCIATION77 LIBERTY CORNER ROAD PO BOX 708 FAR HILLS,NJ 07931	13-1427105	501(C)(3)	8,333		FMV		CONTRIBUTION TO SUPPORT PROGRAM SERVICE
UNITED WAY OF LANCASTER COUNTY630 JANET AVENUE LANCASTER,PA 17601	23-1352093	501(C)(3)	97,000		FMV		CONTRIBUTION TO SUPPORT PROGRAM SERVICE

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
WITF INC4801 LINDLE ROAD HARRISBURG,PA 17111	23-1629016	501(C)(3)	60,000		FMV		CONTRIBUTION TO SUPPORT PROGRAM SERVICE



Schedule J (Form 990)  <div>Department of the Treasury Internal Revenue Service</div>	Compensation Information  For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees  ▶ <b>Complete if the organization answered "Yes" to Form 990, Part IV, question 23.</b>  ▶ <b>Attach to Form 990. ▶ See separate instructions.</b>	OMB No 1545-0047
		2012
		Open to Public Inspection

Name of the organization LANCASTER GENERAL HOSPITAL	Employer identification number  23-1365353
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Part I	Questions Regarding Compensation		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.			
	<div><div><input type="checkbox"/> First-class or charter travel</div><div><input checked="" type="checkbox"/> Travel for companions</div><div><input checked="" type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div> <div><div><input checked="" type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>			
1b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain.	1b		No
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:			
4a	Receive a severance payment or change-of-control payment?	4a	Yes	
4b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	Yes	
4c	Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.	4c		No
5	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:			
5a	The organization?	5a		No
5b	Any related organization? If "Yes," to line 5a or 5b, describe in Part III.	5b		No
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:			
	The organization?	6a		No
6b	Any related organization? If "Yes," to line 6a or 6b, describe in Part III.	6b		No
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
Travel for companions	Schedule J, Part I, Line 1a	THE AMOUNT PROVIDED FOR TRAVEL FOR COMPANIONS WAS LESS THAN \$250. THESE PAYMENTS WERE CONSIDERED TAXABLE.
Tax indemnification and gross-up payments	Schedule J, Part I, Line 1a	LANCASTER GENERAL HOSPITAL PROVIDED GROSS-UP PAYMENTS TO EMPLOYEES. LANCASTER GENERAL HOSPITAL PROVIDES GROSS-UP PAYMENTS TO EMPLOYEES WHEN THEY RECEIVE HOLIDAY GIFT CARDS SO AS TO PROVIDE TAX ASSISTANCE IN THAT NO TAX BURDENS ARE CREATED WITH THE INTENDED GIFT. HOLIDAY GIFT CARDS IN THE AMOUNT OF \$15 PER EMPLOYEE WERE GIVEN DURING THE 2012 TAX YEAR.
Housing allowance or residence for personal use	Schedule J, Part I, Line 1a	HOUSING ALLOWANCE WAS PROVIDED TO ONE INDIVIDUAL. THESE PAYMENTS WERE CONSIDERED TAXABLE.
Written policy regarding payment or reimbursement of expenses	Schedule J, Part I, Line 1b	THERE ARE CURRENTLY NO WRITTEN POLICIES IN PLACE FOR GROSS UP PAYMENTS, TRAVEL FOR COMPANIONS OR HOUSING ALLOWANCE.
COMPENSATION	SCHEDULE J, PART I, LINE 3	THE COMPENSATION PROCESS DESCRIBED BELOW PERTAINS TO THE CEO, EVPS, SVPS, AND VPS. LANCASTER GENERAL HOSPITAL UTILIZES AN INDEPENDENT THIRD PARTY TO PROVIDE BASE SALARY AND TOTAL COMPENSATION MARKET DATA FOR COMPARABLE POSITIONS AT SIMILARLY SIZED ORGANIZATIONS. LANCASTER GENERAL HOSPITAL PRESENTS THE PERFORMANCE OF THE ABOVE MENTIONED POSITIONS AGAINST ESTABLISHED GOALS AND EVALUATES AND PRESENTS THEM TO THE MANAGEMENT AND DEVELOPMENT COMPENSATION COMMITTEE (MDCC). THE MDCC IS A COMMITTEE COMPRISED OF INDEPENDENT BOARD OF TRUSTEE MEMBERS. THE MARKET DATA AND PERFORMANCES AGAINST GOALS IS REVIEWED BY THE MDCC WHO THEN TAKES ACTION. MINUTES ARE KEPT OF THE DISCUSSION AND ACTIONS TAKEN BY THE MDCC MEMBERS AT THEIR MEETING. THIS DOCUMENTATION IS KEPT FOR FUTURE REFERENCE. THIS PROCESS IS UNDERTAKEN EACH AUGUST AFTER THE CLOSE OF THE PREVIOUS FISCAL YEAR IN JUNE. PLEASE REFER TO FORM 990, PART VI, QUESTION 15 STATING THAT ALL BUT ONE OF THE MEMBERS OF THE COMMITTEE IS CONSIDERED INDEPENDENT.
Severance or change-of-control payment	Schedule J, Part I, Line 4a	ONE INDIVIDUAL RECEIVED A SEVERANCE PAYMENT OF \$31,145.
Supplemental nonqualified retirement plan	Schedule J, Part I, Line 4b	TOTAL DISTRIBUTIONS AND/OR CONTRIBUTIONS TO A NON-QUALIFIED SUPPLEMENTAL RETIREMENT PLAN AMOUNTED TO \$738,000.
Non-fixed payments	Schedule J, Part I, Line 7	THE PURPOSE OF THE LANCASTER GENERAL HEALTH (LG) ANNUAL INCENTIVE PLAN (THE PLAN) IS TO REINFORCE STRATEGIC PERFORMANCE PRIORITIES FOR SENIOR MANAGEMENT AND MANAGEMENT EMPLOYEES AND TO ENCOURAGE THE HIGHEST LEVEL OF PERFORMANCE IN THE DELIVERY OF HEALTH CARE SERVICES. AS A REWARD FOR EMPLOYEES' CONTRIBUTIONS TO LANCASTER GENERAL HEALTH'S SUCCESS, THE PLAN PROVIDES THE OPPORTUNITY TO EARN MEANINGFUL INCENTIVE COMPENSATION BASED ON THE PERFORMANCE OF LANCASTER GENERAL HEALTH AND THE INDIVIDUAL PARTICIPANTS. SPECIFICALLY, THE PLAN IS DESIGNED TO *FOCUS PARTICIPANTS ON THE ACHIEVEMENT OF ORGANIZATION GOALS RELATED TO PEOPLE, SERVICE, QUALITY/SAFETY, FINANCIAL AND GROWTH, *PROMOTE AND FOSTER A TEAM ORIENTED CULTURE, *STRENGTHEN LANCASTER GENERAL HEALTH'S ABILITY TO ATTRACT AND RETAIN SUPERIOR TALENT, RECOGNIZE AND REWARD ACCOMPLISHMENTS THAT CLEARLY ADVANCE THE ORGANIZATION'S MISSION, AND DRIVE STRATEGIES, *PROVIDE INCENTIVE AWARDS THAT CAN BE ADJUSTED ANNUALLY FOR DIFFERENT BUSINESS CONDITIONS AND BUSINESS PLAN PRIORITIES WITHOUT CHANGING BASIC DESIGN FEATURES OF THE PLAN, AND *PROVIDE ANNUAL INCENTIVE OPPORTUNITIES WITH DUE CONSIDERATION TO THE REQUIREMENTS OF THE INTERMEDIATE SANCTIONS LAW AND THE REGULATIONS THERE UNDER.

Software ID: 12000266  
Software Version: v2012.1.0  
EIN: 23-1365353  
Name: LANCASTER GENERAL 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				
DENISE A KENNEDY	(i) (ii)	163,886 0	20,749 0	903 0	7,422 0	7,421 0	200,381 0	0 0
DENNIS R ROEMER	(i) (ii)	294,236 0	80,000 0	26,804 0	1,385 0	20,694 0	423,118 0	0 0
DOUGLAS W RINEHART	(i) (ii)	168,138 0	23,457 0	3,003 0	7,784 0	17,205 0	219,587 0	0 0
ELIZABETH D HILLS	(i) (ii)	146,343 0	24,370 0	499 0	6,405 0	7,238 0	184,856 0	0 0
F JOSEPH BYORICK III	(i) (ii)	430,171 0	143,198 0	34,923 0	10,200 0	17,674 0	636,166 0	0 0
GARY DAVIDSON	(i) (ii)	332,003 0	126,178 0	14,521 0	46,267 0	17,952 0	536,920 0	0 0
GEOFFREY W EDDOWES	(i) (ii)	256,572 0	54,929 0	2,376 0	41,279 0	17,776 0	372,932 0	0 0
JAN L BERGEN	(i) (ii)	478,028 0	169,705 0	16,920 0	163,367 0	8,442 0	836,462 0	0 0
JOHN LEE	(i) (ii)	434,002 0	38,578 0	34,407 0	9,413 0	17,620 0	534,020 0	0 0
JOHN YELCICK	(i) (ii)	382,096 0	29,543 0	1,296 0	9,413 0	8,092 0	430,439 0	0 0
JOSEPH A PUSKAR	(i) (ii)	253,212 0	32,992 0	7,758 0	10,200 0	17,854 0	322,016 0	0 0
JUDI L BRENDLE	(i) (ii)	221,867 0	26,675 0	9,750 0	10,200 0	17,531 0	286,023 0	0 0
KAY BRADY	(i) (ii)	144,323 0	21,620 0	2,284 0	6,729 0	14,609 0	189,565 0	0 0
KEITH A ORRIS	(i) (ii)	191,991 0	61,248 0	20,595 0	16,853 0	10,555 0	301,241 0	0 0
KEVIN LORAH	(i) (ii)	359,871 0	26,102 0	1,893 0	10,200 0	17,573 0	415,640 0	0 0
LEE M DUKE II MD	(i) (ii)	431,542 0	142,412 0	19,005 0	113,460 0	17,518 0	723,937 0	0 0
LISA R HESS	(i) (ii)	153,894 0	21,359 0	1,285 0	6,582 0	17,663 0	200,783 0	0 0
MARGARET F COSTELLA ESQ	(i) (ii)	210,092 0	29,930 0	1,895 0	9,677 0	1,905 0	253,499 0	0 0
MARION A MCGOWAN RN	(i) (ii)	501,670 0	177,606 0	15,228 0	10,200 0	17,796 0	722,500 0	0 0
MARY B MISKEY	(i) (ii)	159,954 0	23,961 0	3,880 0	7,512 0	7,646 0	202,953 0	0 0

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				
NORMA J FERDINAND	(i)	282,358	90,540	391,394	77,925	9,170	851,387	0
	(ii)	0	0	0	0	0	0	0
PHILIP BAYLISS	(i)	505,794	18,333	23,986	10,200	15,357	573,670	0
	(ii)	0	0	0	0	0	0	0
REGINA M MINGLE	(i)	306,660	103,020	16,722	79,410	15,413	521,224	0
	(ii)	0	0	0	0	0	0	0
RICHARD D PAOLETTI	(i)	201,306	36,894	1,232	9,577	17,416	266,426	0
	(ii)	0	0	0	0	0	0	0
ROBERT P MACINA ESQ	(i)	330,092	112,405	23,388	89,000	15,569	570,454	0
	(ii)	0	0	0	0	0	0	0
STACEY G YOUNG	(i)	195,843	40,000	8,286	9,765	17,191	271,086	0
	(ii)	0	0	0	0	0	0	0
SUSAN WYNNE	(i)	261,575	58,308	10,622	39,863	18,291	388,659	0
	(ii)	0	0	0	0	0	0	0
THOMAS E BEEMAN PHD	(i)	740,998	341,264	19,920	171,551	15,725	1,289,458	0
	(ii)	0	0	0	0	0	0	0
TIMOTHY BOLEY	(i)	465,226	0	56,956	10,200	17,702	550,084	0
	(ii)	0	0	0	0	0	0	0
TIMOTHY C ZELLERS	(i)	173,747	20,082	9,902	8,149	17,366	229,246	0
	(ii)	0	0	0	0	0	0	0

Schedule K  
(Form 990)

Supplemental Information on Tax Exempt Bonds

OMB No 1545-0047

2012

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

Name of the organization  
LANCASTER GENERAL HOSPITAL

Employer identification number  
23-1365353

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	LANCASTER COUNTY HOSPITAL AUTHORITY	23-6648018	XXXXXXXXXX	07-01-2005	15,945,000	PURCHASE OF EQUIPMENT		X		X		X
B	LANCASTER COUNTY HOSPITAL AUTHORITY	23-6648018	514045YB3	01-24-2007	33,450,000	CONSTRUCTION OF EMPLOYEE PARKING GARAGE		X		X		X
C	LANCASTER COUNTY HOSPITAL AUTHORITY	23-6648018	514045YK3	01-24-2007	63,375,000	REFUNDING OF SERIES 2003 BOND (ISSUE DATE OF 9/15/2003)		X		X		X
D	LANCASTER COUNTY HOSPITAL AUTHORITY	23-6648018	XXXXXXXXXX	06-01-2012	25,250,000	REFUNDING A PORTION OF SERIES 2008 BOND (ISSUE DATE OF 8/15/2008)		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	0		0		0		0	
2	Amount of bonds legally defeased	0		0		0		0	
3	Total proceeds of issue	181,624		33,450,000		63,375,000		25,250,000	
4	Gross proceeds in reserve funds	0		0		0		0	
5	Capitalized interest from proceeds	0		0		0		0	
6	Proceeds in refunding escrows	0		0		63,375,000		25,250,000	
7	Issuance costs from proceeds	0		201,473		381,715		194,497	
8	Credit enhancement from proceeds	0		0		0		0	
9	Working capital expenditures from proceeds	0		0		0		0	
10	Capital expenditures from proceeds	13,994,144		37,017,542		0		0	
11	Other spent proceeds	0		0		0		0	
12	Other unspent proceeds	0		0		0		0	
13	Year of substantial completion	2007		2008		2007		2012	
14	Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No	Yes	No	Yes	No
			X		X		X	X	
15	Were the bonds issued as part of an advance refunding issue?		X		X	X			X
16	Has the final allocation of proceeds been made?	X		X		X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III Private Business Use

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

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X		X		X		X
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?		X		X		X		X
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		X
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?		X		X		X		X
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0%		0 0000%		0 0000%		0%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 0000%		0 0000%		0 0000%		0 0000%	
6	Total of lines 4 and 5	0%		0 0000%		0 0000%		0%	
7	Does the bond issue meet the private security or payment test?	X		X		X		X	
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		X
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	0%		0%		0%		0%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?		X		X		X		X
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?		X		X		X		X

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?	X		X		X		X	
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X		X		X		X
b	Exception to rebate?		X		X		X		X
c	No rebate due?		X		X		X		X
If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed									
3	Is the bond issue a variable rate issue?		X		X		X	X	
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		X	X	
b	Name of provider	BOAML							
c	Term of hedge	0 0		0 0		0 0		3 5 0	
d	Was the hedge superintegrated?		X		X		X		X
e	Was a hedge terminated?		X		X		X		X

Part IV

Arbitrage (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		X
b	Name of provider								
c	Term of GIC	0 0		0 0		0 0		0 0	
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?		X		X		X		X
6	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X		X		X	

Part V

Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?	X		X		X		X	

Part VI

Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

Identifier	Return Reference	Explanation
DEFEASED	SCHEDULE K, PART I	BOND SERIES 2003 WAS ISSUED ON SEPTEMBER 15, 2003 BY THE LANCASTER COUNTY HOSPITAL AUTHORITY (CUSIP# 514045) IN JANUARY 2007, THE SERIES 2003 WAS LEGALLY DEFEASED WITH THE SERIES 2007B BOND ISSUANCE CONCURRENT WITH THE DEFEASANCE, AN IRREVOCABLE ESCROW WAS ESTABLISHED FOR THE AGGREGATE AMOUNT OF THE DEFEASED SERIES 2003 REVENUE BONDS WITH THAT SAID, THERE IS NO LIABILITY ON OUR BALANCE SHEET AND IS THUS NOT SHOWN ON SCHEDULE K, PART I
CUSIP #	SCHEDULE K, PART I, COLUMN (C)	SERIES 2005 AND 2012-A WERE PRIVATE PLACEMENTS AND THUS ARE NOT ASSIGNED A CUSIP #
CAPITAL EXPENDITURES	SCHEDULE K, PART II, LINE 10	BOND ISSUE A HAD \$1,950,855 85 THAT WAS NOT USED THIS AMOUNT WAS APPLIED TO THE PRINCIPAL PAYMENT MADE IN AUGUST 2007



Schedule K  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization  
LANCASTER GENERAL HOSPITAL

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2012

Open to Public Inspection

Employer identification number  
23-1365353

Part I Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A LANCASTER COUNTY HOSPITAL AUTHORITY	23-6648018	514045B51	06-28-2012	93,755,000	REFUNDING A PORTION OF SERIES 2008, 2010, AND 2011 BONDS, AND A PORTION TO BE USED FOR CONSTRUCTION		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	0							
2	Amount of bonds legally defeased	0							
3	Total proceeds of issue	93,755,000							
4	Gross proceeds in reserve funds	0							
5	Capitalized interest from proceeds	0							
6	Proceeds in refunding escrows	77,349,282							
7	Issuance costs from proceeds	601,500							
8	Credit enhancement from proceeds	0							
9	Working capital expenditures from proceeds	0							
10	Capital expenditures from proceeds	23,163,482							
11	Other spent proceeds	0							
12	Other unspent proceeds	0							
13	Year of substantial completion	2014							
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X						
15	Were the bonds issued as part of an advance refunding issue?	X							
16	Has the final allocation of proceeds been made?		X						
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

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

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X						
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?		X						
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?		X						
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 %				%		%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 0000 %				%		%	
6	Total of lines 4 and 5	0 %				%		%	
7	Does the bond issue meet the private security or payment test?	X							
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X						
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	0 %				%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?		X						
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?		X						

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?	X							
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X						
b	Exception to rebate?		X						
c	No rebate due?		X						
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X						
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X						
b	Name of provider								
c	Term of hedge	0							
d	Was the hedge superintegrated?		X						
e	Was a hedge terminated?		X						

Part IV

Arbitrage (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X						
b	Name of provider								
c	Term of GIC	0							
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?		X						
6	Were any gross proceeds invested beyond an available temporary period?		X						
7	Has the organization established written procedures to monitor the requirements of section 148?	X							

Part V

Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?	X							

Part VI

Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

Identifier	Return Reference	Explanation
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Schedule L  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

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

OMB No 1545-0047  
**2012**  
Open to Public Inspection

Name of the organization  
LANCASTER GENERAL HOSPITAL

Employer identification number  
23-1365353

Part I

Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).  
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

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

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

Part II

Loans to and/or From Interested Persons.  
Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

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

Part III

Grants or Assistance Benefitting Interested Persons.  
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

**Part IV Business Transactions Involving Interested Persons.**

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) DOUGLAS W RINEHART	OFFICER OF THE ORGANIZATION	550,071	INDIVIDUAL IS A BOARD MEMBER OF LEMSA LEMSA PROVIDES SERVICES TO LANCASTER GENERAL HOSPITAL		No
(2) BRUCE R LIMPERT	TRUSTEE	1,074,284	INDIVIDUAL IS A BOARD MEMBER OF MURRAY SECURUS INSURANCE MURRAY PROVIDES SERVICES TO LANCASTER GENERAL HOSPITAL		No
(3) LEE M DUKE II MD	OFFICER	281,326	INDIVIDUAL IS EMPLOYED PART TIME BY PULMONARY ASSOCIATES OF LANCASTER (PAL) PAL PROVIDES SERVICES TO LANCASTER GENERAL HOSPITAL		No

**Part V Supplemental Information**

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

Identifier	Return Reference	Explanation
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SCHEDULE M  
(Form 990)

Noncash Contributions

OMB No 1545-0047

2012

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

►Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.  
► Attach to Form 990.

