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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

C Name of organization
Beebe Medical Center Inc

Doing Business As
Beebe Healthcare Inc

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

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

D Employer identification number
51-0067938

E Telephone number
(302) 645-3300

G Gross receipts $ 276,985,638

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

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

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

H(c) Group exemption number ▶

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

J Website: ▶ HTTP //WWW BEEBEMED ORG

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

L Year of formation 1916

M State of legal domicile DE

Part I Summary

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

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

3	Number of voting members of the governing body (Part VI, line 1a)	3	21
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	13
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	1,991
6	Total number of volunteers (estimate if necessary)	6	577
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b	Net unrelated business taxable income from Form 990-T, line 34	7b	

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	1,094,336	2,076,370
9	Program service revenue (Part VIII, line 2g)	271,481,238	269,143,220
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	107,062	155,144
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,773,053	4,126,161
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	275,455,689	275,500,895
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	497,048	511,726
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	126,912,045	132,494,292
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	141,103,385	126,201,045
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	268,512,478	259,207,063
19	Revenue less expenses Subtract line 18 from line 12	6,943,211	16,293,832

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	396,099,307	289,905,643
21	Total liabilities (Part X, line 26)	291,589,823	161,343,039
22	Net assets or fund balances Subtract line 21 from line 20	104,509,484	128,562,604

Part II Signature Block

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

Sign Here

Signature of officer — Date: 2014-05-15

PAUL J PERNICE CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶ PricewaterhouseCoopers LLP			Firm's EIN ▶	
Firm's address ▶ 2001 MARKET ST SUITE 1700 PHILADELPHIA, PA 19103			Phone no (267) 330-3000	

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

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

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

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

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

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations 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 $ 220,501,333 including grants of $ 511,726) (Revenue $ 265,467,372)

General Medical Surgical Patient care Beebe Medical Center experienced 9,151 discharges in 2013 resulting in 37,280 patient days of which 5,469 discharges and 25,392 patient days were covered under the Medicare program The Medicaid program covered 1,356 discharges and 4,083 patient days Additional volumes achieved in 2013 include 46,593 Emergency Visits, 9,089 Operating Room Cases of which 147 were Open Heart Surgeries, 1,930 Cardiac Catherization Procedures, and 107,884 OutPatient Imaging Procedures Total Sellf-pay inpatient days were 998 and Self-pay discharges were 252 in 2013

4b (Code) (Expenses $ 3,011,105 including grants of $) (Revenue $ 3,675,848)

Beebe Home Health program covers eastern Sussex County In 2013 BHHA admitted 1,688 new patients and had an active caseload of 3,097 patients There was a total of 24,351 visits during the year, almost twice as many as the prior year

4c (Code) (Expenses $ 1,530,958 including grants of $ 0) (Revenue $ 385,349)

Beebe School of Nursing (BSON) changed its name to the Maragret D Rollins School of Nursing The school continues to be fully certified BSON had 58 students enrolled as freshmen and 48 students enrolled in their second year

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

SCHOOL WELLNESS PROGRAMS

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

COMMUNITY OUTREACH

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

ADULT DAY CARE - GULL HOUSE

4d Other program services (Describe in Schedule O)

(Expenses $ 1,783,819 including grants of $ 0) (Revenue $ 273,662)

4e **Total program service expenses** ▶ 226,827,215

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**	Yes	
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	171		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	1,991		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a			No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a** 21		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent	**1b** 13		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**		No
6	Did the organization have members or stockholders?	**6**		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	**8a**	Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**		No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request ☐ 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 ▶JOHN MCNEMAR 424 SAVANNAH ROAD LEWES, DE (302)645-3534

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								6,510,024	0	943,308

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 ▶ 101

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
PHILLIPS MEDICAL SYSTEMS , PO BOX 100355 ATLANTA GA 30384	BIOMED EQUIP MAINT	2,766,983
MCKESSON TECHNOLOGIES , PO BOX 98347 CHICAGO IL 60693	IS CONSULTING	2,567,774
MTM TECHNOLOGIES , PO BOX 27986 NEW YORK NY 10087	IS CONSULTING	2,417,898
DELAWARE ANESTHESIA ASSOCIATES , 424 SAVANNAH ROAD LEWES DE 19958	CRNA CONTRACT LABOR	2,275,000
Mayo Medical Lab , PO Box 9146 MINNEAPOLIS MN 55480	PLANT ENG MGMT SVCS	1,567,303
2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 63		

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d	741,672			
	e	Government grants (contributions)	1e	1,334,687			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	11			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		2,076,370			
Program Service Revenue			Business Code				
	2a	GENERAL MEDICAL SURGICAL	900099	265,467,372	265,467,372		
	b	HOME HEALTH	621610	3,675,848	3,675,848		
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		269,143,220			
	3	Investment income (including dividends, interest, and other similar amounts)		206,927			206,927
	4	Income from investment of tax-exempt bond proceeds		6,681			6,681
	5	Royalties		0			
			(i) Real / (ii) Personal				
	6a	Gross rents	402,313 /				
	b	Less rental expenses	/				
	c	Rental income or (loss)	402,313 / 0				
	d	Net rental income or (loss)		402,313			402,313
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	1,423,239 / 3,040				
	b	Less cost or other basis and sales expenses	1,420,367 / 64,376				
	c	Gain or (loss)	2,872 / -61,336				
	d	Net gain or (loss)		-58,464			-58,464
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events		0			
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities		0			
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory		0			
		Miscellaneous Revenue	Business Code				
	11a	CAFETERIA	900099	987,067			987,067
	b	PREMIER DISTRIBUTION	900099	502,469			502,469
	c	NMH MED ONCOL REIMBURSEMENT	900099	1,258,202			1,258,202
	d	All other revenue		976,110	659,011		317,099
	e	**Total.** Add lines 11a–11d		3,723,848			
	12	**Total revenue.** See Instructions		275,500,895	269,802,231		3,622,294

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	511,726	511,726		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0			
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	5,605,264	1,770,444	3,834,820	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	368,035		368,035	
7 Other salaries and wages	90,876,144	84,788,007	6,088,137	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	5,600,699	5,126,823	473,876	
9 Other employee benefits	23,191,644	21,229,395	1,962,249	
10 Payroll taxes	6,852,506	6,178,459	674,047	
11 Fees for services (non-employees)				
a Management	0			
b Legal	1,274,303	66,015	1,208,288	
c Accounting	225,249		225,249	
d Lobbying	0			
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	297,674		297,674	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	18,174,222	13,193,542	4,980,680	
12 Advertising and promotion	1,281,059	28,345	1,252,714	
13 Office expenses	64,158,863	63,273,785	885,078	
14 Information technology	5,677,512	1,170,565	4,506,947	
15 Royalties . .	0			
16 Occupancy	5,724,773	5,566,092	158,681	
17 Travel	205,259	190,143	15,116	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	509,666	352,731	156,935	
20 Interest	2,130,756	2,114,191	16,565	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	15,578,355	12,390,557	3,187,798	
23 Insurance	2,480,643	2,480,643		
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 PHYSICIAN RECRUITMENT	33,347	0	33,347	
b MAINTENANCE	6,353,071	5,844,247	508,824	
c DUES	681,190	204,033	477,157	
d EMPLOYEE RECRUITMENT	388,206	1,703	386,503	
e All other expenses	1,026,897	345,769	681,128	
25 **Total functional expenses.** Add lines 1 through 24e	259,207,063	226,827,215	32,379,848	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		0	1	0
	2	Savings and temporary cash investments		15,727,023	2	28,516,229
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		31,993,642	4	34,218,105
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	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		0	6	0
	7	Notes and loans receivable, net		840,000	7	0
	8	Inventories for sale or use		6,873,287	8	7,050,756
	9	Prepaid expenses and deferred charges		3,502,585	9	3,997,586
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 296,026,164			
	b	Less accumulated depreciation	10b 175,381,149	123,038,724	10c	120,645,015
	11	Investments—publicly traded securities		82,386,815	11	66,632,369
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		3,104,085	14	3,104,085
	15	Other assets See Part IV, line 11		128,633,146	15	25,741,498
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		396,099,307	16	289,905,643
Liabilities	17	Accounts payable and accrued expenses		45,351,690	17	50,522,052
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		53,920,000	20	50,400,000
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	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		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		192,318,133	25	60,420,987
	26	**Total liabilities.** Add lines 17 through 25		291,589,823	26	161,343,039
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		92,441,364	27	115,551,357
	28	Temporarily restricted net assets		10,689,166	28	11,474,604
	29	Permanently restricted net assets		1,378,954	29	1,536,643
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		104,509,484	33	128,562,604
	34	Total liabilities and net assets/fund balances		396,099,307	34	289,905,643