Name of the organization  
LANCASTER GENERAL HOSPITAL

Employer identification number  
23-1365353

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art—Works of art . . . . .	X	1	6,250	MARKET VALUE
2 Art—Historical treasures . . . . .				
3 Art—Fractional interests . . . . .				
4 Books and publications . . . . .				
5 Clothing and household goods . . . . .	X		568	MARKET VALUE
6 Cars and other vehicles . . . . .				
7 Boats and planes . . . . .				
8 Intellectual property . . . . .				
9 Securities—Publicly traded . . . . .				
10 Securities—Closely held stock . . . . .				
11 Securities—Partnership, LLC, or trust interests . . . . .				
12 Securities—Miscellaneous . . . . .				
13 Qualified conservation contribution—Historic structures . . . . .				
14 Qualified conservation contribution—Other . . . . .				
15 Real estate—Residential . . . . .				
16 Real estate—Commercial . . . . .				
17 Real estate—Other . . . . .				
18 Collectibles . . . . .				
19 Food inventory . . . . .				
20 Drugs and medical supplies . . . . .				
21 Taxidermy . . . . .				
22 Historical artifacts . . . . .				
23 Scientific specimens . . . . .				
24 Archeological artifacts . . . . .				
25 Other ► ( BEAM SIGNING DINNER FOR ABCCC )	X	1	21,188	MARKET VALUE
26 Other ► ( GIFT CERTIFICATES )	X	8	610	MARKET VALUE
27 Other ► ( MOVIE TICKETS )	X	1	20	MARKET VALUE
28 Other ► ( FOOD )	X	4	199	MARKET VALUE
Other ► ( CRAFT SUPPLIES )	X	1	345	MARKET VALUE

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . . .

29

0

30a	During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period? . . . . .		Yes	No
b	If "Yes," describe the arrangement in Part II			
31	Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	31	Yes	
32a	Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions? . . . . .	32a		No
b	If "Yes," describe in Part II			
33	If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II			

Part II

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
Explanations of reporting method for number of contributions	Schedule M, Part I	ART - WORKS OF ART NUMBER OF ART PIECES CONTRIBUTED OTHER NUMBER OF DINNERS CONTRIBUTED OTHER NUMBER OF VENDORS IN WHICH GIFT CERTIFICATES WERE DISTRIBUTED FOR OTHER NUMBER OF INSTANCES IN WHICH MOVIE TICKETS WERE DONATED OTHER NUMBER OF INSTANCES IN WHICH FOOD WAS DONATED OTHER NUMBER OF INSTANCES IN WHICH SUPPLIES WERE DONATED CLOTHING AND HOUSEHOLD GOODS NUMBER OF INSTANCES IN WHICH CONTRIBUTIONS OF CLOTHING WAS CONTRIBUTED
Number of contributions or items contributed	Schedule M, part I, column (b), Line 1	NUMBER OF ART PIECES CONTRIBUTED
Number of contributions or items contributed	Schedule M, part I, column (b), Line other=BEAM SIGNING DINNER FOR ABCCC	NUMBER OF DINNERS CONTRIBUTED
Number of contributions or items contributed	Schedule M, part I, column (b), Line other=GIFT CERTIFICATES	NUMBER OF VENDORS IN WHICH GIFT CERTIFICATES WERE DISTRIBUTED FOR
Number of contributions or items contributed	Schedule M, part I, column (b), Line other=MOVIE TICKETS	NUMBER OF INSTANCES IN WHICH MOVIE TICKETS WERE DONATED

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 LANCASTER GENERAL HOSPITAL	Employer identification number 23-1365353
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Identifier	Return Reference	Explanation
OTHER EXPENSES	FORM 990, PART I, LINE 17	LANCASTER GENERAL HOSPITAL HAD PATIENT RELATED BAD DEBT IN THE AMOUNT OF \$34,850,000 THAT WAS INCLUDED ON FORM 990, PART I, LINE 17 IN THE PRIOR REPORTING YEAR IN JULY 2012, LANCASTER GENERAL HOSPITAL ADOPTED THE PROVISIONS OF ASU 2011-07 "PRESENTATION AND DISCLOSURE OF PATIENT SERVICE REVENUE, PROVISION FOR BAD DEBTS, AND THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR CERTAIN HEALTH CARE ENTITIES " THE ASU REQUIRES HEALTH CARE ENTITIES TO PRESENT THE PROVISION FOR BAD DEBTS RELATED TO PATIENT SERVICE REVENUE AS A DEDUCTION FROM PATIENT SERVICE REVENUE ON THE FACE OF THE COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS WITH THAT SAID, BAD DEBT OF \$36,480,000 IS INCLUDED ON FORM 990, PART I, LINE 9 FOR THE CURRENT REPORTING YEAR



Identifier	Return Reference	Explanation
EXEMPT PURPOSE ACHIEVEMENTS	FORM 990, PART III, LINE 4D	LANCASTER GENERAL HOSPITAL WILL IDENTIFY COMMUNITY HEALTH NEEDS, HELP REACH COMMUNITY CONSENSUS ON HEALTH CARE PRIORITIES, DEVELOP PROGRAMS (WHERE POSSIBLE TOGETHER WITH OTHER COMMUNITY ORGANIZATIONS) TO ADDRESS THESE NEEDS, DEVELOP AND MAINTAIN METRICS TO MEASURE OUR PROGRESS, AND REPORT OUR ACTIVITY TO THE BOARD OF TRUSTEES AND THE COMMUNITY AT LARGE. FINANCIAL MEANS SHOULD NOT PREVENT ANYONE FROM ACCESSING HEALTHCARE SERVICES. TO THAT END, LANCASTER GENERAL HOSPITAL HAS ESTABLISHED FINANCIAL ASSISTANCE PROGRAMS FOR THOSE WITH LITTLE OR NO INSURANCE, OR LIMITED FINANCIAL MEANS. LANCASTER GENERAL HOSPITAL INCURRED UNPAID COSTS OF \$78.7M TO CARE FOR FINANCIALLY DISADVANTAGED PERSONS. LANCASTER GENERAL HOSPITAL ENGAGES IN MEDICAL RESEARCH PROGRAMS. LANCASTER GENERAL HOSPITAL ENGAGES IN TRAINING AND EDUCATION OF HEALTH CARE PROFESSIONALS AT AN UNPAID COST OF \$10.4M.

Identifier	Return Reference	Explanation
FILING REQUIREMENTS FOR FORM TD-90-22 1	FORM 990, PART V, LINE 4A	LANCASTER GENERAL HOSPITAL HAS AUTHORITY OVER A FINANCIAL ACCOUNT IN A FOREIGN COUNTRY HOWEVER, THEY HAVE NO FINANCIAL INTEREST WITHIN THE FOREIGN ACCOUNT FORM TD-90-22 1 WAS FILED WITH THE PARENT COMPANY , LANCASTER GENERAL HEALTH (EIN# 23-2250941)

Identifier	Return Reference	Explanation
Classes of members or stockholders	Form 990, Part VI, Section A, Line 6	THE SOLE MEMBER OF LANCASTER GENERAL HOSPITAL IS LANCASTER GENERAL HEALTH THE SOLE MEMBER MAY INITIATE OR IMPLEMENT ANY PROPOSAL WITH RESPECT TO ANY OF THE FOLLOWING, AMENDMENT OF CHARTER, CERTIFICATE OF ARTICLES OF INCORPORATION OR BYLAWS, SALE, PURCHASE, LEASE OR ENCUMBRANCE WITH DEBT, THE TRANSFER OF ANY ASSETS OF THE CORPORATION, EXCLUDING EQUIPMENT, ELECTION OR REMOVAL OF THE BOARD OF TRUSTEES OF THE CORPORATION, THE APPROVAL OF THE ANNUAL OPERATING AND CAPITAL BUDGETS OF THE CORPORATION, THE APPROVAL OF INVESTMENT ADVISORS, OUTSIDE LEGAL COUNSEL, AND AUDITORS OF THE CORPORATION, AND THE APPROVAL OF NON-BUDGETED EXPENDITURES

Identifier	Return Reference	Explanation
Members or stockholders electing members of governing body	Form 990, Part VI, Section A, Line 7a	LANCASTER GENERAL HEALTH ELECTS THE BOARD OF TRUSTEES OF LANCASTER GENERAL HOSPITAL

Identifier	Return Reference	Explanation
Decisions requiring approval by members or stockholders	Form 990, Part VI, Section A, Line 7b	THE SOLE MEMBER OF LANCASTER GENERAL HOSPITAL IS LANCASTER GENERAL HEALTH THE SOLE MEMBER MAY INITIATE OR IMPLEMENT ANY PROPOSAL WITH RESPECT TO ANY OF THE FOLLOWING, AMENDMENT OF CHARTER, CERTIFICATE OF ARTICLES OF INCORPORATION OR BYLAWS, SALE, PURCHASE, LEASE OR ENCUMBRANCE WITH DEBT, THE TRANSFER OF ANY ASSETS OF THE CORPORATION, EXCLUDING EQUIPMENT, ELECTION OR REMOVAL OF THE BOARD OF TRUSTEES OF THE CORPORATION, THE APPROVAL OF THE ANNUAL OPERATING AND CAPITAL BUDGETS OF THE CORPORATION, THE APPROVAL OF INVESTMENT ADVISORS, OUTSIDE LEGAL COUNSEL, AND AUDITORS OF THE CORPORATION, AND THE APPROVAL OF NON-BUDGETED EXPENDITURES

Identifier	Return Reference	Explanation
LOCAL CHAPTERS, BRANCHES, OR AFFILIATES	FORM 990, PART VI, LINE 10A	LANCASTER GENERAL HEALTH (EIN# 23-2250941) IS THE PARENT ORGANIZATION OF MULTIPLE AFFILIATES INCLUDING LANCASTER GENERAL HOSPITAL

Identifier	Return Reference	Explanation
Monitoring compliance of local unit's activities	Form 990, Part VI, Section B, Line 10b	THE ORGANIZATION HAS POLICIES AND PROCEDURES GOVERNING THE ACTIVITIES OF ITS AFFILIATES HOWEVER, THEY ARE NOT CURRENTLY APPROVED BY THE GOVERNING BOARD

Identifier	Return Reference	Explanation
Review of form 990 by governing body	Form 990, Part VI, Section B, Line 11b	THE CFO, THE VICE PRESIDENT-CONTROLLER, AND THE DIRECTOR OF ACCOUNTING REVIEWED THE FORM 990 IN ADDITION, THE MEMBERS OF THE GOVERNING BODY WERE GIVEN THE OPPORTUNITY TO VIEW THE 990 ONLINE VIA THE BOARD PORTAL SYSTEM PRIOR TO THE ELECTRONIC FILING THE CFO HIGHLIGHTED CERTAIN SECTIONS OF THE FORM 990 DURING THE BOARD MEETING HELD ON 5/15/2014 AND ANY QUESTIONS WERE ADDRESSED AT THAT TIME



Identifier	Return Reference	Explanation
POLICIES AND PROCEDURES	FORM 990, PART VI, LINE 12A	THE ORGANIZATION HAS THE POLICIES AND PROCEDURES IN PLACE AS MENTIONED IN FORM 990, PART VI, SECTION B, LINE 12A, 13, 14, AND 16B HOWEVER, THEY ARE NOT CURRENTLY APPROVED BY THE GOVERNING BOARD THE MEETING AGENDA FOR THE MAY 15, 2014 BOARD MEETING INCLUDES REVIEW AND APPROVAL OF SUCH POLICIES

Identifier	Return Reference	Explanation
CONFLICT OF INTEREST POLICY	FORM 990, PART VI, LINE 12C	IN ORDER TO ASCERTAIN AND EVALUATE ACTUAL OR POTENTIAL CONFLICTS, CERTAIN INTERESTED PERSON ARE REQUIRED TO FILL OUT A CONFLICT OF INTEREST DISCLOSURE STATEMENT UPON ENTERING EMPLOYMENT OR BECOMING A TRUSTEE OF LANCASTER GENERAL HOSPITAL OR AN AFFILIATE, AND OTHERS ARE ALSO REQUIRED TO FILL OUT SUCH A STATEMENT ON AN ANNUAL BASIS. IN ADDITION TO THIS REQUIREMENT, ALL OFFICERS AND TRUSTEES, REGARDLESS OF WHETHER OR NOT THEY HAVE FILLED OUT OR HAVE BEEN ASKED TO FILL OUT A CONFLICT OF INTEREST DISCLOSURE STATEMENT, HAVE AN ONGOING AFFIRMATIVE DUTY TO BRING TO THE ATTENTION OF LANCASTER GENERAL HOSPITAL, SITUATIONS WHICH MAY GIVE RISE TO AN ACTUAL OR POTENTIAL CONFLICT OF INTEREST AS DESCRIBED IN THE POLICY.

Identifier	Return Reference	Explanation
INDEPENDENCE	FORM 990, PART VI, LINE 15	ALL BUT ONE OF THE MEMBERS OF THE COMMITTEE IS CONSIDERED INDEPENDENT

Identifier	Return Reference	Explanation
Governing documents, conflict of interest policy and financial statements available to the public	Form 990, Part VI, Section C, Line 19	LANCASTER GENERAL HOSPITAL DOES NOT MAKE THE GOVERNING DOCUMENTS OR CONFLICT OF INTEREST POLICY AVAILABLE TO THE PUBLIC THE FINANCIAL STATEMENTS ARE NOW AVAILABLE TO THE PUBLIC AS THEY ARE REQUIRED TO BE INCLUDED WITH FORM 990, SCHEDULE H

Identifier	Return Reference	Explanation
COMPENSATION	FORM 990, PART VII, SECTION A, LINE 1A, COLUMN (B)	MEMBERS OF THE BOARD ARE NOT COMPENSATED FOR THEIR POSITION ON THE BOARD COMPENSATION DISCLOSED RELATES TO OTHER SERVICES PERFORMED

Identifier	Return Reference	Explanation
TAX EXEMPT BOND LIABILITIES	FORM 990, PART X, LINE 20	THE AMOUNT OF ISSUE OUSTANDING FOR BOTH THE SERIES 2007 AND 2012 BONDS ALSO INCLUDES THE BOND PREMIUM THE BALANCE OF THE 2007 BOND PREMIUM AT 6/30/13 WAS \$2,214,461 THE BALANCE OF THE 2012 BOND PREMIUM AT 6/30/13 WAS \$4,066,446

Identifier	Return Reference	Explanation
Other changes in net assets or fund balances	Form 990 , Part XI, Line 9	CHANGE IN INTEREST IN NET ASSETS OF LANCASTER GENERAL - 183092, OTHER NON-OPERATING INCOME - 5300837, TRANSFER OF NET ASSETS - 175204, RELATED PARTY TRANSFERS - -114981778, PERPETUAL TRUST DISTRIBUTION - 79491,

Identifier	Return Reference	Explanation
Number of contributions or items contributed	Schedule M, part I, column (b), Line other=FOOD	NUMBER OF INSTANCES IN WHICH FOOD WAS DONATED



Identifier	Return Reference	Explanation
Number of contributions or items contributed	Schedule M, part I, column (b), Line other=CRAFT SUPPLIES	NUMBER OF INSTANCES IN WHICH SUPPLIES WERE DONATED

Identifier	Return Reference	Explanation
Number of contributions or items contributed	Schedule M, part I, column (b), Line 5	NUMBER OF INSTANCES IN WHICH CONTRIBUTIONS OF CLOTHING WAS CONTRIBUTED

Identifier	Return Reference	Explanation
Number of contributions or items contributed	Schedule M, part I, column (b), Line 1	NUMBER OF ART PIECES CONTRIBUTED

Identifier	Return Reference	Explanation
Number of contributions or items contributed	Schedule M, part I, column (b), Line other=BEAM SIGNING DINNER FOR ABCCC	NUMBER OF DINNERS CONTRIBUTED

Identifier	Return Reference	Explanation
Number of contributions or items contributed	Schedule M, part I, column (b), Line other=GIFT CERTIFICATES	NUMBER OF VENDORS IN WHICH GIFT CERTIFICATES WERE DISTRIBUTED FOR

Identifier	Return Reference	Explanation
Number of contributions or items contributed	Schedule M, part I, column (b), Line other=MOVIE TICKETS	NUMBER OF INSTANCES IN WHICH MOVIE TICKETS WERE DONATED

Identifier	Return Reference	Explanation
Number of contributions or items contributed	Schedule M, part I, column (b), Line other=FOOD	NUMBER OF INSTANCES IN WHICH FOOD WAS DONATED

Identifier	Return Reference	Explanation
Number of contributions or items contributed	Schedule M, part I, column (b), Line other=CRAFT SUPPLIES	NUMBER OF INSTANCES IN WHICH SUPPLIES WERE DONATED



Identifier	Return Reference	Explanation
Number of contributions or items contributed	Schedule M, part I, column (b), Line 5	NUMBER OF INSTANCES IN WHICH CONTRIBUTIONS OF CLOTHING WAS CONTRIBUTED

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  
LANCASTER GENERAL HOSPITAL

Employer identification number  
23-1365353

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
See Additional Data Table							

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) Disproprrtionate 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	
(1) LANCASTER PET PARTNERSHIP LLP  PO BOX 4216 LANCASTER, PA 17604 23-3102793	MEDICAL SERVICES	PA	LANCASTER GENERAL IMAGING CORPORATION	RELATED								
(2) MRI GROUP LLP  PO BOX 4216 LANCASTER, PA 17604 33-1011386	MEDICAL SERVICES	PA	LANCASTER GENERAL IMAGING CORPORATION	RELATED								
(3) LG HEALTH COMMUNITY CARE COLLABORATIVE LLC  555 NORTH DUKE STREET LANCASTER, PA 17604 45-5542179	ACCOUNTABLE CARE ORGANIZATION	PA	LANCASTER GENERAL HOSPITAL	RELATED				No		Yes		0 %

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end- of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) LANCASTER GENERAL SERVICES BUSINESS TRUST  607 NORTH DUKE STREET LANCASTER, PA 17602 23-2250128	OWNS & OPERATES REAL ESTATE PROPERTY, PHARMACY & HOME INFUSION COMPANY	PA	LANCASTER GENERAL HEALTH	TRUST					
(2) BARGE GANSE VENACARE BUSINESS TRUST  607 NORTH DUKE STREET LANCASTER, PA 17602 23-2113017	PHARMACY & OWNER OF HOME INFUSION THERAPY SERVICES COMPANY	PA	LANCASTER GENERAL SERVICES BUSINESS TRUST	TRUST					
(3) LANCASTER GENERAL INSURANCE COMPANY  98-0176655	INSURANCE	CJ	LANCASTER GENERAL HEALTH	C CORPORATION					

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

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
See Additional Data Table			

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: 12000266

Software Version: v2012.1.0

EIN: 23-1365353

Name: LANCASTER GENERAL 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
TRANSACTIONS WITH RELATED ORGANIZATIONS	PART I	ALL ARRANGEMENTS ARE NEGOTIATED AT ARM'S LENGTH AND FOR FAIR VALUE IN COMPLIANCE WITH THE ORGANIZATION'S CONFLICT OF INTEREST POLICY AFFILIATES PERFORM INTER-COMPANY TRANSACTIONS AS PART OF THE NORMAL COURSE OF BUSINESS

--> Form 990, Schedule R, Part V - Transactions With Related Organizations

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
LANCASTER GENERAL HEALTH-COLUMBIA CENTER	B	1,213,787	FMV
LANCASTER GENERAL HEALTH-COLUMBIA CENTER	K	375,318	FMV
LANCASTER GENERAL HEALTH-COLUMBIA CENTER	L	119,366	FMV
LANCASTER GENERAL HEALTH-COLUMBIA CENTER	M	18,293	FMV
LANCASTER GENERAL HEALTH-COLUMBIA CENTER	O	1,239	FMV
LANCASTER GENERAL HEALTH-COLUMBIA CENTER	O	234,113	FMV
LANCASTER GENERAL HEALTH-COLUMBIA CENTER	Q	997,963	FMV
LANCASTER GENERAL HEALTH-COLUMBIA CENTER	R	1,041,362	FMV
LANCASTER GENERAL COLLEGE OF NURSING & HEALTH SCIENCES	A	105,504	FMV
LANCASTER GENERAL COLLEGE OF NURSING & HEALTH SCIENCES	B	1,519,328	FMV
LANCASTER GENERAL COLLEGE OF NURSING & HEALTH SCIENCES	G	158,525	FMV
LANCASTER GENERAL COLLEGE OF NURSING & HEALTH SCIENCES	L	406,840	FMV
LANCASTER GENERAL COLLEGE OF NURSING & HEALTH SCIENCES	M	3,487,019	FMV
LANCASTER GENERAL COLLEGE OF NURSING & HEALTH SCIENCES	O	204,386	FMV
LANCASTER GENERAL COLLEGE OF NURSING & HEALTH SCIENCES	O	385,314	FMV
LANCASTER GENERAL COLLEGE OF NURSING & HEALTH SCIENCES	Q	3,135,295	FMV
LANCASTER GENERAL AMBULATORY SURGICAL SERVICES INC	B	55,473	FMV
LANCASTER GENERAL AMBULATORY SURGICAL SERVICES INC	C	5,790,744	FMV
LANCASTER GENERAL AMBULATORY SURGICAL SERVICES INC	L	42,973	FMV
MRI GROUP LLP	A	398,477	FMV
MRI GROUP LLP	L	1,171,827	FMV
MRI GROUP LLP	M	4,908,967	FMV
LANCASTER PET PARTNERSHIP LLP	A	69,654	FMV
LANCASTER PET PARTNERSHIP LLP	L	247,621	FMV
LANCASTER PET PARTNERSHIP LLP	M	20,780	FMV