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	275,500,895
2	Total expenses (must equal Part IX, column (A), line 25)	2	259,207,063
3	Revenue less expenses Subtract line 2 from line 1	3	16,293,832
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	104,509,484
5	Net unrealized gains (losses) on investments	5	-172,915
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	7,932,203
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	128,562,604

Part XII Financial Statements and Reporting

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

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

Additional Data

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
JEFFREY FRIED PRESIDENT & CEO	40 0 2 0	X		X				573,774	0	97,897
ROBERT J WHITE DIRECTOR	2 0 0 0	X						0	0	0
JAMES P MARVEL JR MD DIRECTOR	2 0 0 0	X								
JANET B MCCARTY DIRECTOR	2 0 0 0	X		X						
PAUL H MYLANDER DIRECTOR	2 0 0 0	X		X						
JAMES D BARR DIRECTOR	2 0 0 0	X								
STEPHEN D BERLIN MD DIRECTOR	2 0 0 0	X						52,621	0	0
WILLIAM L BERRY DIRECTOR	2 0 0 0	X								
WILLIAM SWAIN LEE CHAIRPERSON	2 0 0 0	X		X						
JOSEPH W BOOTH DIRECTOR	2 0 0 0	X								
THOMAS L KING DIRECTOR	2 0 0 0	X								
STEPHEN M FANTO MD DIRECTOR	2 0 0 0	X								
HALSEY G KNAPP DIRECTOR	2 0 0 0	X								
JOSEPH R HUDSON DIRECTOR	2 0 0 0	X								
ROBERT H MOORE DIRECTOR	2 0 0 0	X								
ESTHELDA R PARKER-SELBY DIRECTOR	2 0 0 0	X								
MICHAEL L WILGUS DIRECTOR	2 0 0 0	X								
PAUL T COWAN JR DO TREASURER	2 0 0 0	X								
PATRICIA SHREEVE DIRECTOR	2 0 0 0	X								
JACQUELYN O WILSON EDD VICE CHAIR	2 0 0 0	X								
PAUL PEET MD DIRECTOR	2 0 0 0	X						88,000	0	0
J KIRKLAND BEEBE MD TRUSTEE	2 0 0 0	X								
DAVID A HERBERT TRUSTEE	2 0 0 0	X								
ANIS K SALLBA MD DIRECTOR	2 0 0 0	X								
Paul J Pernice Vice President CFO	40 0 2 0			X				286,015	0	53,023

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			
DONNA STRELETZKY VP OPERATIONS	0 0 0 0				X			200,156	0	40,167
PAUL MINNICK VP OPERATIONS	40 0 0 0				X			219,128	0	83,791
ALEX SYDNOR VP CORPORATE AFFAIRS	22 0 18 0				X			197,062	0	70,065
CATHERINE HALEN VP HUMAN RESOURCES	40 0 0 0				X			197,207	0	56,244
Jeffrey Hawtof MD VP of Medical Staff	40 0 0 0				X			340,309	0	84,954
AASIM SEHBAI MD PHYSICIAN	40 0 0 0					X		823,551	0	71,012
SRIHARI PERI MD PHYSICIAN	40 0 0 0					X		810,560	0	79,245
NOUMAN ASIT MD PHYSICIAN	40 0 0 0					X		595,471	0	51,037
MUHAMMAD ARIF MD PHYSICIAN	40 0 0 0					X		696,858	0	51,448
Michael Salvatore MD Physician	40 0 0 0					X		872,637	0	67,512
JAMES W BARTLE FORMER Vice President CFO	0 0 0 0						X	278,201	0	77,170
BARBARA VUGRINEC former VP INFORMATION SYSTEM	0 0 0 0						X	278,474	0	59,743

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Beebe Medical Center Inc

Employer identification number
51-0067938

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (see instructions) **12**

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** . . . . . ▶☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2011 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2012.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2011.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2012.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2011.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶☐

Part III **Support Schedule for Organizations Described in Section 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2011 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2012** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2011** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2012.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2011.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶☐

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

Facts And Circumstances Test

Explanation

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
Beebe Medical Center Inc	51-0067938

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

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

2 Political expenditures ▶ $

3 Volunteer hours

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		300
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?		No	
j	Total Add lines 1c through 1i			300
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		No	

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
SCHEDULE C, PART II-B, LINE 1G		THE PRESIDENT and the VP of Corporate Affairs of beebe medical center HAve QUARTERLY BREAKFAST MEETINGS WITH STATE AND LOCAL POLITICIANS

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Beebe Medical Center Inc

Employer identification number
51-0067938

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		(a) Current year	(b) Prior year	b (c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	39,514,450	39,348,689	36,498,710	61,285,071	73,575,651
b	Contributions	17,443,416		1,401,000	4,000,000	2,006,685
c	Net investment earnings, gains, and losses	88,520	416,423	1,917,505	9,572,221	-13,373,799
d	Grants or scholarships					
e	Other expenditures for facilities and programs	5,108	547	264,704	37,995,956	662,343
f	Administrative expenses	264,009	249,915	203,822	362,626	261,123
g	End of year balance	56,777,269	39,514,650	39,348,689	36,498,710	61,285,071

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

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

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

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

4 Describe in Part 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		10,670,646		10,670,646
b Buildings		139,332,895	71,152,549	68,180,346
c Leasehold improvements		1,605,745	594,190	1,011,555
d Equipment		136,626,192	106,634,410	32,991,782
e Other		7,790,686		7,790,686
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				120,645,015

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

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

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

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

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

(a) Description	(b) Book value
See Additional Data Table	
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	25,741,498

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

1 (a) Description of liability	(b) Book value
Federal income taxes	0
ACC POST RETIREMENT BENEFIT	27,815,349
DEFERRED COMPENSATION OBLIG	584,407
CAPITAL LEASE OBLIGATIONS NET OF AMORTIZATION	1,952,603
ACCRUED PENSION LIABILITY	17,284,993
ACCRUED MEDICAL MALPRACTICE LIABILITY	3,002,667
ACC WORKERS COMP LIABILITY	4,942,313
ASBESTOS REMOVAL OBLIGATION	2,922,338
SETTLEMENT LIABILITY	1,400,000
UNAMORTIZED BOND PREMIUM	516,317
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	60,420,987

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

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

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

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

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

Part XIII Supplemental Information

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

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

Additional Data

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

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

(a) Description	**(b)** Book value
(1) DEFERRED FINANCING COSTS	595,492
(2) DEFERRED COMPENSATION	779,067
(3) EQUITY IN BEEBE PHYS NETWORK	-63,202
(4) INT IN FDN UNRESTR NET ASSETS	5,395,206
(5) INT IN FDN RESTRICT NET ASSETS	12,069,610
(6) TEMPORARILY RESTRICTED FUNDS	594,067
(7) PERMANENTLY RESTRICTED FUNDS	320,488
(8) WORK COMP & MALP INSURANCE	3,746,935
(9) LAND HELD FOR FUTURE SALE	1,838,339
(10) OTHER RECEIVABLES	465,496

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

1 **(a)** Description of Liability	**(b)** Book Value
ACC POST RETIREMENT BENEFIT	27,815,349
DEFERRED COMPENSATION OBLIG	584,407
CAPITAL LEASE OBLIGATIONS NET OF AMORTIZATION	1,952,603
ACCRUED PENSION LIABILITY	17,284,993
ACCRUED MEDICAL MALPRACTICE LIABILITY	3,002,667
ACC WORKERS COMP LIABILITY	4,942,313
ASBESTOS REMOVAL OBLIGATION	2,922,338
SETTLEMENT LIABILITY	1,400,000
UNAMORTIZED BOND PREMIUM	516,317

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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
Beebe Medical Center Inc

Employer identification number
51-0067938

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 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)			6,454,076		6,454,076	2 490 %
b Medicaid (from Worksheet 3, column a)			30,129,947	33,052,585	-2,922,638	0 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			36,584,023	33,052,585	3,531,438	2 490 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			2,361,263	779,027	1,582,236	0 610 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			12,565,835		12,565,835	4 850 %
h Research (from Worksheet 7)			210,055	36,713	173,342	0 070 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			152,775		152,775	0 060 %
j **Total.** Other Benefits			15,289,928	815,740	14,474,188	5 590 %
k **Total.** Add lines 7d and 7j			51,873,951	33,868,325	18,005,626	8 080 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development						
3	Community support						
4	Environmental improvements						
5	Leadership development and training for community members			109,749		109,749	0 040 %
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development			3,530,403		3,530,403	1 360 %
9	Other						
10	**Total**			3,640,152		3,640,152	1 400 %