Form 990, Schedule R, Part V - Transactions With Related Organizations

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
LANCASTER GENERAL IMAGING CORPORATION	B	19,740	FMV
LANCASTER GENERAL IMAGING CORPORATION	C	2,914,375	FMV
LANCASTER GENERAL IMAGING CORPORATION	L	19,240	FMV
LANCASTER GENERAL HEALTH	B	87,035,300	FMV
LANCASTER GENERAL HEALTH	L	3,749,166	FMV
LANCASTER GENERAL HEALTH	M	783,701	FMV
LANCASTER GENERAL HEALTH FOUNDATION	B	638,985	FMV
LANCASTER GENERAL HEALTH FOUNDATION	C	50,000	FMV
LANCASTER GENERAL HEALTH FOUNDATION	L	154,625	FMV
LANCASTER GENERAL HEALTH FOUNDATION	O	289,549	FMV
THE HEART GROUP OF LANCASTER GENERAL HEALTH	B	11,895,433	FMV
THE HEART GROUP OF LANCASTER GENERAL HEALTH	J	10,057	FMV
THE HEART GROUP OF LANCASTER GENERAL HEALTH	K	439,776	FMV
THE HEART GROUP OF LANCASTER GENERAL HEALTH	L	509,692	FMV
THE HEART GROUP OF LANCASTER GENERAL HEALTH	M	164,305	FMV
THE HEART GROUP OF LANCASTER GENERAL HEALTH	O	123,986	FMV
THE HEART GROUP OF LANCASTER GENERAL HEALTH	O	298,194	FMV
THE HEART GROUP OF LANCASTER GENERAL HEALTH	P	17,509	FMV
THE HEART GROUP OF LANCASTER GENERAL HEALTH	Q	420,079	FMV
THE HEART GROUP OF LANCASTER GENERAL HEALTH	R	7,762,000	FMV
LANCASTER GENERAL MEDICAL GROUP	B	23,166,789	FMV
LANCASTER GENERAL MEDICAL GROUP	J	998,399	FMV
LANCASTER GENERAL MEDICAL GROUP	K	52,602	FMV
LANCASTER GENERAL MEDICAL GROUP	L	2,710,498	FMV
LANCASTER GENERAL MEDICAL GROUP	M	2,659,430	FMV

Form 990, Schedule R, Part V - Transactions With Related Organizations

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
LANCASTER GENERAL MEDICAL GROUP	O	895,841	FMV
LANCASTER GENERAL MEDICAL GROUP	O	2,071,006	FMV
LANCASTER GENERAL MEDICAL GROUP	P	154,524	FMV
LANCASTER GENERAL MEDICAL GROUP	Q	1,942,567	FMV
LANCASTER GENERAL MEDICAL GROUP	R	1,315,000	FMV
LANCASTER GENERAL MEDICAL GROUP	S	122,996	FMV
LANCASTER GENERAL INSURANCE COMPANY	M	524,567	FMV
LANCASTER GENERAL REHABILITATION SERVICES INC	B	81,033	FMV
LANCASTER GENERAL REHABILITATION SERVICES INC	C	2,370,500	FMV
LANCASTER GENERAL REHABILITATION SERVICES INC	L	67,843	FMV
LANCASTER GENERAL HEALTH INNOVATIVE SOLUTIONS INC	O	238,471	FMV
LANCASTER GENERAL SERVICES BUSINESS TRUST	J	11,237	FMV
LANCASTER GENERAL SERVICES BUSINESS TRUST	K	332,501	FMV
LANCASTER GENERAL SERVICES BUSINESS TRUST	L	167,036	FMV
LANCASTER GENERAL SERVICES BUSINESS TRUST	M	327,601	FMV
BARGE GANSE VENACARE BUSINESS TRUST	L	5,229	FMV
UNITED AUXILIARIES TO LANCASTER GENERAL HOSPITAL	C	65,000	FMV
UNITED AUXILIARIES TO LANCASTER GENERAL HOSPITAL	Q	178,205	FMV



# **Lancaster General Health**

Consolidated Financial Statements and  
Supplementary Information  
June 30, 2013 and 2012

# Lancaster General Health

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June 30, 2013 and 2012

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## **Independent Auditor's Report**

To the Audit and Compliance Committee of Lancaster General Health

We have audited the accompanying consolidated financial statements of Lancaster General Health ("LG"), which comprise the consolidated balance sheet as of June 30, 2013, and the related consolidated statement of operations and changes in net assets for the year then ended

### ***Management's Responsibility for the Consolidated Financial Statements***

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

### ***Auditor's Responsibility***

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

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

### ***Opinion***

In our opinion, the 2013 consolidated financial statements referred to above present fairly, in all material respects, the financial position of LG at June 30, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



***Other Matter***

The consolidated financial statements of LG as of June 30, 2012 and for the year then ended were audited by other auditors whose report, dated October 29, 2012, expressed an unqualified opinion on those statements

*PricewaterhouseCoopers up*

October 31, 2013

**Lancaster General Health**  
**Consolidated Balance Sheets**  
**Years Ended June 30, 2013 and 2012**  
*(in thousands of dollars)*

<b>Assets</b>	<b>2013</b>	<b>2012</b>
Current assets		
Cash and cash equivalents	\$ 16,028	\$ 13,280
Investments	33,794	74,858
Assets limited as to use	6,115	4,304
Patient accounts receivable, net of allowance for doubtful accounts of \$22,438 and \$20,071 at June 30, 2013 and 2012, respectively	99,712	109,790
Other receivables	22,177	14,948
Inventories	12,340	4,576
Prepaid expenses and other current assets	19,497	19,920
Total current assets	<u>209,663</u>	<u>241,676</u>
Investments		
Unrestricted	739,462	612,699
Donor restricted	12,795	20,333
	<u>752,257</u>	<u>633,032</u>
Assets limited as to use, net of current portion	12,421	34,335
Property, plant and equipment, net	505,791	477,406
Beneficial interest in trusts	8,871	8,533
Investments in non-consolidated affiliates	15,542	14,205
Other assets	4,699	6,107
Total assets	<u>\$ 1,509,244</u>	<u>\$ 1,415,294</u>
<b>Liabilities and net assets</b>		
Current Liabilities		
Current portion of long-term debt	\$ 7,108	\$ 7,229
Accounts payable	29,659	37,012
Accrued payroll and related benefits	48,521	43,499
Estimated settlements with third-party payors	12,526	10,853
Other current liabilities	9,124	20,395
Total current liabilities	<u>106,938</u>	<u>118,988</u>
Accrued pension liability	162,935	291,299
Other liabilities	73,493	71,810
Long-term debt, net of current portion	<u>223,399</u>	<u>228,635</u>
Total liabilities	<u>566,765</u>	<u>710,732</u>
Net Assets		
Unrestricted		
Unrestricted net assets of LG	919,048	671,526
Non-controlling interests	3,125	3,051
Total unrestricted net assets	<u>922,173</u>	<u>674,577</u>
Temporarily restricted	9,633	18,534
Permanently restricted	10,673	11,451
Total net assets	<u>942,479</u>	<u>704,562</u>
Total liabilities and net assets	<u>\$ 1,509,244</u>	<u>\$ 1,415,294</u>

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

# Lancaster General Health

## Consolidated Statement of Operations and Changes in Net Assets

Years Ended June 30, 2013 and 2012

(in thousands of dollars)

Unrestricted net assets	2013	2012
Unrestricted revenue and other support		
Net patient service revenue	\$ 914,301	\$ 905,547
Provision for bad debt	(41,425)	(37,087)
Net patient service revenue, less provision for bad debt	872,876	868,460
Medical services	10,031	17,225
Capitation revenue	1,524	878
Other revenue	31,017	26,981
Net assets released from restrictions for operations	3,980	2,593
Contributions	317	505
Total unrestricted revenue and other support	919,745	916,642
Expenses		
Operating expenses	832,004	824,299
Depreciation and amortization	51,232	54,929
Interest	7,932	5,955
Provision for bad debts	111	76
Total expenses	891,279	885,259
Operating income	28,466	31,383
Other income (loss)		
Investment income, net	14,219	14,096
Net realized gains on sale of trading securities	11,742	4,388
Change in net unrealized gains and losses on trading securities	16,941	(16,381)
Change in fair value of interest rate swap agreement	2,067	(5,295)
Income tax adjustment	12,093	(12,093)
Other non-operating income, net	15,160	34,090
Total other income	72,222	18,805
Excess of revenue and other income over expenses	100,688	50,188
Excess of revenue attributable to non-controlling interest	(1,984)	(2,466)
Excess of revenue and other income over expenses attributable to LG	98,704	47,722
Other changes in unrestricted net assets		
Net assets released from restrictions - purchase of property, plant and equipment	10,654	450
Change in non-controlling interests	74	(2,220)
Change in pension liability	141,439	(146,063)
Change in post retirement benefits	(978)	(2,045)
Effects of deconsolidation of affiliate	(2,297)	(12,517)
Increase (decrease) in unrestricted net assets	247,596	(114,673)

Continued on next page

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

# Lancaster General Health

## Consolidated Statement of Operations and Changes in Net Assets

Years Ended June 30, 2013 and 2012

(in thousands of dollars)

	2013	2012
<b>Temporarily restricted net assets</b>		
Restricted contributions and gifts	\$ 5,453	\$ 4,818
Investment income	187	223
Net realized gains on sale of trading securities	16	82
Change in net unrealized gains on trading securities	289	(347)
Net assets released from restrictions	(14,634)	(3,043)
Effects of deconsolidation of affiliate	(212)	(13)
(Decrease) increase in temporarily restricted net assets	(8,901)	1,720
<b>Permanently restricted net assets</b>		
Restricted contributions and gifts	124	251
Change in net unrealized gains and losses on trading securities	400	(25)
Change in fair value of beneficial interest in trusts	138	(289)
Effects of deconsolidation of affiliate	(1,440)	(207)
(Decrease) in permanently restricted net assets	(778)	(270)
Increase (decrease) in net assets	237,917	(113,223)
Net assets, beginning of year	704,562	817,785
Net assets, end of year	<u>\$ 942,479</u>	<u>\$ 704,562</u>

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

**Lancaster General Health**  
**Consolidated Statement of Cash Flows**  
**Years Ended June 30, 2013 and 2012**  
*(in thousands of dollars)*

	<b>2013</b>	<b>2012</b>
<b>Operating activities</b>		
Increase (decrease) in net assets	\$ 237,917	\$ (113,223)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Change in pension liability	(141,439)	146,063
Change in post-retirement benefits	978	2,045
Depreciation and amortization	51,232	54,929
Provision for bad debts	41,536	37,163
Equity earnings in non-consolidated affiliates	(10,000)	(9,357)
Net realized and unrealized (gains)/losses on trading securities	(29,225)	11,946
Change in fair value of interest rate swap liability	(2,996)	4,339
Change in fair value of beneficial interest in trusts	(338)	785
Restricted contributions, gifts, grants, and restricted income	(828)	(5,292)
Changes in certain assets and liabilities		
Patient accounts receivable	(31,347)	(28,120)
Other receivables	(7,340)	1,885
Inventories	(7,764)	596
Prepaid expenses and other current assets	423	986
Other assets	1,231	(566)
Accounts payable	(9,601)	11,084
Accrued payroll and related benefits	5,022	(9,600)
Estimated settlements with third-party payors	1,673	(233)
Accrued pension liability	13,075	(18,149)
Other liabilities	(7,571)	10,970
Net cash provided by operating activities before trading securities	104,638	98,251
Change in investments and assets limited as to use trading securities	(28,832)	(67,360)
Net cash provided by operating activities	75,806	30,891
<b>Investing activities</b>		
Net purchases of property, plant and equipment	(75,077)	(48,990)
Distributions from non-consolidated affiliates	8,861	6,099
Net cash used in investing activities	(66,216)	(42,891)
<b>Financing activities</b>		
Restricted contributions, gifts, grants, and restricted income	828	5,292
Proceeds from long-term debt	-	119,007
Repayments of long-term debt	(7,670)	(124,179)
Payments for deferred financing costs	-	(1,247)
Net cash (used in) financing activities	(6,842)	(1,127)
Increase (decrease) in cash and cash equivalents	2,748	(13,127)
Cash and cash equivalents, beginning of year	13,280	26,407
Cash and cash equivalents, end of year	\$ 16,028	\$ 13,280
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest, net of amounts capitalized	\$ 6,025	\$ 6,995
Cash paid for income taxes	\$ 116	\$ 2,160
<b>Noncash investing and financing activities</b>		
Capital lease obligations incurred in exchange for equipment	\$ 2,313	\$ 2,148
Accrual for the purchase of property, plant and equipment	\$ 2,247	\$ 322

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



# **Lancaster General Health**

## **Notes to Financial Statements**

### **Years Ended June 30, 2013 and 2012**

*(in thousands of dollars)*

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#### **NOTE A - ORGANIZATION**

Lancaster General Health is a not-for-profit organization which provides managerial and financial support to its controlled organizations and is also responsible for undertaking activities to improve the health of the community. The related entities under the control of Lancaster General Health include Lancaster General Hospital (the Hospital) and its controlled entities (collectively, LGH) Lancaster General Health-Columbia Center, Lancaster General College of Nursing & Health Sciences, Lancaster General Imaging Corporation, Lancaster General Ambulatory Surgical Services, and Lancaster General Health Community Care Collaborative, LLC, Lancaster General Medical Group, Lancaster General Insurance Company, Ltd., Lancaster General Services Business Trust and subsidiaries, Lancaster General Rehabilitation Services, Inc., Lancaster General Health Foundation, The Heart Group of Lancaster General Health, and Lancaster General Health Innovative Solutions, Inc.

Lancaster General Hospital (the Hospital) founded in 1893 as a private, voluntary, nonsectarian general hospital, has 638 beds and is located in the City of Lancaster, Pennsylvania. Its primary service area is comprised of Lancaster City and 14 surrounding communities. The Hospital provides a full range of primary and secondary health care services and is a major referral center. The sole member of the Hospital is Lancaster General Health.

Lancaster General Health - Columbia Center (CHC) is a not-for-profit corporation located in Columbia, Pennsylvania. It operates a primary care physician office and provides facility management for outpatient services. CHC's sole member is the Hospital.

Lancaster General College of Nursing & Health Sciences (LGCNHS) is a not-for-profit corporation that operates a college located in the City of Lancaster, Pennsylvania. The sole member of LGCNHS is the Hospital.

Lancaster General Imaging Corporation (LGIC) is a not-for-profit corporation located in the City of Lancaster, Pennsylvania and its sole member is the Hospital. LGIC has a 75% ownership interest in the Lancaster PET Partnership, LLP (PET) and a 57.5% ownership interest in the MRI Group, LLP (MRI).

Lancaster General Ambulatory Surgical Services, Inc. (LGAMB) is a not-for-profit corporation which owns 50% of Physicians' Surgery Center - Lancaster General. The sole member of LGAMB is the Hospital.

Lancaster General Health Community Care Collaborative, LLC (LGHCCC) is a domestic limited liability company formed as an accountable care organization to receive and distribute shared savings from the Medicare Shared Savings Program. There has been no financial activity in this company as of June 30, 2013 and 2012.

Lancaster General Medical Group (LGMG) is a not-for-profit organization which employs physicians and provides management services to physicians. The sole member of Lancaster General Medical Group is Lancaster General Health.

Lancaster General Insurance Company, Ltd. (LGI) is a Cayman Islands captive insurance company whose sole shareholder is Lancaster General Health.

# **Lancaster General Health**

## **Notes to Financial Statements**

### **Years Ended June 30, 2013 and 2012**

*(in thousands of dollars)*

Lancaster General Services Business Trust (LGSBT) is a for-profit Pennsylvania business trust solely owned by Lancaster General Health. LGSBT owns and operates Barge-Ganse Venacare Business Trust (BGVBT) and real estate properties. Through November 30, 2011, BGVBT held a 60% interest in Horizon Healthcare Services, LLP (HHS). On that date, BGVBT sold a portion of their interest in HHS thereby reducing their ownership interest to 25%.

Lancaster General Rehabilitation Services, Inc. (LRSI) is a not-for-profit corporation which owns 50% of Lancaster Rehabilitation Hospital. The sole member of Lancaster General Rehabilitation Services, Inc. is Lancaster General Health.

Lancaster General Health Foundation (LGHF) is a not-for-profit corporation formed to support the development activities of the tax exempt, not-for-profit corporations within the Lancaster General Health system. The sole member of Lancaster General Health Foundation is Lancaster General Health.

The Heart Group of Lancaster General Health (THG) is a not-for-profit corporation which employs cardiologists. The sole member of The Heart Group of Lancaster General Health is Lancaster General Health.

Lancaster General Health Innovative Solutions, Inc. (LGHIS) is a not-for-profit corporation whose purpose is to launch novel products and services and leverage technologies as innovative solutions for healthcare transformation in Lancaster County and the surrounding communities. The sole member of Lancaster General Health Innovative Solutions, Inc. is Lancaster General Health.

As of July 1, 2012 Lancaster Cleft Palate Clinic (LCPC) is no longer affiliated with Lancaster General Health and operates as an independent, not-for-profit organization.

#### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of Presentation**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

##### **Principles of Consolidation**

The consolidated financial statements include the accounts of Lancaster General Health and the related entities under its control (collectively, LG). LG, through LGIC, owns certain interests in companies at June 30, 2013 and 2012, which are included in the consolidated financial statements, with the non-controlling interests reported as a component of net assets. All significant intercompany balances and transactions have been eliminated.

The change in ownership interests of HHS and VNA Community Care Services, Inc. (VNA) required their deconsolidation during the year ended June 30, 2012. The change in the ownership interest of LCPC required its deconsolidation during the year ended June 30, 2013.

##### **Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. The most significant management estimates and assumptions are related to the determination of allowance for doubtful accounts and contractual allowances for patient

# **Lancaster General Health**

## **Notes to Financial Statements**

### **Years Ended June 30, 2013 and 2012**

*(in thousands of dollars)*

accounts receivable, useful lives of property, plant, and equipment, actuarial estimates for the postretirement benefit plan, self-insured reserves, including professional and general liabilities, and the reported fair values of certain assets and liabilities. Actual results could differ from those estimates.

#### **Cash and Cash Equivalents**

Cash and cash equivalents include various checking, savings, and money market accounts and other investments, with initial maturity dates of three months or less.

#### **Inventories**

Inventories are stated at the lower of cost, determined by the weighted-average cost method, or market.

#### **Investments and Assets Limited as to Use**

Investments and assets limited as to use include assets set aside by management and trustees for future purposes, including capital improvements and self insurance trust funds. Certain investments have been restricted by donors and are designated as donor restricted. In addition, assets limited as to use include investments held by trustees under bond indenture agreements, including construction and debt service interest, principal, and reserve funds. LG has designated its investment portfolios as trading. Amounts required to meet current liabilities have been reclassified to the current portion of assets limited as to use in the consolidated balance sheets.

Direct investments in equity securities with readily determinable fair values and all direct investments in debt securities have been measured at fair value in the accompanying consolidated balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in excess of revenues and other income over expenses unless the income or loss is restricted by donor or law.