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

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	10,926,597		
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			
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	108,491,706
6	Enter Medicare allowable costs of care relating to payments on line 5	6	149,368,848
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-40,877,142
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	Yes	

Part IV **Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

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

	Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	BEEBE MEDICAL CENTER INC 424 SAVANNAH ROAD LEWES, DE 19958	X	X					X			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group BEEBE MEDICAL CENTER

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A) 1

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 12			
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website			
b	☐ Available upon request from the hospital facility			
c	☑ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☐ Execution of the implementation strategy			
c	☐ Participation in the development of a community-wide plan			
d	☐ Participation in the execution of a community-wide plan			
e	☐ Inclusion of a community benefit section in operational plans			
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 % If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 % If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☐ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☑ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)*

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

- **a** ☐ Notified individuals of the financial assistance policy on admission
- **b** ☐ Notified individuals of the financial assistance policy prior to discharge
- **c** ☐ Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- **d** ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Part VI)

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

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

How many non-hospital health care facilities did the organization operate during the tax year?
11

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

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
PART III, LINE 4		Beebe Medical Center has adopted Healthcare Financial Management Association Statement No 15, Valuation and Financial Statement Presentation of Charity and Bad Debts by Institutional Healthcare Providers Please see the provision for bad debt expense footnote on page 12 of the attached financial statements PART III, LINE 8 Beebe Medical Center serves the community as a whole It is the only hospital within 23 miles and is the only tertiary hospital within 40 miles Beebe Medical Center accepts all patients regardless of ability to pay Beebe Medical Center's primary service area is rural with a very high Medicare population Medicare represents over 59% of hospital business Medicare rates do not keep up with health care costs and with the high percentage of Medicare volumes the Medicare shortfall of $40,877,142 is considered a community benefit PART III, LINE 9B Beebe Medical Cente (BMC) is a not-for-profit, community-based healthcare facility It is hospital policy that no one will be denied medically necessary hospital services based upon the patient's ability to pay for those services A public notice of the availability of financial aid is visible within the hospital Beebe Medical Center complies with all federal, state and contractual laws, regulations and Requirements Objective The patient or guarantor has the ultimate financial responsibility for care received from Beebe Medical Center BMC cooperates with and assists all patients in the fulfillment of their financial responsibility This cooperation includes assistance with enrollment in public or private insurance programs, charity-based programs, financial assistance programs, or other third-party payment programs Patients have the responsibility to provide timely and accurate information when seeking consideration under the BMC Charity and Financial Aid Policy Procedures 1 Self Pay Patient receives services from Beebe Medical Center (BMC) and is registered as a self pay with no insurance coverage a A statement of charges is sent to the patient 5 days from date of service, listing the summary of charges and insurance on file if applicable b A Financial Assistance Program letter is sent 10 days from date of service explaining the hospital financial assistance options, listing the federal poverty levels The letter encourages the patient to contact Patient Financial Service to see eligibility in the programs offered at BMC 2 Patient applies and submits all relative documentation for the BMC financial assistance program application process Self Pay patient receives services from BMC and is registered as a self pay with no insurance coverage a Approval for eligibility for the BMC financial assistance program is communicated in a letter indicating the coverage period The patient may receive 50% to 100% of financial assistance based on financial information presented All accounts on the books are written off to charity or financial assistance based on the approval level b Financial assistance expires annually at which time the patient is asked to update the information on file c The patient receives a laminated card indicating the application time period and the financial assistance number d The patient is instructed to present the card at each episode of care at registration BMC financial assistance in entered