Equities that are listed on an exchange are valued at their last sales price on the date of determination on the primary exchange. Fixed income positions are generally priced at the close of market using third party data providers, such positions will be marked at the "bid" price.

LG also invests in a variety of alternative investments carried at their net asset value per share as a practical expedient, as provided by the investment managers. Alternative investments are in private equity, real asset, absolute return and venture capital funds, in which the underlying investments are in marketable securities, currencies, limited partnerships, commodities and energy portfolios and forward and swap contracts. Because some alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. These instruments may contain elements of both credit risk and market risk. Such risks include, but are not limited to limited liquidity, absence of oversight, dependence on key individuals, emphasis on speculative investments, and nondisclosure of portfolio composition.

LG reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining fair value of the alternative investments. LG requests, receives and reviews the audited financial statements from the investment managers.

#### **Property, Plant and Equipment**

Property, plant and equipment acquisitions are recorded at cost. Donated assets are recorded at their fair value at the date of donation. Depreciation is expensed over the estimated useful lives of each depreciable asset and is computed using the straight-line method. Equipment under capital leases is amortized on the straight-line method over the shorter of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the consolidated financial statements. Interest cost incurred, net of income earned, on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Capitalized interest amounted to \$865 and

# **Lancaster General Health**

## **Notes to Financial Statements**

### **Years Ended June 30, 2013 and 2012**

*(in thousands of dollars)*

\$26 for the years ended June 30, 2013 and 2012, respectively. Repair and maintenance costs are expensed as incurred. When property, plant, and equipment are retired, sold, or otherwise disposed of, the asset's carrying value and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations.

#### **Long-Lived Assets**

LG continually evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance may not be recoverable. When factors indicate that long-lived assets should be evaluated for possible impairment, LG uses an estimate of the related discounted operating income over the remaining life of the long-lived asset in measuring whether the long-lived asset is recoverable. An impairment loss on these assets is measured as the excess of the carrying amount of the asset over its fair value. Fair value is based on market prices where available, or discounted cash flows. At June 30, 2013, LG recorded an impairment loss of long-lived assets of \$3,004 related to The Heart Group of Lancaster General Health.

#### **Deferred Financing Costs**

Deferred debt issuance costs included in other assets at June 30, 2013 and 2012, totaling \$1,935 and \$1,916, respectively, are amortized using the straight-line method over the life of the related debt, which approximates the effective interest method.

#### **Beneficial Interest in Trusts**

LG has been named as a beneficiary of several trusts, including a charitable remainder trust, to be held in perpetuity, which are administered and controlled by independent trustees. LG has recorded its portion of the fair value of the trusts as permanently restricted, with the exception of one trust that is temporarily restricted. LG records the earnings from these investments as unrestricted or restricted investment income, based on the donor's stipulation. The fair value of the asset is measured at least annually based on the current market value of the trust. There was no contribution revenue recognized under these trusts for the years ended June 30, 2013 and 2012.

#### **Donor-Restricted Gifts**

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated as cost. 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 is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the temporarily restricted net asset class, and a reclassification to unrestricted net assets is made to reflect the expiration of such restrictions.

#### **Charitable Gift Annuities**

Charitable gift annuities are arrangements between a donor and LG in which the donor contributes assets to LG in exchange for a promise from LG to pay the donor a fixed amount for a specified period of time. Assets received have been recognized at fair value and an annuity payment liability has been recognized at the present value of the future cash flows expected to be paid. Unrestricted or restricted contribution revenue is recognized as the difference between these two amounts based on donor restrictions placed on the use of the assets. To calculate the present value of the charitable gift annuities, various discount rates based on donor mortality estimates were used.

# **Lancaster General Health**

## **Notes to Financial Statements**

### **Years Ended June 30, 2013 and 2012**

*(in thousands of dollars)*

Charitable gift annuity assets were \$1,923 and \$1,796 as of June 30, 2013 and June 30, 2012 and are included in investments-donor restricted on the consolidated balance sheets. Annuity payment liabilities were \$811 and \$701 as of June 30, 2013 and June 30, 2012 and are included in other liabilities on the consolidated balance sheets. Contribution revenue recognized under these agreements was \$550 and \$525 for the years ended June 30, 2013 and 2012.

#### **Derivative Financial Instruments**

LG recognizes all derivative financial instruments in the consolidated balance sheets at fair value. Management has elected not to designate the interest rate swap agreement as hedges for financial reporting purposes. Consequently, the change in the fair value of LG's interest rate swap agreements is included in other income (loss) as a component of excess of revenues and other income over expenses in the consolidated statements of operations and changes in net assets.

The interest rate swap agreement is used by LG to manage interest rate exposures and to hedge the changes in cash flows on variable rate revenue bonds. Derivative financial instruments involve, to a varying degree, elements of market and credit risk. The market risk associated with these instruments resulting from interest rate movements is expected to offset the market risk of the liability being hedged.

#### **Investments in Non-Consolidated Affiliates**

Investments in partnerships and limited liability companies including those with underlying interest in equity and debt securities are recorded using the equity method of accounting, with the related changes in value in earnings reported as a component of other income (loss) in the accompanying consolidated statements of operations and changes in net assets.

#### **Estimated Professional Liability**

The reserve for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported and is included in other liabilities in the consolidated balance sheets. The estimate for incurred but not reported claims is actuarially determined based on LG specific and industry experience data. Receivables for expected insurance recoveries are included in other assets in the accompanying consolidated balance sheets.

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

Temporarily restricted net assets represent those assets whose use has been limited by donors to a specific time period or purpose. As the donors' intentions are met, the net assets are reclassified to unrestricted and reported in the consolidated statements of operations and changes in net assets as a component of unrestricted revenue and other support for operating purposes, and as other changes in unrestricted net assets for acquisitions of property, plant and equipment. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity with income to support services in accordance with donor stipulations. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless restricted by donor stipulations or law.

#### **Net Patient Service Revenue**

Net patient service revenue is recorded at established rates, net of contractual adjustments, charity allowances, and policy discounts. Contractual revenue adjustments arising from reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered. Differences between these accruals and final third-party settlements are included in the consolidated statements of operations and changes in net assets as an adjustment to net patient service revenue in the year of final settlement.

# **Lancaster General Health**

## **Notes to Financial Statements**

### **Years Ended June 30, 2013 and 2012**

*(in thousands of dollars)*

LG recognizes bad debt expense and the allowance for doubtful accounts based upon historical experience for both third-party payors and self pay. Management regularly evaluates patient account history in determining the sufficiency of the allowance for doubtful accounts and provision for bad debts. Patient accounts receivable are charged off against the allowance for doubtful accounts when management determines that recovery is unlikely and collection efforts cease. Losses have been consistent with management's expectations.

LG has agreements with various third-party payors to provide office visits to subscribing participants. Under these agreements, LG receives monthly capitation payments based on the number of each payor's participants, regardless of services actually performed by LG.

#### **Community Care**

LG provides care to patients who meet certain criteria under its financial assistance policy without charge or at amounts less than its established rates. The entities do not pursue collection of amounts determined to qualify as financial assistance; therefore, they are not reported as revenue. Direct and indirect costs for these services amounted to \$127,677 and \$132,185 for the years ended June 30, 2013 and 2012, respectively. The estimated costs of providing community care are based on data derived from LG's cost accounting system. LG's threshold for financial assistance is 400% of the Federal Poverty Guidelines (FPG). LG uses a sliding scale to determine actual discounts to be provided to patients who have income less than 400% of the FPG. This policy results in LG's assumption of higher-than-normal patient receivable credit risk. Any additional losses realized as a result of this assumption are included in the provision for bad debts (see Note C).

#### **Medical Services**

LG provides convenience pharmacy services to employees and their families as well as to patients who are discharged. Medical services revenue is recorded at the net amount collected for the services provided.

#### **Other Revenue**

Other revenue is comprised of tuition revenue, rental income, cafeteria revenue and other miscellaneous items (see Note E).

#### **Electronic Health Records Incentive Program (EHR)**

The American Recovery and Reinvestment Act of 2009 (ARRA) established incentive payments under the Medicare and Medicaid programs for certain medical professionals and hospitals that "meaningfully use" certified EHR technology. The Health Information Technology for Economic and Clinical Health Act provision within the ARRA allowed for \$19 billion of incentives to be paid to hospitals and physicians who implement and meaningfully use electronic health record technology by 2014. LG utilizes the contingency model and recognized \$7,688 for these incentives as other non-operating income in the consolidated statements of operations and changes in net assets as of June 30, 2013.

#### **Excess of Revenue and Other Income over Expenses**

The consolidated statements of operations and changes in net assets include the excess of revenue and other income over expenses. Changes in unrestricted net assets that are excluded from the excess of revenue and other income over expenses, consistent with industry practice, include changes in pension liability, change in other benefits, contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets), and changes in non-controlling interests and the net asset effect of the deconsolidation of an affiliate.

# Lancaster General Health

## Notes to Financial Statements

### Years Ended June 30, 2013 and 2012

(in thousands of dollars)

#### Income Taxes

Except for LGSBT and its subsidiaries, LGI and LGHCCC, Lancaster General Health and its controlled affiliates are organized and operated as nonprofit corporations and as tax-exempt organizations described in Internal Revenue Code (IRC) Section 501(c)(3), and, except for THG and LGHIS, which have not yet received recognition from the Internal Revenue Service (IRS) of its tax-exempt status, each of the others have received Section 501(c)(3) determinations from the IRS

LGAMB and LRSI are Pennsylvania nonprofit corporations. In April 2008, LGAMB and LRSI each filed an Application for Recognition of Exemption under IRC Section 501(c)(3) (Form 1023). On May 18, 2012, LGAMB and LRSI each received a determination from the IRS that such entities do not qualify for exemption under Section 501(c)(3) of the IRC. LGAMB and LRSI each filed a protest letter regarding the determinations with the IRS on June 15, 2012. These filings were followed by a conference on July 23, 2012 involving representatives of LGAMB and LRSI and representatives of the Tax Exempt Organizations Division of the National Office of the IRS. Thereafter, on August 31, 2012, in response to a request from the IRS for additional information in connection with the pending review of the exemption applications, LGAMB and LRSI provided the IRS with additional supporting information.

LGAMB and LRSI received tax-exempt status as described in Internal Revenue Code (IRC) Section 501(c)(3) on December 12, 2012 and December 21, 2012, respectively.

LG follows generally accepted accounting principles (GAAP) for uncertainties in income tax positions. Notwithstanding that management believed the IRS's determinations to be incorrect and that LGAMB and LRSI were entitled to tax-exemption, because of the IRS's issuance of the May 18, 2012 letters, LG made accruals for uncertain tax positions relating to LGAMB and LRSI as of June 30, 2012. After receipt of the tax-exempt letters in December 2012, those accruals were reversed.

The following table summarizes the activity related to LG's accrued uncertain tax positions as a result of LGAMB's and LRSI's receipt of the May 2012 and December 2012 letters from the IRS:

Uncertain tax positions, June 30, 2011	\$ -
Changes to tax positions related to the current year	3,450
Changes to tax positions of prior years	6,560
Uncertain tax positions, June 30, 2012	\$ 10,010
Reversal of uncertain tax position	10,010
Uncertain tax positions, June 30, 2013	\$ -

LG accrues interest and penalties related to income tax matters as a part of the provision for income taxes. LG accrued interest and penalties of \$2,083 as of June 30, 2012 as a result of the IRS's May 18, 2012 letters. The amount of the unrecognized tax benefit, if recognized, would reduce LG's effective tax rate in the year of recognition. After receipt of the tax-exempt letters in December 2012, the accrued interest and penalties were reversed.

The tax years subject to examination by the IRS and the Commonwealth of Pennsylvania for LG and its affiliates, except for LGAMB and LRSI, are 2010 through 2012 and for LGAMB and LRSI are 2006 through 2012.

#### Reclassifications

Certain amounts in the prior year have been reclassified to conform to the current year presentation.

During 2012, the Hospital recorded Operating Room ("OR") medical surgical supply purchases directly as an expense at the time of purchase rather than capitalizing as inventory. There was no physical inventory taken as of June 30, 2012, therefore, the amount that should have been capitalized as of June 30, 2012 is

# Lancaster General Health

## Notes to Financial Statements

### Years Ended June 30, 2013 and 2012

(in thousands of dollars)

not available. An out of period correction of \$7,579, which is the OR inventory balance as of June 30, 2013, has been recorded during the year ended June 30, 2013. Management believes that the impact of the adjustment is not material to either the 2013 or 2012 financial statements.

#### Recent Accounting Pronouncement Adopted

Effective July 2012, LG adopted the provisions of ASU 2011-04, "Fair Value Measurement Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS," including an amendment to ASC 820, "Fair Value Measurements." ASU 2011-04 changes the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. This update includes amendments that clarify the FASB's intent about the application of existing fair value measurement requirements. Other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The adoption of ASU 2011-04 had no effect on LG's Combined Balance Sheets and Statements of Operations and Changes in Net Assets.

Effective July 2012, LG adopted the provisions of ASU 2011-07 "Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities", which applies to health care entities that recognize a significant amount of patient service revenue at the time services are rendered even though the entities do not assess a patient's ability to pay. This ASU requires health care entities to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue on the face of the Combined Statements of Operations and Changes in Net Assets. The adoption of this ASU was made retrospectively, therefore the provision for bad debts for the prior period was reclassified to conform to the new presentation.

#### NOTE C - COMMUNITY CARE

A portion of LG's overall operating expense relates to costs incurred in providing and meeting certain community needs. A standard reporting and accountability process is utilized to estimate the net cost of these services. Costs reported are net of payer reimbursement and contributions or grants that have been provided to LG and designated for these purposes. The level of community care provided as identified in accordance with LG's accounting policies is as follows:

	2013	2012
Charitable services		
Unpaid cost of state programs to the financially disadvantaged (e.g., Medicaid)	\$ 66,906	\$ 70,706
Unpaid cost of services to other financially disadvantaged persons	11,789	9,205
Other community services		
Unpaid cost of education programs	10,427	7,631
Cost of other community services	8,922	6,122
Total community care at cost	<u>\$ 98,044</u>	<u>\$ 93,664</u>

#### NOTE D - NET PATIENT SERVICE REVENUE

LG has agreements with third-party payors that provide for payments at amounts different from established charges. Hospital inpatient acute care services and outpatient services for Medicare and Medicaid program beneficiaries are paid at prospectively determined rates per inpatient discharge or outpatient visit. These payments vary according to a patient classification system that is based on clinical, diagnostic, and other factors.

Certain services for Medicare beneficiaries are paid based on a cost reimbursement methodology, subject to certain limitations. These services are paid at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the programs' fiscal intermediary. Provisions for estimated adjustments resulting from audit and final settlements have been recorded. Differences between



**Lancaster General Health**  
**Notes to Financial Statements**  
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the estimated adjustments and the amounts settled are recorded in the year of settlement. Fiscal intermediaries have not audited the cost report for LGH for the years ended June 30, 2013 and 2012. The years ended June 30, 2011, 2010, 2009, and 2008 have been audited but not finalized.

In the opinion of management, adequate provision has been made for adjustments that may result from the final settlement of cost reports and other adjustments. The consolidated financial statements include a increase (decrease) to net patient service revenue related to the settlement and/or adjustments of the prior-year cost reports and other third-party settlement estimates of approximately \$1,643 and (\$1,356), for the years ended June 30, 2013 and 2012, respectively.

Revenues from Medicare and Medicaid programs collectively accounted for approximately 39% and 36% of net patient service revenues for each of the years ended June 30, 2013 and 2012. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Management believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretations as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

In December 2010, the Department of Public Welfare (DPW) received approval from the Centers of Medicare and Medicaid Services (CMS) for the Pennsylvania state plan amendments pursuant to Pennsylvania Act 49 of 2010 that, among other things, established a new inpatient hospital fee-for-service payment system (using APRDRG), established enhanced hospital payments through the state's Medical Assistance (MA) managed care program, and secured additional matching Medicaid funds through the establishment of the Quality Care Assessment. In February 2011, the DPW received the approvals necessary from CMS and the final technical language from the DPW contracts with managed care organizations. The Hospital and Healthcare Association of Pennsylvania issued hospital-specific impacts of the MA payment modernization for the years ended June 30, 2013 and 2012. LG has recorded the results in net patient revenue in the consolidated statement of operations and changes in net assets for the years ended June 30, 2013 and 2012.

LG has also entered into payment agreements with certain commercial third-party payors and administrators. The basis for payments under these agreements includes prospectively determined rates per discharge, per diems and discounts from established charges. Certain agreements have retrospective clauses allowing the payer to review and adjust claims subsequent to initial payment.

**Lancaster General Health**  
**Notes to Financial Statements**  
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*(in thousands of dollars)*

The following table summarizes net patient service revenue for the years ended June 30, 2013 and 2012

<u>June 30, 2013</u>					
	<u>Medicare</u>	<u>Medicaid</u>	<u>Other</u>	<u>Uninsured</u>	<u>Total</u>
Gross Charges	\$ 1,058,096	\$ 265,406	\$ 805,924	\$ 57,202	\$ 2,186,628
Deductions	(753,356)	(215,952)	(254,572)	(48,447)	(1,272,327)
Provision for bad debts					(41,425)
Net patient service revenue, less provisions for bad debt					<u>\$ 872,876</u>

<u>June 30, 2012</u>					
	<u>Medicare</u>	<u>Medicaid</u>	<u>Other</u>	<u>Uninsured</u>	<u>Total</u>
Gross Charges	\$ 1,041,563	\$ 256,113	\$ 801,918	\$ 45,404	\$ 2,144,998
Deductions	(745,587)	(208,653)	(247,177)	(38,034)	(1,239,451)
Provision for bad debts					(37,087)
Net patient service revenue, less provisions for bad debt					<u>\$ 868,460</u>

**NOTE E - OTHER REVENUE**

The composition of other revenue is presented in the following table

	<u>2013</u>	<u>2012</u>
Tuition	\$ 16,878	\$ 13,667
Cafeteria	3,999	4,187
Rental income	5,329	5,957
Other	4,811	3,170
	<u>\$ 31,017</u>	<u>\$ 26,981</u>

**NOTE F – OPERATING EXPENSES**

The composition of operating expense is presented in the following table

	<u>2013</u>	<u>2012</u>
Salaries and benefits	\$ 508,130	\$ 485,491
Medical and surgical supplies	131,114	138,426
Purchased services	60,542	61,077
Other	132,218	139,305
	<u>\$ 832,004</u>	<u>\$ 824,299</u>

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**NOTE G - INVESTMENTS AND ASSETS LIMITED AS TO USE**

The composition of investments is presented in the following table

	<u>2013</u>	<u>2012</u>
Money Market Funds	\$ 16,669	\$ 27,239
Equity		
Domestic	86,061	81,584
Mutual Funds		
Domestic	87,196	56,513
International	59,097	42,330
Fixed income	720	722
Government securities	114,752	159,285
Fixed income		
Domestic	198,913	162,050
International	1,463	1,859
Common collective funds		
Equity - domestic	4,050	670
Equity - international	35,281	23,945
Fixed Income	88,608	76,817
Alternative strategies		
Real Assets	54,451	42,443
Absolute Return	27,695	23,607
Venture Capital	11,095	8,826
Total investments	786,051	707,890
Less current portion	\$ (33,794)	\$ (74,858)
Total investments, net of current portion	<u>\$ 752,257</u>	<u>\$ 633,032</u>

The composition of assets limited as to use is presented in the following table

	<u>2013</u>	<u>2012</u>
Money Market Funds	\$ 6,437	\$ 27,679
Mutual Funds		
Domestic	7,485	6,438
Government securities	274	307
Fixed income		
Domestic	734	833
Common collective funds		
Equity - domestic	282	238
Equity - international	34	30
Cash surrender value life insurance	3,290	3,114
Total investments	18,536	38,639
Less current portion	\$ (6,115)	\$ (4,304)
Total investments, net of current portion	<u>\$ 12,421</u>	<u>\$ 34,335</u>

**Lancaster General Health**  
**Notes to Financial Statements**  
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**NOTE H - FAIR VALUE MEASUREMENTS**

LG measures fair value as the price that would be received to sell an asset or paid to transfer a liability (the exit price) in an orderly transaction between market participants at the measurement date. The accounting guidance outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures.