in the registration in the same manner as insurer coverage 3 Patient returns for services at BMC presenting with the financial assistance card at registration a Self pay is registered as the primary plan and financial assistance is registered as secondary coverage b A weekly report is generated listing all patients that visited the hospital with a financial assistance listed in the secondary insurance c The report is reviewed by the hospital financial counselor and the account is written off according to the assistance program of which the patient is eligible i If patient qualifies for the BMC Charity program, BMC Charity write off is 100% of charges Patient receives no further statements from BMC ii If patient qualifies for the BMC Financial assistance discounted program - account is written off for the percentage of discount that the patient qualified for Financial assistance can be granted for up to 50% of charges 1 Patient will then receive a bill for the balance on the account 2 Patient statement advises them to contact the financial counselor for payment arrangements 3 The new accounts are combined with existing payment arrangements and a monthly payment is re-calculated based on feedback from the patient on ability to pay PART V, Line 3 In the fall of 2012, we researched validated needs assessment tools and designed a survey and interview questionnaire in English and Spanish collaboratively In January of 2013, outreach teams began to distribute the surveys and perform interviews with stakeholders across the county In addition, the Healthier Sussex County website has been utilized to communicate regarding the Community Health Needs Assessment and served as the platform for the on-line survey tool disseminated in Sussex Task Force members collected demographic data on each respondent and were able to collect sufficient data in the Beebe service area for more detailed reporting and analysis Stakeholders Primary data, surveys, focus groups, and interviews with key stakeholders in the community were conducted and analyzed to determine key themes and emergent health disparities and needs of community members Surveying the population was done in conjunction with the collaborative, the Healthier Sussex County Task Force A brief community health survey was distributed by community outreach staff via face-to-face interaction in community based organizations across the county and by providing the survey in electronic format through Survey Monkey in both English and Spanish versions The total responses received during the four months of survey data collection was approximately 600, and represented members and leadership from a wide variety of organizations as well as known underserved areas of the community Furthermore, qualitative data was collected among key stakeholders who were either interviewed, in focus groups, or completed a survey questionnaire that was similar to the community survey, but allowed for more open ended responses and dialog with the community outreach worker After reaching out to key stakeholders, 85 individuals and leaders across Sussex County provided responses The following organizations and groups participated in this process Alzheimer's Association, Amcerican Cancer Society, American Diabetes Association, Bayhealth, Heebe, and Nanticoke Employees, Beebe Community & Home Health, Camp Rehoboth, Delaware Association of Hispanic Nurses, Delaware Breast Cancer Coalition, Delaware Healthcare Communities, Delaware Hospital Association, Delaware Hospice, Division of Public Health-Georgetown, Easter Seals, Ellendale Recovery Response Center, High School Wellness Centers, Hope Medical Center, La Esperanza, La Red Federally Qualified Health Center, Law Enforcement Agencies, Mountairre & Perdue Chicken Plants, Nanticoke Indian Center, Peninsula Home Care, People's Place, Mid-Atlantic AIDS Training Center, Public Health Nurses, Southern Delaware Tourism, Striong Communities, Sussez County Association of Towns, Sussex Child Health Promotion Coalition, Sussex County Churches, Sussex County Chambers of Commerce, Sussex County EMS, Sussex County Libraries, Sussex County Fire Stations, Sussex Restayrant Association, Sussex County Senior Centers, Sussex County Veterans Groups, VFW/American Legion, and YMCA-Rehoboth PART V, Line 4 Surveying the population was done in conjunction with the collaborative, the Healthier Sussex County Task Force - Connecting Community & Health Resources, however, each system published its own Community Health Needs Assessment A brief community health survey was distributed by community outreach staff from each of the three health care systems - (1) Bayhealth (2) Beebe (3) Nanticoke PART V, Line 5a & 5c Beebe Healthcare's Community Health Needs Assessment is available on the following websites http //www beebehealthcare org/about-beebe/mission-and-vision www delawarehealthtracker com www healthiersussexcounty com PART V, Line 6 Beebe Healthcare's Implementation Strategy is available at HTTP //WWW BEEBEHEALTHCARE ORG/ABOUT-BEEBE/MISSION-AND-VISION PART V, Line 7 Beebe Healthcare is in the process of addressing the needs identified in our Community Health Needs Assessment, as a part of a 3 year plan, working in collaboration with a wide variety of community based organizations and healthcare system partners Of the top 5 needs identified, `Transportation' is the only need to which the hospital has not allocated greater direct resources (in addition to current allocations), due to current financial limitations and the presence of a number of local organizations actively

Additional Data

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

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

Section C. Other 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?
11

Name and address	Type of Facility (describe)
GEORGETOWN IMAGINGLAB 21635 BIDEN AVENUE GEORGETOWN, DE 19947	IMAGING CENTER, LAB DRAWS Rehabilitation therapy
BEEBE LAB EXPRESS 32060 LONG NECK ROAD MILLSBORO, DE 19966	IMAGING CENTER, LAB DRAWS Rehabilitation therapy
MILLSBORO LABREHAB 28538 DuPont Boulevard MILLSBORO, DE 19966	IMAGING CENTER, LAB DRAWS Rehabilitation therapy
MILLVILLE IMAGINGLABrehab 32566 Docs Place MILLVILLE, DE 19967	IMAGING CENTER, LAB DRAWS Rehabilitation therapy
MILTON LAB EXPRESS 614 MULBERRY STREET MILTON, DE 19968	IMAGING CENTER, LAB DRAWS Rehabilitation therapy
BOOKHAMMER OUTPATIENT SERVICE CENTER 18941 JOHN J WILLIAMS HIGHWAY REHOBOTH BEACH, DE 19971	IMAGING CENTER, LAB DRAWS Rehabilitation therapy
TUNNELL CANCER CENTER 18947 JOHN J WILLIAMS HIGHWAY REHOBOTH BEACH, DE 19971	IMAGING CENTER, LAB DRAWS Rehabilitation therapy
BEEBE HOME HEALTH 20232 ENNIS ROAD GEORGETOWN, DE 19947	IMAGING CENTER, LAB DRAWS Rehabilitation therapy
BEEBE SCHOOL OF NURSING 420 MARKET STREET LEWES, DE 19958	IMAGING CENTER, LAB DRAWS Rehabilitation therapy
GULL HOUSE 38149 TERRACE ROAD REHOBOTH BEACH, DE 19971	IMAGING CENTER, LAB DRAWS Rehabilitation therapy
Bayview Medical 33633 Savannah Road Lewes, DE 19958	IMAGING CENTER, LAB DRAWS Rehabilitation therapy

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Beebe Medical Center Inc

Employer identification number
51-0067938

Part I General Information on Grants and Assistance

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

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

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) BEEBE MEDICAL FOUNDATION 902 SAVANNAH ROAD LEWES,DE 19958	51-0319455	501(c)(3)	511,726		fmv		GENERAL SUPPORT

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

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

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

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

Part IV **Supplemental Information.**

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

Identifier	Return Reference	Explanation

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Beebe Medical Center Inc

Employer identification number
51-0067938

Part I Questions Regarding Compensation

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

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

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

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

(A) Name and Title	**(B)** Breakdown of W-2 and/or 1099-MISC compensation			**(C)** Retirement and other deferred compensation	**(D)** Nontaxable benefits	**(E)** Total of columns (B)(i)-(D)	**(F)** Compensation reported as deferred in prior Form 990
	(i) Base compensation	**(ii)** Bonus & incentive compensation	**(iii)** Other reportable compensation				
See Additional Data Table							

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
SCHEDULE J, PAGE I, LINE 4A		BARBARA VUGRINEC RECEIVED $114,231 IN SEVERANCE PAY SCHEDULE J, PAGE I, LINE 4B Voluntary participation is open to all Executive staff members or employed physicians who are designated by the Committee of the Board of Directors Participants elect to reduce the amount of compensation which would otherwise be earned and payable in the following plan year in whole dollar amounts or in 1% increments up to 100% to be deposited into a trust account Participants become vested at the time specified in their deferral election Title to the trust remains with Beebe Medical Center until requirements are fulfilled SCHEDULE J, PART I, LINE 7 Executives and management team members are eligible for bonuses if they meet specific organizational objectives including quality and safety issues, patient satisfaction scores, and certain financial goals For Vice presidents, 60% of their eligible incentive is based upon organization - wide goals and 40% is based upon individual goals For the CEO, 100% of the eligible incentive is based upon organization - wide or team goals Certain physicians are eligible for an incentive based on the physician's individual practice number of worked RVU's