The Standards also provide an option to report selected financial assets and liabilities at fair value and establish presentation and disclosure requirements. The fair value option permits LG to elect to measure eligible items at fair value on an instrument-by-instrument basis and then report the unrealized gains and losses for those items in LG's revenue, and other income over expenses. LG has chosen to record all of its investments under the fair value option permitted under these standards.

The fair value hierarchy is broken down into three levels based on the source of inputs: Level 1 - defined as observable inputs such as quoted prices in active markets; Level 2 - defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3 - defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

In determining fair value, LG uses the market approach, which utilizes prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurements as well as the ability to access funds within 90 days from the measurement date.

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The following fair value hierarchy table presents information about each major category of LG's financial assets and liabilities measured at fair value on a recurring basis as of

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>June 30, 2013</u>				
Money Market Funds	\$ -	\$ 23,106	\$ -	\$ 23,106
Equity				
Domestic	86,061	-	-	86,061
Mutual Funds				
Domestic	94,681	-	-	94,681
International	59,097	-	-	59,097
Fixed Income	720	-	-	720
Government securities	-	115,026	-	115,026
Fixed income				
Domestic	-	199,647	-	199,647
International	-	1,463	-	1,463
Common collective funds				
Equity - domestic	1,685	-	2,647	4,332
Equity - international	165	35,150	-	35,315
Fixed income	-	88,608	-	88,608
Alternative strategies				
Real assets	-	54,451	-	54,451
Absolute return	-	13,001	14,694	27,695
Venture Capital	-	-	11,095	11,095
Cash surrender value life insurance	-	3,290	-	3,290
Beneficial interest in trusts	-	-	8,871	8,871
Total assets	<u>\$ 242,409</u>	<u>\$ 533,742</u>	<u>\$ 37,307</u>	<u>\$ 813,458</u>
Interest rate swap	<u>\$ -</u>	<u>\$ 5,738</u>	<u>\$ -</u>	<u>\$ 5,738</u>
Total liabilities	<u>\$ -</u>	<u>\$ 5,738</u>	<u>\$ -</u>	<u>\$ 5,738</u>

**Lancaster General Health**  
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<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>June 30, 2012</u>				
Money Market Funds	\$ -	\$ 54,918	\$ -	\$ 54,918
Equity				
Domestic	81,584	-	-	81,584
Mutual Funds				
Domestic	62,951	-	-	62,951
International	42,330	-	-	42,330
Fixed Income	722	-	-	722
Government securities	-	159,592	-	159,592
Fixed income				
Domestic	-	162,883	-	162,883
International	-	1,859	-	1,859
Common collective funds				
Equity - domestic	908	-	-	908
Equity - international	128	23,847	-	23,975
Fixed income	-	76,817	-	76,817
Alternative strategies				
Real assets	-	42,443	-	42,443
Absolute return	-	11,668	11,939	23,607
Venture Capital	-	-	8,826	8,826
Cash surrender value life insurance	-	3,114	-	3,114
Beneficial interest in trusts	-	-	8,533	8,533
 Total assets	 \$ 188,623	 \$ 537,141	 \$ 29,298	 \$ 755,062
 Interest rate swap	 \$ -	 \$ 8,734	 \$ -	 \$ 8,734
 Total liabilities	 \$ -	 \$ 8,734	 \$ -	 \$ 8,734

There were no transfers between fair value Levels 1 and 2 for the years ended June 30, 2013 and 2012

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30, 2013 are as follows

<u>Category</u>		<u>Fair value</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>	<u>Lock period</u>
Common collective trusts					
Domestic equity fund	(a)	3,272	N/A	65-95 days	N/A
International equity fund	(b)	35,150	N/A	30 days	N/A
Alternative Strategies					
Real asset					
Strategy fund	(c)	27,330	Monthly	Less than 30 days	N/A
Diversified inflation fund	(d)	26,841	Monthly	10 days	N/A
Absolute return					
Diversified non-taxable offshore fund	(e)	14,694	Semi-annually	95 days	N/A
Financial instrument and debt fund	(f)	13,001	Quarterly	65 days	N/A

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Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30, 2012 are as follows

<u>Category</u>	<u>Fair value</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>	<u>Lock period</u>
Common collective trusts				
International equity fund	(b) 23,847	N/A	30 days	N/A
Alternative Strategies				
Real asset				
Strategy fund	(b) 21,508	Monthly	Less than 30 days	N/A
Diversified inflation fund	(d) 20,697	Monthly	10 days	N/A
Absolute Return				
Diversified non-taxable offshore fund	(e) 11,939	Semi-annually	95 days	N/A
Financial instrument and debt fund	(f) 11,668	Quarterly	65 days	N/A
(a) <i>Domestic equity fund</i> Holdings in this category invest in marketable domestic United States equity funds				
(b) <i>International equity fund</i> Holdings in this category invest in marketable international equity funds excluding the United States				
(c) <i>Real asset strategy fund</i> Holdings in this category invest in various collective fund-of-funds focusing on global real-estate investment trusts, domestic and foreign securities, U S government obligations, emerging market equities and commodity funds				
(d) <i>Real asset diversified inflation fund</i> Holdings in this category include swap and future contracts, inflation protected securities and marketable fixed income and international equity funds				
(e) <i>Absolute return diversified non-taxable offshore fund</i> Investments in this fund focus on multi-strategy investing including, but not limited to, a variety of investee funds with investment strategies in limited partnerships, private-equity, commodity funds and managed foreign currency futures				
(f) <i>Absolute return financial instrument and debt fund</i> This fund's investments include any interest in or vehicle relating to foreign financial instruments and the debt of financially distressed and/or highly leveraged companies Fund strategies include, but are not limited to, fixed income arbitrage, convertible securities, managed futures and event-driven funds that attempt to capitalize on situations such as spin-offs, recapitalizations and asset sales				

LG has unfunded commitments of \$828 and \$12,339 to Sante' Health Ventures I, LP and \$12,919 and \$13,441 to Sante' Health Ventures II, LP as of June 30, 2013 and 2012, respectively There are no other unfunded commitments as of June 30, 2013 and 2012

**Lancaster General Health**  
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The following table presents additional information regarding assets and liabilities measured at fair value on a recurring basis and for which LG has utilized Level 3 inputs to determine fair value for the year ended June 30, 2013 and 2012

	Total
Balance, June 30, 2011	\$ 39,506
Transfers to Level 2 (a)	(12,109)
Purchases	2,772
Deconsolidation of affiliate	(193)
Net unrealized gain (losses)	(678)
Balance, June 30, 2012	29,298
Purchases	6,804
Net unrealized gains (losses)	1,205
Balance, June 30, 2013	<u>\$ 37,307</u>

**NOTE I - PROPERTY, PLANT AND EQUIPMENT**

	Range of useful lives	2013	2012
Land		\$ 34,540	\$ 34,563
Land improvements	10 to 25 years	15,678	14,614
Equipment	5 to 20 years	555,624	531,235
Buildings and building improvements	25 to 40 years	392,077	383,816
Construction in progress		75,582	33,991
		1,073,501	998,219
Less accumulated depreciation and amortization		(567,710)	(520,813)
		<u>\$ 505,791</u>	<u>\$ 477,406</u>

Total depreciation and amortization expense for property, plant and equipment for the years ended June 30, 2013 and 2012 was \$51,251 and \$54,255, respectively

Construction in progress relates to building renovations and construction, information systems and medical equipment. At June 30, 2013, LGH has commitments for these projects of \$5,312

The following equipment is held under capital lease and is included in the equipment category of property, plant and equipment

	2013	2012
Equipment	\$ 14,128	\$ 12,198
Less accumulated amortization	(5,670)	(3,432)
	<u>\$ 8,458</u>	<u>\$ 8,766</u>



**Lancaster General Health**  
**Notes to Financial Statements**  
**Years Ended June 30, 2013 and 2012**  
*(in thousands of dollars)*

**NOTE J - LONG-TERM DEBT**

	June 30,	
	2013	2012
Long-term debt consists of the following		
Bonds payable - \$25,250, Hospital Revenue Bonds, Series 2012A, with annual payments beginning on July 1, 2014 ranging from \$550 to \$1,400 through 2042, with interest rates varying monthly	\$ 25,250	\$ 25,250
Bonds payable - \$93,755, Hospital Revenue Bonds, Series 2012B, with annual principal payments beginning on July 1, 2013 ranging from \$760 to \$10,165 through 2043, with interest rate varying from 2 0% to 5 0% due on January 1 and July 1. Amounts include original issue net premium of \$4,066 and \$4,698 at June 30, 2013 and June 30, 2012, respectively	97,821	98,453
Bonds payable - \$96,825, Hospital Revenue Bonds, Series 2007, with principal payments beginning on March 15, 2019 ranging from \$3,480 to \$7,760 through 2036 with interest rates varying from 4 25% to 5 0% due on March 15 and September 15. Amounts include original issue premium of \$2,215 and \$2,030 at June 30, 2013 and 2012, respectively	99,039	98,855
Bond payable - \$15,945, GE Capital Public Finance, Inc., with monthly principal and interest payments of \$182 through July 2012 with a fixed interest rate of 4 12% due monthly	-	182
Bonds payable - \$45,055, Hospital Revenue Bonds, Series 1998, insured by AMBAC Assurance Corporation, with a remaining principal payment on July 1, 2012 of \$4,150, with an interest rate of 5 0%	-	4,150
Note payable, collateralized by MRI accounts receivable, inventory, and equipment, matures September 2018, in monthly installments of \$20 including interest at a fixed rate of 5 8% through March 2018, then at LIBOR plus 1 5% through September 2018 (1 69% and 1 74% at June 30, 2013 and 2012, respectively)	1,075	1,245
Note payable, collateralized by MRI accounts receivable, inventory, and equipment, matures April 2013, principal at various amounts and interest are paid monthly at LIBOR plus 1 5% (1 74% at June 30, 2012)	-	201
Note payable LGCNHS, collateralized by the Hospital, matures July 2015, monthly principal of \$6 and interest at LIBOR plus 1 15% (1 34% and 1 39% at June 30, 2013 and 2012, respectively)	1,169	1,244
Note payable THG, on behalf of physician, matures June 2013, principle due at maturity with monthly interest at LIBOR plus 2 5% (2 74% at June 30, 2012)	-	20
Capital lease obligations, with various interest rates, secured by leased equipment. Amounts included original issue discount of \$7 and \$10 at June 30, 2013 and 2012, respectively	\$ 6,153	\$ 6,264
	230,507	235,864
	(7,108)	(7,229)
Less current portion	<u>\$ 223,399</u>	<u>\$ 228,635</u>

# **Lancaster General Health**

## **Notes to Financial Statements**

### **Years Ended June 30, 2013 and 2012**

*(in thousands of dollars)*

Proceeds from the revenue bonds and notes payable were used to finance various capital and information technology projects, as well as refinancing of previously existing long-term debt

In June 2012, LGH issued \$25,250 variable rate Series 2012A revenue bonds and \$93,755 fixed rate Series 2012B revenue bonds through Lancaster County Hospital Authority. The proceeds from the Series 2012A bonds were used to refund a portion of the Series 2008 bonds and the Series 2012B bonds were used to refund a portion of the Series 2008, Series 2010 and Series 2011 bonds and a portion to be used for future construction projects. The early extinguishments of the Series 2008, 2010 and 2011 bonds resulted in a loss of \$550 for the year ended June 30, 2012, which consisted of the write off of unamortized deferred financing costs and is included in depreciation and amortization in the consolidated statements of operations and changes in net assets.

Covenants under the Master Trust Indenture for the bonds include requirements as to the permitted level of indebtedness, restrictions on the sale of certain assets, mergers, and other significant transactions, including a requirement that the Obligated Group (The Hospital and Lancaster General Health - Parent Only) generate funds available for debt service (as defined) equivalent to at least 110% of maximum annual debt service. At June 30, 2013 and 2012, the Obligated Group is in compliance with all financial covenants related to the bonds.

LG uses current quoted market prices in estimating the fair value of its Revenue Bonds (Level 2). The carrying value of the other long-term debt approximates fair value. The fair value of LG's long-term debt, excluding capital lease obligations, at June 30, 2013 and 2012 is \$216,876 and \$233,031, respectively.

Annual maturities of long-term debt and capital leases (net of bond and lease premium of \$6,288) are as follows:

2014	\$ 7,108
2015	5,951
2016	6,579
2017	5,341
2018	5,185
Thereafter	194,055
	<u>\$224,219</u>

#### **NOTE K - LETTERS AND LINES OF CREDIT**

LG maintains various letters of credit totaling \$22,163 at June 30, 2013 to cover balances due on construction projects and reinsurance agreements. No amounts are outstanding under the letters of credit at June 30, 2013.

The College maintains a \$1,500 line of credit with a bank, which may be used for various items. The interest rate is LIBOR plus 1.75 percent. No amounts were outstanding at June 30, 2013.

MRI maintains a demand note payable to a bank which remains open for advances up to the sum of \$1,000. The interest rate is LIBOR plus 2.50 percent. No amounts were outstanding at June 30, 2013.

# **Lancaster General Health**

## **Notes to Financial Statements**

### **Years Ended June 30, 2013 and 2012**

*(in thousands of dollars)*

#### **NOTE L - DERIVATIVE FINANCIAL INSTRUMENTS**

LG has an interest rate swap agreement to manage its risk relating to the changes in cash flow associated with a portion of its variable rate debt. LG does not use derivative financial instruments for trading or speculative purposes. The interest rate swap allows LG to raise long-term borrowings at variable rates and effectively swap the rates into a fixed rate that is lower than that available to LG if fixed-rate borrowings were made directly.

Under the interest rate swap, LG agrees to exchange monthly the difference between fixed rate and variable rate interest amounts calculated by reference to the agreed notional amount.

The following table indicates the terms of the interest rate swap and the weighted-average interest rate. The variable rate is based on rates implied in the yield curve at the reporting date, those may change significantly, affecting future cash flows.

Fixed swap - notional amount	\$ 25,000
Fixed rate	3.98%
Variable rate at June 30, 2013	0.14%
Variable rate at June 30, 2012	0.17%
Maturity date	July 1, 2041

The change in the fair value of LG's interest rate swap is comprised of a (decrease) in the liability of (\$2,996) and interest expense paid of \$929 for the year ended June 30, 2013 and an increase in the liability of \$4,339 and interest expense paid of \$956 for the year ended June 30, 2012. The change is included in other income (loss) as a component of excess of revenues and other income over expenses in the consolidated statements of operations and changes in net assets. At June 30, 2013 and 2012, the fair value of the interest rate swap represented a liability of \$5,738 and \$8,734, respectively.

LG has established policies and procedures to limit the potential for counterparty credit risk, including establishing limits for credit exposure and continually assessing the creditworthiness of counterparties. As a matter of practice, LG will enter into transactions only with counterparties whose obligations are rated "A-" or above as rated by Standard & Poor's, or "A3" or above as rated by Moody's.

LG's exposure to credit risk, associated with its interest rate swap, is measured on an individual counterparty basis, as well as by groups of counterparties that share similar attributes. In the opinion of management as of June 30, 2013 and 2012, LG was not exposed to any risk of loss.

#### **NOTE M - PENSION PLANS**

Lancaster General Health has a defined benefit noncontributory pension plan (Pension benefits) covering all eligible employees of Lancaster General Health and its controlled affiliates. Certain related entities controlled by Lancaster General Health make annual contributions to the plan to the extent permitted under applicable federal regulations. The plan was amended to freeze benefit accruals for all participants effective June 30, 2013.

Lancaster General Health has an unfunded defined contribution supplemental executive retirement plan (SERP) and a postretirement welfare plan for the benefit of certain employees. Lancaster General Health makes annual contributions to the plans to the extent permitted under applicable federal regulations.

Lancaster General Health uses a June 30 measurement date for the Pension, SERP, and post retirement welfare plan. The following table summarizes information about the Pension, SERP and post retirement welfare plan.

**Lancaster General Health**  
**Notes to Financial Statements**  
**Years Ended June 30, 2013 and 2012**  
*(in thousands of dollars)*

	Pension	June 30, 2013 SERP	Post Retirement
Changes in benefit obligations			
Projected benefit obligations, beginning of year	\$ 713,821	\$ 11,946	\$ 1,167
Service cost	24,008	-	-
Interest cost	34,178	579	55
Plan amendments	-	-	-
Actuarial (gain) loss	(48,775)	1,550	(59)
Benefits paid	(16,567)	(401)	(46)
Liability (gain)/loss due to curtailment	(69,666)	-	-
Project benefit obligations, end of year	<u>\$ 636,999</u>	<u>\$ 13,674</u>	<u>\$ 1,117</u>
Changes in plan assets			
Fair value of plan assets, beginning of year	\$ 422,522	\$ -	\$ -
Actual return on plan assets	36,729	-	-
Employer contributions	31,381	401	46
Benefits paid	(16,567)	(401)	(46)
Fair value of plan assets, end of year	<u>\$ 474,065</u>	<u>\$ -</u>	<u>\$ -</u>
Funded status of plan at end or year- recognized in consolidated balance sheets as accrued pension liability	<u>\$ (162,934)</u>	<u>\$ (13,674)</u>	<u>\$ (1,117)</u>
Accumulated benefit obligation	<u>\$ 636,999</u>	<u>\$ 11,715</u>	<u>\$ -</u>
Amounts recognized in the unrestricted net assets consist of			
Actuarial loss	\$ 190,343	\$ 4,294	\$ 555
Prior service credit recognition	-	-	(2,112)
	<u>\$ 190,343</u>	<u>\$ 4,294</u>	<u>\$ (1,557)</u>
Amounts expected to be recognized in net periodic benefit cost in the following year			
Actuarial loss recognition	\$ 11,781	\$ 488	\$ -
Prior service credit	-	-	-
	<u>\$ 11,781</u>	<u>\$ 488</u>	<u>\$ -</u>
Components of net periodic benefit cost			
Service cost	\$ 24,008	\$ -	\$ -
Interest cost	34,178	579	55
Expected return on assets	(33,090)	-	-
Amortization of unrecognized prior service credit	(441)	240	(148)
Amortization of unrecognized net actuarial loss	23,889	386	35
Net Periodic benefit cost	\$ 48,544	\$ 1,205	\$ (58)
Settlement/Curtailment Expense/(Income)	(4,088)	-	-
Total ASC 715 Expense/(Income)	<u>\$ 44,456</u>	<u>\$ 1,205</u>	<u>\$ (58)</u>

*Continued on next page*

**Lancaster General Health**  
**Notes to Financial Statements**  
**Years Ended June 30, 2013 and 2012**  
*(in thousands of dollars)*

		June 30, 2013	
	Pension	SERP	Post Retirement
Other changes in pension liability recognized in unrestricted net assets consist of			
Net actuarial loss (gain)	\$ (122,080)	\$ 1,550	\$ (59)
Prior service credit	4,530	-	147
Amortization of prior service credit	-	(240)	(35)
Amortization of net actuarial loss	(23,889)	(386)	-
	<u>\$ (141,439)</u>	<u>\$ 924</u>	<u>\$ 53</u>
Total recognized in net benefit cost and other changes in pension liability recognized in unrestricted net assets	<u>\$ (92,895)</u>	<u>\$ 2,129</u>	<u>\$ (4)</u>
		June 30, 2012	
	Pension	SERP	Post Retirement
Changes in benefit obligations			
Projected benefit obligations, beginning of year	\$ 561,418	\$ 10,231	\$ 2,629
Service cost	18,914	-	110
Interest cost	32,719	594	153
Plan amendments	(1,082)	-	(2,260)
Actuarial (gain) loss	116,522	1,534	557
Benefits paid	(14,670)	(413)	(23)
Project benefit obligations, end of year	<u>\$ 713,821</u>	<u>\$ 11,946</u>	<u>\$ 1,166</u>
Changes in plan assets			
Fair value of plan assets, beginning of year	\$ 398,032	\$ -	\$ -
Actual return on plan assets	(11,650)	-	-
Employer contributions	50,810	413	23
Benefits paid	(14,670)	(413)	(23)
Fair value of plan assets, end of year	<u>\$ 422,522</u>	<u>\$ -</u>	<u>\$ -</u>
Funded status of plan at end or year-recognized in consolidated balance sheets as accrued pension liability	<u>\$ (291,299)</u>	<u>\$ (11,946)</u>	<u>\$ (1,166)</u>
Accumulated benefit obligation	<u>\$ 636,181</u>	<u>\$ 10,484</u>	<u>\$ -</u>
Amounts recognized in the unrestricted net assets consist of			
Actuarial loss	\$ 335,922	\$ 3,130	\$ 648
Prior service credit recognition	(4,529)	240	(2,260)
	<u>\$ 331,393</u>	<u>\$ 3,370</u>	<u>\$ (1,612)</u>

*Continued on next page*

**Lancaster General Health**  
**Notes to Financial Statements**  
**Years Ended June 30, 2013 and 2012**  
*(in thousands of dollars)*

		June 30, 2012	
	Pension	SERP	Post Retirement
Amounts expected to be recognized in net periodic benefit cost in the following year			
Actuarial loss recognition	\$ 23,889	\$ 3,130	\$ 648
Prior service credit	(441)	240	(2,260)
	<u>\$ 23,448</u>	<u>\$ 3,370</u>	<u>\$ (1,612)</u>
Components of net periodic benefit cost			
Service cost	\$ 18,914	\$ -	\$ 110
Interest cost	32,719	594	153
Expected return on assets	(30,234)	-	-
Amortization of unrecognized prior service credit	(344)	240	(655)
Amortization of unrecognized net actuarial loss	11,606	168	-
Settlement income	\$ -	\$ -	\$ (1,987)
Net Periodic benefit cost	<u>\$ 32,661</u>	<u>\$ 1,002</u>	<u>\$ (2,379)</u>
Other changes in pension liability recognized in unrestricted net assets consist of			
Net actuarial loss (gain)	\$ 158,407	\$ 1,534	\$ 557
Prior service credit	(1,082)	-	(2,259)
Amortization of prior service credit	344	(240)	2,622
Amortization of net actuarial loss	(11,606)	(169)	-
	<u>\$ 146,063</u>	<u>\$ 1,125</u>	<u>\$ 920</u>
Total recognized in net benefit cost and other changes in pension liability recognized in unrestricted net assets	<u>\$ 178,724</u>	<u>\$ 2,127</u>	<u>\$ (1,459)</u>
Estimated future benefit payments			
2013	\$ 15,496	\$ 960	\$ 59
2014	20,088	698	65
2015	22,539	675	67
2016	25,025	936	69
2017	27,554	558	72
2018-2022	185,655	3,647	385
	<u>\$ 296,357</u>	<u>\$ 7,474</u>	<u>\$ 717</u>
Weighted-average assumptions used to determine net periodic benefit cost	June 30, 2013	June 30, 2012	June 30, 2013
Discount rate	4.84%	5.90%	4.84%
Expected long-term return on plan assets	7.50%	7.50%	N/A
Rate of compensation increase	3.00%	3.00%	3.00%

To develop the expected long-term rate of return on the pension plan assets assumption, Lancaster General Health considered the historical returns and the future expectations for returns for each asset class, as well as the target allocation of the pension portfolio. This resulted in the selection of the 7.50% expected return on plan assets for the years ended June 30, 2013 and 2012, respectively.

**Lancaster General Health**  
**Notes to Financial Statements**  
**Years Ended June 30, 2013 and 2012**  
*(in thousands of dollars)*

Plan Assets

The pension plan's target asset allocations, by asset category, are as follows

<u>Asset category</u>	<u>Target asset allocation</u>
Domestic equity	20-30%
Non-U S equity	14-20%
Fixed income	32-48%
Real assets	10-14%
Absolute return	5-7%

Management and the Investment Subcommittee of the Board of Trustees monitor plan assets and maintain plan assets as close as practical to target allocations. The Investment Subcommittee approved the actual allocation being outside the targeted levels during the fiscal year based on the market conditions.

The investment policy and strategy for the pension plan assets has established guidelines for an asset mix that provides long-term capital appreciation with a secondary objective of moderate income generation. The guidelines are designed to reduce volatility, by allocating assets in varying amounts among equities, fixed income, commodities, absolute return and cash equivalents.

Fair Value of the Plan Assets

The following fair value hierarchy table presents information about each major category of the plan's financial assets measured at fair value on a recurring basis, using the market approach, and actual weighted-average asset allocation, as of June 30.

<u>Description</u> <u>June 30, 2013</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Asset Allocation</u>
Money market fund	\$ 15,325	\$ -	\$ 15,325	\$ -	3%
Government securities	18,329	-	18,329	-	4%
Fixed income	73,861	-	73,861	-	16%
Equities	64,221	64,221	-	-	14%
Mutual funds					
Domestic	82,875	82,875	-	-	18%
International	52,858	52,858	-	-	11%
Common collective funds					
Fixed income	67,626	-	67,626	-	14%
Equity funds-international	30,441	-	30,441	-	6%
Alternative strategies					
Real asset	42,481	-	42,481	-	9%
Absolute return	26,048	-	13,020	13,028	5%
Total assets	<u>\$ 474,065</u>	<u>\$ 199,954</u>	<u>\$ 261,083</u>	<u>\$ 13,028</u>	<u>100%</u>

**Lancaster General Health**  
**Notes to Financial Statements**  
**Years Ended June 30, 2013 and 2012**  
*(in thousands of dollars)*

<u>Description</u> <u>June 30, 2012</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Asset Allocation</u>
Money market fund	\$ 49,502	\$ -	\$ 49,502	\$ -	12%
Government securities	16,353	-	16,353	-	4%
Fixed income	39,766	-	39,766	-	9%
Equities	68,091	68,091	-	-	16%
Mutual funds					
Domestic	51,448	51,448	-	-	13%
International	44,243	44,243	-	-	10%
Common collective funds					
Fixed income	59,800	-	59,800	-	14%
Equity funds-international	26,867	-	26,867	-	6%
Alternative strategies					
Real asset	42,871	-	42,871	-	10%
Absolute return	23,581	-	-	23,581	6%
Total assets	<u>\$ 422,522</u>	<u>\$ 163,782</u>	<u>\$ 235,159</u>	<u>\$ 23,581</u>	<u>100%</u>

The following table presents additional information about assets measured at fair value on a recurring basis and for which Lancaster General Health has utilized Level 3 inputs to determine fair value for the year ended June 30

Balance, June 30, 2011	\$ 24,091
Purchases	-
Net unrealized gain (loss)	<u>(510)</u>
Balance, June 30, 2012	23,581
Purchases	-
Transfer from Level 3 to Level 2	(11,686)
Net unrealized gain (loss)	<u>1,133</u>
Balance, June 30, 2013	<u>\$ 13,028</u>

Amounts transferred from Level 3 to Level 2 due to lock-up period less than a year

Cash Flows (Unaudited)

*Contributions*

LG expects to contribute \$40,000 to the Pension benefits and \$843 for the Other benefits during fiscal year 2014

*Estimated Future Benefit Payments*

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



**Lancaster General Health**  
**Notes to Financial Statements**  
**Years Ended June 30, 2013 and 2012**  
*(in thousands of dollars)*

		June 30, 2013	
	Pension	SERP	Post Retirement
2014	\$ 17,860	\$ 781	\$ 62
2015	20,264	1,247	65
2016	22,856	570	67
2017	25,427	483	70
2018	28,113	485	72
2019 - 2023	187,860	5,056	387
	<u>\$ 302,380</u>	<u>\$ 8,622</u>	<u>\$ 723</u>

LG is a contributing employer to a defined contribution plan under 403(b) of the Internal Revenue Code. For those employees hired between March 29, 2008 and December 31, 2010, LG has an employer matching contribution equal to 100% of the first 3% contributed to the Plan for participants who elected this option. For those hired after December 31, 2010, LG has an employer matching contribution equal to 50% on the first 6% plus a 2% employer basic contribution. Total expenses under these plans for the years ended June 30, 2013 and 2012 were \$6,352 and \$5,225, respectively.

MRI has a 401(k) plan for its eligible employees to contribute to their respective retirement accounts. Total expense under the plan for the years ended June 30, 2013 and 2012, was \$46 and \$35, respectively.

LG provides an unfunded defined contribution supplemental executive retirement plan (SERP) for the benefit of certain employees. Employer contributions for the years ended June 30, 2013 and 2012 were approximately \$816 and \$768, respectively.

**NOTE N - MALPRACTICE AND GENERAL LIABILITY INSURANCE**

All LG entities are insured through a self-insured malpractice insurance program with Lancaster General Insurance Company, Ltd. (LGI), Lancaster General Health's wholly owned captive insurance company, except for certain employed physicians, who are commercially insured. The Hospital, LGMG and employed physicians participate in the Medical Care Availability and Reduction of Error (MCARE) Fund. LG is self-insured up to certain amounts, including excess coverage for professional liability losses. In addition, LG obtains excess coverage from the MCARE Fund and other commercial carriers.

The MCARE Act was enacted by the legislature of the Commonwealth of Pennsylvania (Commonwealth) in 2002. This Act created the MCARE Fund, which replaced The Pennsylvania Medical Professional Liability Catastrophe Loss Fund (the Medical CAT Fund), as the agency for the Commonwealth to facilitate the payment of medical malpractice claims exceeding the primary layer of professional liability insurance carried by LG and other health care providers practicing in the Commonwealth.

The MCARE Fund is funded on a "pay as you go basis" and assesses health care providers, based on a percentage of the rates established by the Joint Underwriting Association (also a Commonwealth agency) for basic coverage. The MCARE Act of 2002 provides for a further reduction to the current MCARE coverage of \$500 per occurrence to \$250 per occurrence and the eventual phase-out of the MCARE Fund, subject to the approval of the Pennsylvania Insurance Commissioner. To date, the Pennsylvania Insurance Commissioner has deferred the change in coverage and eventual phase-out of the MCARE Fund to future years.

Professional and general liability indemnity losses and loss adjustment expenses are determined using individual case-based evaluations and statistical analyses and represent an estimate of reported claims and claims incurred but not reported. Those estimates are subject to the effects of trends in loss severity and frequency. Although considerable variability is inherent in such estimates, management believes that

# Lancaster General Health

## Notes to Financial Statements

### Years Ended June 30, 2013 and 2012

(in thousands of dollars)

the reserves for professional and general liability losses and loss adjustment expenses are reasonable. The estimates are reviewed and adjusted as necessary as experience develops or new information becomes known. Such adjustments are included in current operations. Professional and general liability incurred but not reported losses and loss adjustment expenses of \$5,132 and \$4,805 were recorded as of June 30, 2013, and 2012, respectively, and are included in other long-term liabilities in the consolidated balance sheets. The liability for reported claims and adverse claims development recorded on LGI in other current liabilities were \$2,831 and \$2,345 as of June 30, 2013 and 2012, respectively. The remaining \$32,003 and \$29,154 was included in other long-term liabilities as of June 30, 2013 and 2012, respectively. A self-insurance trust is maintained in amounts equal to periodic estimates of losses and expenses to be incurred, as a component of assets limited as to use.

#### NOTE O - LEASES

LG leases certain buildings, equipment, and vehicles under operating lease agreements with initial terms expiring at various dates through fiscal year 2028. In addition, the leases generally contain renewal options that give LG the right to extend the leases for varying additional periods. Rental expense under operating leases for the years ended June 30, 2013 and 2012 was \$9,296 and \$9,766, respectively.

Future minimum rental payments are as follows for the years ended June 30

2014	\$ 7,030
2015	5,718
2016	4,978
2017	4,460
2018	2,831
Thereafter	14,125
	<u>\$ 39,142</u>

LG acts as lessor for certain office space under operating lease agreements with initial lease terms expiring at various dates through fiscal year 2062. In addition, the leases generally contain renewal options that give the lessee the right to extend the leases for varying additional periods. Rental revenue under operating leases where LG acts as lessor for the years ended June 30, 2013 and 2012 was \$3,585 and \$3,534, respectively, and is classified as other revenue in the consolidated statements of operations and changes in net assets.

2014	\$ 2,941
2015	2,256
2016	1,898
2017	1,407
2018	1,201
Thereafter	4,280
	<u>\$ 13,983</u>

#### NOTE P - INVESTMENTS IN NON-CONSOLIDATED AFFILIATES

LG and its controlled affiliates and subsidiaries participate in the following joint ventures, which are accounted for under the equity method of accounting. LG does not maintain significant influence over the joint ventures.

# **Lancaster General Health**

## **Notes to Financial Statements**

### **Years Ended June 30, 2013 and 2012**

*(in thousands of dollars)*

The Hospital has a 50% interest in Lancaster Emergency Medical Services Association (LEMSA), a nonprofit corporation providing emergency medical services and medical transportation to persons in the general area of Lancaster County, Pennsylvania. The investment at June 30, 2013 and 2012 was \$3,587 and \$3,174, respectively.

The Hospital has a 20% interest in Central Pennsylvania Alliance Laboratory, LLP, a limited liability partnership providing lab services to member hospitals located in the central Pennsylvania area. The investment at June 30, 2013 and 2012 was \$350 and \$350, respectively.

The Hospital has a 20% interest in Quest Behavioral Health, Inc., a not-for-profit corporation, which is a central Pennsylvania behavioral health managed care plan for employers and health plans. The investment at June 30, 2013 and 2012 was \$44 and \$14, respectively.

The Hospital has a 49.5% interest in The NeuroSpine Center, LP, a limited partnership, conducting business in the operation of an ambulatory surgical center in Lancaster, Pennsylvania. The investment at June 30, 2013 and 2012 was \$166 and \$153, respectively.

The Hospital has a 50% interest in The Neurological Surgery Center of LNSA, LLC, a limited liability company, operating a single-specialty ambulatory surgery center for neurosurgery services located in Lancaster, Pennsylvania. The investment at June 30, 2013 and 2012 was \$0.

LGAMB has a 50% interest in Physicians' Surgery Center Lancaster General, LLC, a limited liability company formed to own and operate an ambulatory surgery center. The investment at June 30, 2013 and 2012 was \$3,072 and \$3,262, respectively.

LGRSI has a 50% interest in Lancaster Rehabilitation Hospital, LLP, a Delaware limited liability partnership formed to own and operate a rehabilitation hospital. The investment at June 30, 2013 and 2012 was \$0.

Lancaster General Health has a 50% interest in Preferred Health Care, a taxable entity providing management and marketing services. The investment at June 30, 2013 and 2012 was \$573 and \$540, respectively.

Through December 31, 2011, Lancaster General Health held a 50% interest in VNA. On that date, Lancaster General Health sold a portion of their interest in VNA thereby reducing their ownership interest to 44.1%. VNA is a not-for-profit community service organization providing comprehensive home healthcare to people of all ages in Lancaster, Berks, Chester, Dauphin, and Schuylkill Counties and their surrounding areas. The investment at June 30, 2013 and 2012 was \$5,895 and \$5,057, respectively.

LGSBT's wholly-owned subsidiary, Barge Ganse Venacare Business Trust (BGVBT), has a 25% interest in Horizon Healthcare Services, Inc. (HHS). HHS is a limited liability partnership that provides home infusion services. The investment at June 30, 2013 and 2012 was \$1,405 and \$1,580, respectively.

LGBST has a 50% interest in LinKEHR, LLC, a limited liability company formed to offer healthcare information technology solutions. The investment at June 30, 2013 and 2012 was \$431 and \$0, respectively.

The annual returns recognized, which are included in other non-operating income, net, related to the entities described above, were \$10,000 and \$9,357 for the years ended June 30, 2013 and 2012, respectively.

**Lancaster General Health**  
**Notes to Financial Statements**  
**Years Ended June 30, 2013 and 2012**  
*(in thousands of dollars)*

**NOTE Q - FUNCTIONAL EXPENSES**

LG and affiliates provide general health care and educational services to residents within their geographic locations. Expenses related to providing these services are as follows:

	2013	2012
Health care services	\$ 654,052	\$ 580,750
Health education services	12,038	13,810
General and administrative	225,189	290,699
	<u>\$ 891,279</u>	<u>\$ 885,259</u>

**NOTE R - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	2013	2012
Health care services	\$ 9,268	\$ 18,093
Health education services	365	441
	<u>\$ 9,633</u>	<u>\$ 18,534</u>

Permanently restricted net assets are restricted to:

	2013	2012
Investments to be held in perpetuity, the income of which is temporarily restricted (reported as temporarily restricted income)	\$ 5,880	\$ 6,796
Beneficial interest in perpetual trusts	4,793	4,655
	<u>\$ 10,673</u>	<u>\$ 11,451</u>

During 2013 and 2012, net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose of health care services, health care education, and purchase of property, plant and equipment in the amounts of \$14,634 and \$3,043, respectively.

**Lancaster General Health**  
**Notes to Financial Statements**  
**Years Ended June 30, 2013 and 2012**  
*(in thousands of dollars)*

**NOTE S - ENDOWMENT**

Changes in restricted endowment net assets for the years ended June 30, 2013 and 2012 are as follows

	Temporarily restricted	Permanently restricted	Total
Net assets, June 30, 2011	\$ 2,415	\$ 6,533	\$ 8,948
Investment return			
Investment income	199	-	199
Amortization of pledges	-	15	15
Net appreciation (realized and unrealized)	75	(25)	50
Net investment return	274	(10)	264
New gifts	-	236	236
Appropriation of endowment assets for expenditure	(487)	-	(487)
Income distributed or drawn on permanently restricted endowments	(47)	-	(47)
Other (charges)	(14)	(13)	(27)
Adjustment for fair value deficiencies	(5)	-	(5)
Net assets, June 30, 2012	<u>\$ 2,136</u>	<u>\$ 6,746</u>	<u>\$ 8,882</u>
	Temporarily restricted	Permanently restricted	Total
Net assets, June 30, 2012	\$ 2,136	\$ 6,746	\$ 8,882
Effects of deconsolidation of affiliate	(123)	(1,440)	(1,563)
Investment return			
Investment income	160	-	160
Amortization of pledges	8	16	24
Net appreciation (realized and unrealized)	211	401	612
Net investment return	379	417	796
New gifts	-	108	108
Appropriation of endowment assets for expenditure	(31)	-	(31)
Income distributed or drawn on permanently restricted endowments	(60)	-	(60)
Other (charges)	(2)	-	(2)
Adjustment for fair value deficiencies	(10)	-	(10)
Net assets, June 30, 2013	<u>\$ 2,289</u>	<u>\$ 5,831</u>	<u>\$ 8,120</u>

LG's endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments

As required by GAAP, net assets associated with endowment, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions

# Lancaster General Health

## Notes to Financial Statements

### Years Ended June 30, 2013 and 2012

(in thousands of dollars)

LG operates in the Commonwealth of Pennsylvania and could elect a total return spending policy under the applicable state laws. However, LG has not adopted a total return spending policy. LG has adopted a policy of appropriating for distribution all of its endowment fund's income, which includes interest, dividends and realized gains earned. LG classifies as permanently restricted net assets the original gift donated to the permanent endowment and the original value of the subsequent gifts to the permanent endowment. This is regarded as the "historic dollar value" of the endowed fund. The remaining portion of the endowed fund that is not classified in permanently restricted net assets and is regarded as "net appreciation" is classified as temporarily restricted net assets.

From time to time, the fair value of certain donor-restricted endowment funds may fall below the level that the donor requires the organization to retain as a fund of perpetual duration. LG is not aware of any material deficiencies of this nature and is in compliance with its investment policy as of June 30, 2013. In accordance with authoritative accounting standards, deficiencies of this nature that are reported in unrestricted net assets were \$0 and \$10 as of June 30, 2013 and 2012, respectively.

LG has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. LG expects its endowment funds, over time, to provide an average annual rate of return that approximates market returns on similar investment portfolios. Actual returns in any given year may vary from this amount.

#### NOTE T - CONCENTRATION OF CREDIT RISK

LG and its affiliates grant credit without collateral to their patients, most of whom are local residents and are insured under third-party payor agreements. The composition of receivables from patients and third-party payors was as follows:

	2013	2012
Medicare	35%	31%
Medicaid	10	10
Commercial/HMO	39	41
Self-pay	10	10
Other	6	8
	<u>100%</u>	<u>100%</u>

LG invests a portion of its operating and board-designated cash and cash equivalents in various checking, savings, and certificates of deposit accounts with several commercial banks. Certain deposits with these banks exceeded Federal Depository Insurance limits.

#### NOTE U - COMMITMENTS AND CONTINGENCIES

LG has commitments for laboratory reagent purchases. At June 30, 2013, the remaining amount on these commitments is approximately \$3,870, and they are expected to be completed through fiscal year 2018.

LG is involved in various legal actions, other than malpractice actions, arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on LG's consolidated financial position, results of operations or liquidity.

**Lancaster General Health**  
**Notes to Financial Statements**  
**Years Ended June 30, 2013 and 2012**  
*(in thousands of dollars)*

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**NOTE V - SUBSEQUENT EVENTS**

LG has evaluated its June 30, 2013 consolidated financial statements for subsequent events through October 31, 2013 the date the consolidated financial statements were issued. Except as noted elsewhere, LG is not aware of any other subsequent events which require recognition or disclosure in the consolidated financial statements.

## SUPPLEMENTAL INFORMATION





**Independent Auditor's Report  
on Accompanying Consolidating Information**

To the Audit and Compliance Committee of  
Lancaster General Health

We have audited the consolidated financial statements of Lancaster General Health ("LG") as of June 30, 2013 and for the year then ended and our report thereon appears on page 1 of this document. That audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual companies and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position, results of operations and cash flows of the individual companies.

The consolidating information as of June 30, 2012 and for the year then ended was audited, in relation to the June 30, 2012 consolidated financial statements, by other auditors whose report, dated October 29, 2012, stated that the 2012 consolidating information is fairly stated in all material respects, in relation to the 2012 consolidated financial statements as a whole.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

October 31, 2013

Lancaster General Health

**CONSOLIDATING BALANCE SHEET**

(in thousands of dollars)  
June 30, 2013

	Lancaster General Health	Consolidated Lancaster General Hospital	Lancaster Cleft Palate Clinic	Lancaster General Medical Group	The Heart Group of LG	Lancaster General Services Business Trust	Lancaster General Insurance Company, Ltd	Lancaster General HealthCare Foundation	Lancaster General Rehabilitation Services, Inc	Lancaster General Health Innovative Solutions, Inc	Eliminations		Consolidated Lancaster General Health
											Dr	Cr	
<b>Assets</b>													
<b>Current assets</b>													
Cash and cash equivalents	\$ -	\$ 9,430	\$ -	\$ 3,272	\$ 731	\$ 937	\$ 1,658	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,028
Investments	-	30,963	-	-	-	-	2,831	-	-	-	-	-	33,794
Assets limited as to use	-	6,115	-	-	-	-	-	-	-	-	-	-	6,115
Patient accounts receivable, net	-	93,903	-	4,133	1,573	103	-	-	-	-	-	-	99,712
Other receivables	1,596	19,271	-	211	401	-	253	28	-	-	417	-	22,177
Inventories	-	12,150	-	11	-	179	-	-	-	-	-	-	12,340
Due (to) from related organizations, net	11,859	2,631	-	(1,190)	(843)	212	(12,229)	-	-	(23)	-	417	-
Prepaid expenses and other current assets	17	11,151	-	1,061	499	248	6,521	-	-	-	-	-	19,497
Total current assets	13,472	185,614	-	7,498	2,361	1,679	(966)	28	-	(23)	417	417	209,663
<b>Investments</b>													
Unrestricted	604,184	78,468	-	-	-	-	45,814	10,996	-	-	-	-	739,462
Donor restricted	1,923	10,872	-	-	-	-	-	-	-	-	-	-	12,795
	606,107	89,340	-	-	-	-	45,814	10,996	-	-	-	-	752,257
<b>Interest in net assets of Lancaster General Health</b>													
Assets limited as to use, net of current portion	11,921	500	-	-	-	-	-	-	-	-	-	-	12,421
Property, plant and equipment, net	-	494,122	-	4,906	2,919	3,844	-	-	-	-	-	-	505,791
Beneficial interest in trusts	339	8,532	-	-	-	-	-	-	-	-	-	-	8,871
Investments in non-consolidated affiliates	6,434	7,243	-	-	-	1,865	-	-	-	-	-	-	15,542
Other assets	-	8,284	-	3,905	-	-	-	-	-	-	-	7,490	4,699
Total assets	\$ 638,273	\$ 794,817	\$ -	\$ 16,309	\$ 5,280	\$ 7,388	\$ 44,848	\$ 11,024	\$ -	\$ (23)	\$ 417	\$ 9,089	\$ 1,509,244
<b>Liabilities and net assets</b>													
<b>Current liabilities</b>													
Current portion of long-term debt	\$ -	\$ 7,108	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,108
Accounts payable	-	28,362	-	1,131	15	56	95	-	-	-	-	-	29,659
Accrued payroll and related benefits	-	37,655	-	7,968	2,809	89	-	-	-	-	-	-	48,521
Estimated settlements with third-party payors	-	12,526	-	-	-	-	-	-	-	-	-	-	12,526
Other current liabilities	125	5,306	-	-	-	19	2,831	-	-	-	-	843	9,124
Total current liabilities	125	90,957	-	9,099	2,824	164	2,926	-	-	-	-	843	106,938
<b>Accrued pension liability</b>													
Accrued pension liability	162,935	-	-	-	-	-	-	-	-	-	-	-	162,935
Other liabilities	16,039	23,006	-	4,310	536	222	37,713	-	-	-	8,333	-	73,493
Long-term debt, net of current portion	-	223,399	-	-	-	-	-	-	-	-	-	-	223,399
Total liabilities	179,099	337,362	-	13,409	3,360	386	40,639	-	-	-	8,333	843	566,765
<b>Net assets</b>													
<b>Unrestricted</b>													
Unrestricted net assets of LG	457,682	433,835	-	2,900	1,920	7,002	4,209	11,024	-	(23)	19	518	919,048
Non-controlling interests	-	3,125	-	-	-	-	-	-	-	-	-	-	3,125
Total unrestricted net assets	457,682	436,960	-	2,900	1,920	7,002	4,209	11,024	-	(23)	19	518	922,173
Temporarily restricted	1,103	10,161	-	-	-	-	-	-	-	-	1,631	-	9,633
Permanently restricted	389	10,334	-	-	-	-	-	-	-	-	50	-	10,673
Total net assets	459,174	457,455	-	2,900	1,920	7,002	4,209	11,024	-	(23)	1,700	518	942,479
Total liabilities and net assets	\$ 638,273	\$ 794,817	\$ -	\$ 16,309	\$ 5,280	\$ 7,388	\$ 44,848	\$ 11,024	\$ -	\$ (23)	\$ 10,033	\$ 1,361	\$ 1,509,244

## CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

(in thousands of dollars)

For the year ended June 30, 2013

	Lancaster General Health	Consolidated Lancaster General Hospital	Lancaster Cleft Palate Clinic	Lancaster General Medical Group	The Heart Group of LG	Lancaster General Services Business Trust	Lancaster General Insurance Company, Ltd	Lancaster General HealthCare Foundation	Lancaster General Rehabilitation Services, Inc	Lancaster General Health Innovative Solutions, Inc	Eliminations Dr	Cr	Consolidated Lancaster General Health
<b>Unrestricted net assets</b>													
Unrestricted revenue and other support													
Net patient service revenue	\$ -	\$ 842,991	\$ -	\$ 56,490	\$ 14,820	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 914,301
Provision for bad debt	-	(39,533)	-	(1,188)	(704)	-	-	-	-	-	-	-	(41,425)
Net patient service revenue, less provision for bad debt	-	803,458	-	55,302	14,116	-	-	-	-	-	-	-	872,876
Medical services	-	8,353	-	-	-	1,678	-	-	-	-	-	-	10,031
Capitation revenue	-	590	-	934	-	-	-	-	-	-	-	-	1,524
Other revenue	(792)	43,046	-	5,773	873	800	881	-	-	-	19,583	19	31,017
Net assets released from restrictions for operations	-	3,905	-	75	-	-	-	-	-	-	-	-	3,980
Contributions	-	258	-	6	-	-	-	53	-	-	-	-	317
Total unrestricted revenue and other support	(792)	859,610	-	62,090	14,989	2,478	881	53	-	-	19,583	19	919,745
<b>Expenses</b>													
Operating expenses	21,151	708,219	-	86,572	27,890	2,560	4,336	543	82	457	35	19,841	832,004
Depreciation and amortization	-	49,502	-	1,007	561	162	-	-	-	-	-	-	51,232
Interest	-	7,931	-	-	1	-	-	-	-	-	-	-	7,932
Provision for bad debts	-	111	-	-	-	-	-	-	-	-	-	-	111
Total expenses	21,151	765,763	-	87,579	28,452	2,722	4,336	543	82	457	35	19,841	891,279
Operating income (loss)	(21,943)	93,847	-	(25,489)	(13,463)	(244)	(3,455)	(490)	(82)	(457)	19,618	19,860	28,466
<b>Other income (loss)</b>													
Investment income, net	11,146	1,685	-	-	-	1	1,183	204	-	-	-	-	14,219
Net realized gains on sale of trading securities	9,909	124	-	-	-	-	1,675	34	-	-	-	-	11,742
Change in net unrealized gains and losses on trading securities	16,707	(1,418)	-	-	-	-	597	1,055	-	-	-	-	16,941
Change in fair value of interest rate swap agreement	-	2,067	-	-	-	-	-	-	-	-	-	-	2,067
Income tax adjustment	-	8,231	-	-	-	-	-	-	3,862	-	-	-	12,093
Other non-operating income (loss), net	807	12,004	-	1,937	(2,416)	681	-	-	2,370	-	223	-	15,160
Total other income	38,569	22,693	-	1,937	(2,416)	682	3,455	1,293	6,232	-	223	-	72,222
Excess of (deficiency in) revenue and other income over expenses	16,626	116,540	-	(23,552)	(15,879)	438	-	803	6,150	(457)	19,841	19,860	100,688
Excess of revenue attributable to non-controlling interest	-	(1,984)	-	-	-	-	-	-	-	-	-	-	(1,984)
Excess of (deficiency in) revenue and other income over expenses attributable to LG	16,626	114,556	-	(23,552)	(15,879)	438	-	803	6,150	(457)	19,841	19,860	98,704
<b>Other changes in unrestricted net assets</b>													
Net assets released from restrictions - purchase of property, plant and equipment	-	10,654	-	-	-	-	-	-	-	-	-	-	10,654
Change in non-controlling interests	-	74	-	-	-	-	-	-	-	-	-	-	74
Equity contributions from (to) related organizations	87,235	(120,816)	-	23,554	11,896	(300)	-	286	(2,289)	434	-	-	-
Change in pension liability	141,439	-	-	-	-	-	-	-	-	-	-	-	141,439
Change in post retirement benefits	(978)	-	-	-	-	-	-	-	-	-	-	-	(978)
Effects of deconsolidation of affiliate	-	-	(2,297)	-	-	-	-	-	-	-	-	-	(2,297)
Increase (decrease) in unrestricted net assets	244,322	4,468	(2,297)	2	(3,983)	138	-	1,089	3,861	(23)	19,841	19,860	247,596
<b>Temporarily restricted net assets</b>													
Restricted contributions and gifts	359	5,019	-	75	-	-	-	-	-	-	-	-	5,453
Investment income	-	187	-	-	-	-	-	-	-	-	-	-	187
Net realized gains on sale of trading securities	-	16	-	-	-	-	-	-	-	-	-	-	16
Change in net unrealized gains on trading securities	-	289	-	-	-	-	-	-	-	-	-	-	289
Net assets released from restrictions	-	(14,559)	-	(75)	-	-	-	-	-	-	-	-	(14,634)
Change in interest in net assets of Lancaster General Health	(175)	358	-	-	-	-	-	-	-	-	183	-	-
Effects of deconsolidation of affiliate	-	-	(212)	-	-	-	-	-	-	-	-	-	(212)
(Decrease) increase in temporarily restricted net assets	184	(8,690)	(212)	-	-	-	-	-	-	-	183	-	(8,901)
<b>Permanently restricted net assets</b>													
Restricted contributions and gifts	-	124	-	-	-	-	-	-	-	-	-	-	124
Change in net unrealized gains and losses on trading securities	-	400	-	-	-	-	-	-	-	-	-	-	400
Change in fair value of beneficial interest in perpetual trusts	22	116	-	-	-	-	-	-	-	-	-	-	138
Effects of deconsolidation of affiliate	-	-	(1,440)	-	-	-	-	-	-	-	-	-	(1,440)
(Decrease) increase in permanently restricted net assets	22	640	(1,440)	-	-	-	-	-	-	-	-	-	(778)
Increase (decrease) in net assets	244,528	(3,582)	(3,949)	2	(3,983)	138	-	1,089	3,861	(23)	20,024	19,860	237,917
Net assets, beginning of year	214,646	461,037	3,949	2,898	5,903	6,864	4,209	9,935	(3,861)	-	1,628	610	704,562
Net assets, end of year	\$459,174	\$ 457,455	\$ -	\$ 2,900	\$ 1,920	\$ 7,002	\$ 4,209	\$ 11,024	\$ -	\$ (23)	\$21,652	\$ 20,470	\$ 942,479

Lancaster General Health

**CONSOLIDATING BALANCE SHEET**

(in thousands of dollars)

June 30, 2012

	Lancaster General Health	Consolidated Lancaster General Hospital	Lancaster Cleft Palate Clinic	Lancaster General Medical Group	The Heart Group of LG	Lancaster General Services Business Trust	Lancaster General Insurance Company, Ltd	Lancaster General HealthCare Foundation	Lancaster General Rehabilitation Services, Inc.	Eliminations		Consolidated Lancaster General Health
										Dr	Cr	
<b>Assets</b>												
<b>Current assets</b>												
Cash and cash equivalents	\$ -	\$ 8,126	\$ 151	\$ 1,037	\$ 477	\$ 671	\$ 2,818	\$ -	\$ -	\$ -	\$ -	\$ 13,280
Investments	-	72,513	-	-	-	-	2,345	-	-	-	-	74,858
Assets limited as to use	-	4,304	-	-	-	-	-	-	-	-	-	4,304
Patient accounts receivable, net	-	102,820	136	4,026	2,665	143	-	-	-	-	-	109,790
Other receivables	1,415	12,375	23	118	243	-	277	30	-	467	-	14,948
Inventories	-	4,271	-	121	-	184	-	-	-	-	-	4,576
Due (to) from related organizations, net	13,380	986	-	(53)	(3)	258	(13,947)	(154)	-	-	467	-
Prepaid expenses and other current assets	13	10,816	2	1,608	534	398	6,549	-	-	-	-	19,920
Total current assets	14,808	216,211	312	6,857	3,916	1,654	(1,958)	(124)	-	467	467	241,676
<b>Investments</b>												
Unrestricted	486,828	70,689	1,653	-	-	-	43,489	10,040	-	-	-	612,699
Donor restricted	1,796	16,800	1,737	-	-	-	-	-	-	-	-	20,333
	488,624	87,489	3,390	-	-	-	43,489	10,040	-	-	-	633,032
<b>Interest in net assets of Lancaster General Health</b>												
	-	999	-	-	-	-	-	19	-	-	1,018	-
Assets limited as to use, net of current portion	10,677	23,658	-	-	-	-	-	-	-	-	-	34,335
Property, plant and equipment, net	-	466,639	461	4,667	1,680	3,959	-	-	-	-	-	477,406
Beneficial interest in trusts	317	8,216	-	-	-	-	-	-	-	-	-	8,533
Investments in non-consolidated affiliates	5,621	6,975	-	-	-	1,609	-	-	-	-	-	14,205
Other assets	-	8,438	-	200	3,004	-	-	-	-	-	5,535	6,107
Total assets	\$ 520,047	\$ 818,625	\$ 4,163	\$ 11,724	\$ 8,600	\$ 7,222	\$ 41,531	\$ 9,935	\$ -	\$ 467	\$ 7,020	\$ 1,415,294
<b>Liabilities and net assets</b>												
<b>Current liabilities</b>												
Current portion of long-term debt	\$ -	\$ 7,209	\$ -	\$ -	\$ 20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,229
Accounts payable	-	35,949	3	809	97	75	79	-	-	-	-	37,012
Accrued payroll and related benefits	-	35,201	36	6,072	2,112	78	-	-	-	-	-	43,499
Estimated settlements with third-party payors	-	10,853	-	-	-	-	-	-	-	-	-	10,853
Other current liabilities	76	12,717	43	297	-	37	2,345	-	3,861	-	1,019	20,395
Total current liabilities	76	101,929	82	7,178	2,229	190	2,424	-	3,861	-	1,019	118,988
Accrued pension liability	291,299	-	-	-	-	-	-	-	-	-	-	291,299
Other liabilities	14,026	27,024	132	1,648	468	168	34,898	-	-	6,554	-	71,810
Long-term debt, net of current portion	-	228,635	-	-	-	-	-	-	-	-	-	228,635
Total liabilities	305,401	357,588	214	8,826	2,697	358	37,322	-	3,861	6,554	1,019	710,732
<b>Net assets</b>												
Unrestricted												
Unrestricted net assets of LG	213,359	429,441	2,297	2,898	5,903	6,864	4,209	9,935	(3,861)	129	610	671,526
Non-controlling interests	-	3,051	-	-	-	-	-	-	-	-	-	3,051
Total unrestricted net assets	213,359	432,492	2,297	2,898	5,903	6,864	4,209	9,935	(3,861)	129	610	674,577
Temporarily restricted	920	18,851	212	-	-	-	-	-	-	1,449	-	18,534
Permanently restricted	367	9,694	1,440	-	-	-	-	-	-	50	-	11,451
Total net assets	214,646	461,037	3,949	2,898	5,903	6,864	4,209	9,935	(3,861)	1,628	610	704,562
Total liabilities and net assets	\$ 520,047	\$ 818,625	\$ 4,163	\$ 11,724	\$ 8,600	\$ 7,222	\$ 41,531	\$ 9,935	\$ -	\$ 8,182	\$ 1,629	\$ 1,415,294

**CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
*(in thousands of dollars)*  
For the year ended June 30 2012

	Lancaster General Health	Consolidated Lancaster General Hospital	Lancaster Cleft Palate Clinic	Lancaster General Medical Group	The Heart Group of LG	Lancaster General Services Business Trust	Lancaster General Insurance Company Ltd	Visiting Nurse Association of Lancaster County	Lancaster General HealthCare Foundation	Lancaster General Rehabilitation Services Inc	Eliminations		Consolidated Lancaster General Health
											Dr	Cr	
<b>Unrestricted net assets</b>													
Unrestricted revenue and other support													
Net patient service revenue	\$ -	\$ 840 004	\$ 867	\$ 47 888	\$ 16 788	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 905 547
Provision for bad debt	-	(35 773)	(27)	(828)	(459)	-	-	-	-	-	-	-	(37 087)
Net patient service revenue less provision for bad debt	-	804 231	840	47 060	16 329	-	-	-	-	-	-	-	868 460
Medical services	-	8 356	-	-	-	8 869	-	-	-	-	-	-	17 225
Capitation revenue	-	-	-	878	-	-	-	-	-	-	-	-	878
Other revenue	1 995	35 071	254	4 288	630	766	3 142	-	(11)	-	19 264	110	26 981
Net assets released from restrictions for operations	-	2 525	68	-	-	-	-	-	-	-	-	-	2 593
Contributions	-	338	140	-	-	-	-	-	27	-	-	-	505
Total unrestricted revenue and other support	1 995	850 521	1 302	52 226	16 959	9 635	3 142	-	16	-	19 264	110	916 642
Expenses													
Operating expenses	(12 304)	734 244	1 684	77 549	25 777	10 385	5 663	-	541	138	10	19 388	824 299
Depreciation and amortization	-	53 100	75	1 142	308	304	-	-	-	-	-	-	54 929
Interest	-	5 953	-	-	1	1	-	-	-	-	-	-	5 955
Provision for bad debts	-	76	-	-	-	-	-	-	-	-	-	-	76
Total expenses	(12 304)	793 373	1 759	78 691	26 086	10 690	5 663	-	541	138	10	19 388	885 259
Operating income (loss)	14 299	57 148	(457)	(26 465)	(9 127)	(1 055)	(2 521)	-	(525)	(138)	19 274	19 498	31 383
Other income (loss)													
Investment income	10 701	1 535	34	-	(1)	3	1 600	-	224	-	-	-	14 096
Net realized gains on sale of trading securities	2 546	480	16	-	-	-	1 220	-	126	-	-	-	4 388
Change in net unrealized gains and losses on trading securities	(16 125)	162	10	-	-	-	(299)	-	(129)	-	-	-	(16 381)
Change in fair value of interest rate swap agreement	-	(5 295)	-	-	-	-	-	-	-	-	-	-	(5 295)
Income tax expense	-	(8 232)	-	-	-	-	-	-	-	(3 861)	-	-	(12 093)
Other non-operating income net	8 572	18 192	-	23	119	4 483	-	-	-	2 814	113	-	34 090
Total other income (loss)	5 694	6 842	60	23	118	4 486	2 521	-	221	(1 047)	113	-	18 805
Excess of (deficiency in) revenue and other income over expenses	19 993	63 990	(397)	(26 442)	(9 009)	3 431	-	-	(304)	(1 185)	19 387	19 498	50 188
Excess of revenue attributable to non-controlling interest	-	(2 119)	-	-	-	(347)	-	-	-	-	-	-	(2 466)
Excess of (deficiency in) revenue and other income over expenses attributable to LG	19 993	61 871	(397)	(26 442)	(9 009)	3 084	-	-	(304)	(1 185)	19 387	19 498	47 722
Other changes in unrestricted net assets													
Net assets released from restrictions - purchase of property plant and equipment	-	450	-	-	-	-	-	-	-	-	-	-	450
Change in non-controlling interests	-	254	-	-	-	(2 474)	-	-	-	-	-	-	(2 220)
Equity contributions from (to) related organizations	3 156	(40 536)	1 050	27 149	15 578	(4 000)	-	-	162	(2 559)	-	-	-
Change in pension liability	(146 063)	-	-	-	-	-	-	-	-	-	-	-	(146 063)
Change in other benefits	(2 045)	-	-	-	-	-	-	-	-	-	-	-	(2 045)
Effects of deconsolidation of affiliate	-	-	-	-	-	-	-	(12 517)	-	-	-	-	(12 517)
(Decrease) increase in unrestricted net assets	(124 959)	22 039	653	707	6 569	(3 390)	-	(12 517)	(142)	(3 744)	19 387	19 498	(114 673)
<b>Temporarily restricted net assets</b>													
Restricted contributions and gifts	329	4 337	152	-	-	-	-	-	-	-	-	-	4 818
Investment income	-	189	34	-	-	-	-	-	-	-	-	-	223
Net realized gains on sale of trading securities	-	73	9	-	-	-	-	-	-	-	-	-	82
Change in net unrealized losses on trading securities	-	(347)	-	-	-	-	-	-	-	-	-	-	(347)
Net assets released from restrictions	-	(2 975)	(68)	-	-	-	-	-	-	-	-	-	(3 043)
Change in interest in net assets of Lancaster General Health	(10)	374	-	-	-	-	-	-	-	-	364	-	-
Effects of deconsolidation of affiliate	-	-	-	-	-	-	-	(13)	-	-	-	-	(13)
Increase (decrease) in temporarily restricted net assets	319	1 651	127	-	-	-	-	(13)	-	-	364	-	1 720
<b>Permanently restricted net assets</b>													
Restricted contributions and gifts	-	222	29	-	-	-	-	-	-	-	-	-	251
Change in net unrealized gains and losses on trading securities	-	(28)	3	-	-	-	-	-	-	-	-	-	(25)
Change in fair value of beneficial interest in perpetual trusts	(33)	(256)	-	-	-	-	-	-	-	-	-	-	(289)
Effects of deconsolidation of affiliate	-	-	-	-	-	-	-	(207)	-	-	-	-	(207)
(Decrease) increase in permanently restricted net assets	(33)	(62)	32	-	-	-	-	(207)	-	-	-	-	(270)
(Decrease) increase in net assets	(124 673)	23 628	812	707	6 569	(3 390)	-	(12 737)	(142)	(3 744)	19 751	19 498	(113 223)
Net assets beginning of year	339 319	437 409	3 137	2 191	(666)	10 254	4 209	12 737	10 077	(117)	6 954	6 189	817 785
Net assets end of year	\$ 214 646	\$ 461 037	\$ 3 949	\$ 2 898	\$ 5 903	\$ 6 864	\$ 4 209	\$ -	\$ 9 935	\$ (3 861)	\$ 26 705	\$ 25 687	\$ 704 562

Lancaster General Hospital

**CONSOLIDATING BALANCE SHEET**

(in thousands of dollars)

June 30, 2013

	Lancaster General Hospital	Lancaster General Health Columbia Center	Lancaster General Imaging Corporation	Lancaster General College of Nursing and Health Sciences	Lancaster General Ambulatory Services	Eliminations		Consolidated Lancaster General Hospital
						Dr	Cr	
<b>Assets</b>								
Current assets								
Cash and cash equivalents	\$ 6,852	\$ 10	\$ 1,824	\$ 744	\$ -	\$ -	\$ -	\$ 9,430
Investments	26,502	-	-	4,461	-	-	-	30,963
Assets limited as to use	6,060	-	-	55	-	-	-	6,115
Patient accounts receivable, net	91,724	361	1,818	-	-	-	-	93,903
Other receivables	18,553	1	10	712	-	3	8	19,271
Inventories	12,150	-	-	-	-	-	-	12,150
Due from (to) related organizations	2,924	(36)	(17)	(274)	-	34	-	2,631
Prepaid expenses and other current assets	10,181	49	281	640	-	-	-	11,151
Total current assets	174,946	385	3,916	6,338	-	37	8	185,614
Investments								
Unrestricted	78,468	-	-	-	-	-	-	78,468
Donor restricted	9,370	-	-	1,502	-	-	-	10,872
	87,838	-	-	1,502	-	-	-	89,340
Interest in net assets of Lancaster General Health	1,110	-	-	72	-	-	-	1,182
Assets limited as to use, net of current portion	-	-	-	500	-	-	-	500
Property, plant and equipment, net	475,598	2,060	9,692	6,772	-	-	-	494,122
Beneficial interest in trusts	6,941	-	-	1,591	-	-	-	8,532
Investments in non-consolidated affiliates	4,171	-	-	-	3,072	-	-	7,243
Other assets	7,300	-	802	182	-	-	-	8,284
Total assets	\$ 757,904	\$ 2,445	\$ 14,410	\$ 16,957	\$ 3,072	\$ 37	\$ 8	\$ 794,817
<b>Liabilities and net assets</b>								
Current liabilities								
Current portion of long-term debt	\$ 4,895	\$ -	\$ 2,138	\$ 75	\$ -	\$ -	\$ -	\$ 7,108
Accounts payable	27,824	13	231	294	-	-	-	28,362
Accrued payroll and related benefits	36,098	283	352	922	-	-	-	37,655
Estimated settlements with third-party payors	12,526	-	-	-	-	-	-	12,526
Other current liabilities	3,672	-	753	855	-	-	26	5,306
Total current liabilities	85,015	296	3,474	2,146	-	-	26	90,957
Other liabilities	22,731	25	19	231	-	-	-	23,006
Long-term debt, net of current portion	219,298	-	3,007	1,094	-	-	-	223,399
Total liabilities	327,044	321	6,500	3,471	-	-	26	337,362
Net assets								
Unrestricted net assets of LGH	413,444	2,124	4,785	10,407	3,072	-	3	433,835
Non-controlling interests	-	-	3,125	-	-	-	-	3,125
Total unrestricted net assets	413,444	2,124	7,910	10,407	3,072	-	3	436,960
Temporarily restricted	9,796	-	-	365	-	-	-	10,161
Permanently restricted	7,620	-	-	2,714	-	-	-	10,334
Total net assets	430,860	2,124	7,910	13,486	3,072	-	3	457,455
Total liabilities and net assets	\$ 757,904	\$ 2,445	\$ 14,410	\$ 16,957	\$ 3,072	\$ -	\$ 29	\$ 794,817

Lancaster General Hospital

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

(in thousands of dollars)

For the year ended June 30 2013

	Lancaster General Hospital	Lancaster General Health Columbia Center	Lancaster General Imaging Corporation	Lancaster General College of Nursing and Health Sciences	Lancaster General Ambulatory Services	Eliminations		Consolidated Lancaster General Hospital
						Dr	Cr	
<b>Unrestricted net assets</b>								
Unrestricted revenue and other support								
Net patient service revenue	\$ 816 235	\$ 3 111	\$ 23 645	\$ -	\$ -	\$ -	\$ -	\$ 842 991
Provision for bad debt	(38 700)	(162)	(671)	-	-	-	-	(39 533)
Net patient service revenue less provision for bad debt	777 535	2 949	22 974	-	-	-	-	803 458
Medical services	8 353	-	-	-	-	-	-	8 353
Capitation revenue	420	170	-	-	-	-	-	590
Other revenue	32 960	754	-	21 687	-	12 355	-	43 046
Net assets released from restrictions for operations	3 722	-	-	183	-	-	-	3 905
Contributions	27	-	-	231	-	-	-	258
Total unrestricted revenue and other support	823 017	3 873	22 974	22 101	-	12 355	-	859 610
<b>Expenses</b>								
Operating expenses	680 259	5 069	15 777	19 414	55	-	12 355	708 219
Depreciation and amortization	46 629	272	1 929	672	-	-	-	49 502
Interest	7 633	-	288	17	-	-	7	7 931
Provision for bad debts	28	-	-	83	-	-	-	111
Total expenses	734 549	5 341	17 994	20 186	55	-	12 362	765 763
Operating income (loss)	88 468	(1 468)	4 980	1 915	(55)	12 355	12 362	93 847
<b>Other income (loss)</b>								
Investment income net	1 658	-	-	34	-	7	-	1 685
Net realized gains on sale of trading securities	117	-	-	7	-	-	-	124
Change in net unrealized gains and losses on trading securities	(1 568)	-	-	150	-	-	-	(1 418)
Change in fair value of interest rate swap agreement	2 067	-	-	-	-	-	-	2 067
Income tax adjustment	-	-	-	-	8 231	-	-	8 231
Other non-operating income net	6 233	135	35	-	5 601	-	-	12 004
Total other income	8 507	135	35	191	13 832	7	-	22 693
Excess of (deficiency in) revenue and other income over expenses	96 975	(1 333)	5 015	2 106	13 777	12 362	12 362	116 540
Excess of revenue attributable to non-controlling interests	-	-	(1 984)	-	-	-	-	(1 984)
Excess of (deficiency in) revenue and other income over expenses attributable to LGH	96 975	(1 333)	3 031	2 106	13 777	12 362	12 362	114 556
<b>Other changes in unrestricted net assets</b>								
Net assets released from restrictions - purchase of property plant and equipment	10 654	-	-	-	-	-	-	10 654
Change in non-controlling interests	-	-	74	-	-	-	-	74
Equity contributions (to) from related organizations	(114 932)	1 219	(2 887)	1 519	(5 735)	-	-	(120 816)
Increase (decrease) in unrestricted net assets	(7 303)	(114)	218	3 625	8 042	12 362	12 362	4 468
<b>Temporarily restricted net assets</b>								
Restricted contributions and gifts	4 879	-	-	140	-	-	-	5 019
Investment income	164	-	-	23	-	-	-	187
Net realized gains on sale of trading securities	8	-	-	8	-	-	-	16
Change in net unrealized gains on trading securities	289	-	-	-	-	-	-	289
Net assets released from restrictions	(14 376)	-	-	(183)	-	-	-	(14 559)
Change in interest in net assets of Lancaster General Health	358	-	-	-	-	-	-	358
(Decrease) increase in temporarily restricted net assets	(8 678)	-	-	(12)	-	-	-	(8 690)
<b>Permanently restricted net assets</b>								
Restricted contributions and gifts	85	-	-	39	-	-	-	124
Change in net unrealized gains on trading securities	400	-	-	-	-	-	-	400
Change in fair value of beneficial interest in trusts	79	-	-	37	-	-	-	116
Increase in permanently restricted net assets	564	-	-	76	-	-	-	640
(Decrease) increase in net assets	(14 417)	(114)	218	3 689	8 042	12 362	12 362	(3 582)
Net assets beginning of year	446 277	2 238	7 692	9 797	(4 970)	74 422	74 425	461 037
Net assets end of year	\$ 430 860	\$ 2 124	\$ 7 910	\$ 13 486	\$ 3 072	\$ 86 784	\$ 86 787	\$ 457 455

Lancaster General Hospital

**CONSOLIDATING BALANCE SHEET**

(in thousands of dollars)

June 30, 2012

	Lancaster General Hospital	Lancaster General Health Columbia Center	Lancaster General Imaging Corporation	Lancaster General College of Nursing and Health Sciences	Lancaster General Ambulatory Services	Eliminations		Consolidated Lancaster General Hospital
						Dr	Cr	
<b>Assets</b>								
<b>Current assets</b>								
Cash and cash equivalents	\$ 5,340	\$ 8	\$ 2,259	\$ 519	\$ -	\$ -	\$ -	\$ 8,126
Investments	71,473	-	-	1,040	-	-	-	72,513
Assets limited as to use	4,254	-	-	50	-	-	-	4,304
Patient accounts receivable, net	100,596	267	1,957	-	-	-	-	102,820
Other receivables	11,704	1	13	981	-	2	326	12,375
Inventories	4,271	-	-	-	-	-	-	4,271
Due from (to) related organizations	1,154	(29)	(157)	(14)	-	31	(1)	986
Prepaid expenses and other current assets	10,082	103	270	361	-	-	-	10,816
Total current assets	208,874	350	4,342	2,937	-	33	325	216,211
<b>Investments</b>								
Unrestricted	70,689	-	-	-	-	-	-	70,689
Donor restricted	15,422	-	-	1,378	-	-	-	16,800
	86,111	-	-	1,378	-	-	-	87,489
<b>Interest in net assets of Lancaster General Health</b>								
Assets limited as to use, net of current portion	23,158	-	-	500	-	-	-	23,658
Property, plant and equipment, net	447,733	2,226	9,734	6,946	-	-	-	466,639
Beneficial interest in trusts	6,662	-	-	1,554	-	-	-	8,216
Investments in non-consolidated affiliates	3,713	-	-	-	3,262	-	-	6,975
Other assets	7,451	-	802	185	-	-	-	8,438
Total assets	\$ 784,629	\$ 2,576	\$ 14,878	\$ 13,572	\$ 3,262	\$ 33	\$ 325	\$ 818,625
<b>Liabilities and net assets</b>								
<b>Current liabilities</b>								
Current portion of long-term debt	\$ 5,035	\$ -	\$ 2,167	\$ 75	\$ -	\$ 68	\$ -	\$ 7,209
Accounts payable	35,486	2	153	308	-	-	-	35,949
Accrued payroll and related benefits	33,650	332	363	856	-	-	-	35,201
Estimated settlements with third-party payors	10,853	-	-	-	-	-	-	10,853
Other current liabilities	2,506	-	806	1,142	8,232	-	31	12,717
Total current liabilities	87,530	334	3,489	2,381	8,232	68	31	101,929
<b>Other liabilities</b>								
Long-term debt, net of current portion	224,067	-	3,657	1,169	-	258	-	228,635
Total liabilities	338,352	338	7,186	3,775	8,232	326	31	357,588
<b>Net assets</b>								
Unrestricted net assets of LGH	420,747	2,238	4,641	6,782	(4,970)	-	3	429,441
Non-controlling interests	-	-	3,051	-	-	-	-	3,051
Total unrestricted net assets	420,747	2,238	7,692	6,782	(4,970)	-	3	432,492
Temporarily restricted	18,474	-	-	377	-	-	-	18,851
Permanently restricted	7,056	-	-	2,638	-	-	-	9,694
Total net assets	446,277	2,238	7,692	9,797	(4,970)	-	3	461,037
Total liabilities and net assets	\$ 784,629	\$ 2,576	\$ 14,878	\$ 13,572	\$ 3,262	\$ 326	\$ 34	\$ 818,625



Lancaster General Hospital

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

(in thousands of dollars)

For the year ended June 30, 2012

	Lancaster General Hospital	Lancaster General Health Columbia Center	Lancaster General Imaging Corporation	Lancaster General College of Nursing and Health Sciences	Lancaster General Ambulatory Services	Eliminations		Consolidated Lancaster General Hospital
						Dr	Cr	
<b>Unrestricted net assets</b>								
Unrestricted revenue and other support								
Net patient service revenue	\$ 812,161	\$ 3,136	\$ 24,707	\$ -	\$ -	\$ -	\$ -	\$ 840,004
Provision for bad debt	(34,850)	(187)	(736)	-	-	-	-	(35,773)
Net patient service revenue, less provision for bad debt	777,311	2,949	23,971	-	-	-	-	804,231
Medical services	8,333	23	-	-	-	-	-	8,356
Other revenue	29,252	592	-	20,416	-	15,189	-	35,071
Net assets released from restrictions for operations	2,259	-	-	266	-	-	-	2,525
Contributions	11	-	-	327	-	-	-	338
Total unrestricted revenue and other support	817,166	3,564	23,971	21,009	-	15,189	-	850,521
<b>Expenses</b>								
Operating expenses	705,284	5,062	16,469	20,528	149	-	13,248	734,244
Depreciation and amortization	50,284	284	1,942	590	-	-	-	53,100
Interest	5,587	-	378	18	-	-	30	5,953
Provision for bad debts	(23)	-	-	99	-	-	-	76
Total expenses	761,132	5,346	18,789	21,235	149	-	13,278	793,373
Operating income (loss)	56,034	(1,782)	5,182	(226)	(149)	15,189	13,278	57,148
<b>Other income (loss)</b>								
Investment income, net	1,534	-	1	30	-	30	-	1,535
Net realized gains on sale of trading securities	476	-	-	4	-	-	-	480
Change in net unrealized gains on trading securities	156	-	-	6	-	-	-	162
Change in fair value of interest rate swap agreement	(5,295)	-	-	-	-	-	-	(5,295)
Income tax expense	-	-	-	-	(8,232)	-	-	(8,232)
Other non-operating income, net	12,119	-	35	-	6,038	-	-	18,192
Total other income	8,990	-	36	40	(2,194)	30	-	6,842
Excess of (deficiency in) revenue and other income over expenses	65,024	(1,782)	5,218	(186)	(2,343)	15,219	13,278	63,990
Excess of revenue attributable to non-controlling interests	-	-	(2,119)	-	-	-	-	(2,119)
Excess of (deficiency in) revenue and other income over expenses attributable to LGH	65,024	(1,782)	3,099	(186)	(2,343)	15,219	13,278	61,871
<b>Other changes in unrestricted net assets</b>								
Net assets released from restrictions - purchase of property, plant and equipment	450	-	-	-	-	-	-	450
Change in non-controlling interests	-	-	254	-	-	-	-	254
Equity contributions (to) from related organizations	(35,488)	1,357	(2,712)	123	(5,757)	-	1,941	(40,536)
Increase (decrease) in unrestricted net assets	29,986	(425)	641	(63)	(8,100)	15,219	15,219	22,039
<b>Temporarily restricted net assets</b>								
Restricted contributions and gifts	4,130	-	-	207	-	-	-	4,337
Investment income	166	-	-	23	-	-	-	189
Net realized gains on sale of trading securities	67	-	-	6	-	-	-	73
Change in net unrealized losses on trading securities	(347)	-	-	-	-	-	-	(347)
Net assets released from restrictions	(2,709)	-	-	(266)	-	-	-	(2,975)
Change in interest in net assets of Lancaster General Health	374	-	-	-	-	-	-	374
Increase (decrease) in temporarily restricted net assets	1,681	-	-	(30)	-	-	-	1,651
<b>Permanently restricted net assets</b>								
Restricted contributions and gifts	157	-	-	65	-	-	-	222
Change in net unrealized losses on trading securities	(28)	-	-	-	-	-	-	(28)
Change in fair value of beneficial interest in trusts	(175)	-	-	(81)	-	-	-	(256)
Decrease in permanently restricted net assets	(46)	-	-	(16)	-	-	-	(62)
Increase (decrease) in net assets	31,621	(425)	641	(109)	(8,100)	15,219	15,219	23,628
Net assets, beginning of year	414,656	2,663	7,051	9,906	3,130	59,203	59,206	437,409
Net assets, end of year	\$ 446,277	\$ 2,238	\$ 7,692	\$ 9,797	\$ (4,970)	\$ 74,422	\$ 74,425	\$ 461,037