Additional Data

Return to Form

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
JEFFREY FRIED	(I)	477,977	0	95,797	69,813	28,084	671,671	0
	(II)	0	0	0	0	0	0	0
JAMES W BARTLE	(I)	208,075	0	70,126	47,022	30,148	355,371	0
	(II)	0	0	0	0	0	0	0
DONNA STRELETZKY	(I)	176,791	0	23,365	17,000	23,167	240,323	0
	(II)	0	0	0	0	0	0	0
BARBARA VUGRINEC	(I)	80,883	0	197,591	17,963	41,780	338,217	0
	(II)	0	0	0	0	0	0	0
PAUL MINNICK	(I)	203,024		16,104	39,183	44,608	302,919	0
	(II)	0	0	0	0	0	0	0
ALEX SYDNOR	(I)	171,654		25,408	16,531	53,534	267,127	0
	(II)	0	0	0	0	0	0	0
AASIM SEHBAI MD	(I)	390,530	417,150	15,871	15,500	55,512	894,563	0
	(II)	0	0	0	0	0	0	0
SRIHARI PERI MD	(I)	496,101	282,750	31,709	22,500	56,745	889,805	0
	(II)	0	0	0	0	0	0	0
NOUMAN ASIT MD	(I)	396,660	198,325	486	0	51,037	646,508	0
	(II)	0	0	0	0	0	0	0
CATHERINE HALEN	(I)	172,039		25,168	33,046	23,198	253,451	0
	(II)	0	0	0	0	0	0	0
MUHAMMAD ARIF MD	(I)	406,508	264,550	25,800	0	51,448	748,306	0
	(II)	0	0	0	0	0	0	0
Paul J Pernice	(I)	214,615	10,000	61,400	48,843	4,180	339,038	0
	(II)	0	0	0	0	0	0	0
Jeffrey Hawtof MD	(I)	301,400	0	38,909	48,010	36,944	425,263	0
	(II)	0	0	0	0	0	0	0
Michael Salvatore MD	(I)	238,986	300	633,351	22,500	45,012	940,149	0
	(II)	0	0	0	0	0	0	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Beebe Medical Center Inc

Employer identification number
51-0067938

Part I Bond Issues

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

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	4,102,454	12,907,057		
2	Amount of bonds legally defeased	0	0		
3	Total proceeds of issue	25,711,756	29,997,057		
4	Gross proceeds in reserve funds	1,708,907	64,721		
5	Capitalized interest from proceeds	0	0		
6	Proceeds in refunding escrows	0	0		
7	Issuance costs from proceeds	160,663	243,578		
8	Credit enhancement from proceeds	0	0		
9	Working capital expenditures from proceeds	0	0		
10	Capital expenditures from proceeds	24,002,576	0		
11	Other spent proceeds	0	29,688,758		
12	Other unspent proceeds	0	0		
13	Year of substantial completion	2010	2004		

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X	X					
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		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%		0%		%		%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	%		%		%		%	
6	Total of lines 4 and 5	0%		%		%		%	
7	Does the bond issue meet the private security or payment test?		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				
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	%		%		%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?		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					

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				
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?								
b	Exception to rebate?								
c	No rebate due?		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				
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X				
b	Name of provider	0		0					
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								

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					
b	Name of provider	0		LEHMAN BROS					
c	Term of GIC		20		20				
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X		X					
6	Were any gross proceeds invested beyond an available temporary period?	X			X				
7	Has the organization established written procedures to monitor the requirements of section 148?	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					

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

Identifier	Return Reference	Explanation
Schedule K, Part I, Line A, Column (F)	0	Description of Purpose Beebe Medical Center - *Main campus expansion, renovation and equipment * Expand emergency department from 18 to 36 beds and renovate existing emegency department area, plus equipment * Relocate and expand (from 12 to 20 beds) the critical care unit, plus equipment * Add a 42-bed medical surgical unit, plus equipment * Renovations to add dual-capable angiography suite and renovations to the cardiac rehab suite, plus equipment Beebe Health Campus - Expansion and equipment *Construction and equipping of a Radiation Oncology center * Construction and equipping a Medical Oncology facility
Schedule K, Part I, Line B, Column (F)	0	Description of Purpose Refunding Bond Issue to finance current refunding of the Delaware Health Facilities Authority's $37,475,000 revenue bonds, Beebe Medical Center Project Series 1994 of which $28,855,000 were outstanding as of June 1, 2004, the first call date
Schedule K, Part II, Line 3, Column (A)	0	The difference between total proceeds and the issue price reported in Part I is investment proceeds
Schedule K, Part IV, Line 2, Column (A)	0	For the 2005 bonds, the rebate calculation was performed on June 1, 2013
Schedule K, Part IV, Line 2, Column (B)	0	For the 2004 bonds, the rebate calculation was performed on March 1, 2014

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

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

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2012

Open to Public Inspection

Name of the organization
Beebe Medical Center Inc

Employer identification number
51-0067938

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) DELAWARE ANESTHESIA ASSOCIATES	SEE PART V	2,477,776	ANESTHESIA SERVICES		No
(2) SALIBA FAMILY LLC	SEE PART V	231,234	SEE PART V		No
(3) SUSSEX EMERGENCY ASSOCIATES	SEE PART V	216,657	SEE PART V		No
(4) DELAWARE ANESTHESIA ASSOCIATES	SEE PART V	148,786	BMC REIMBURSED FOR EMPLOYEE		No
(5) CAPE ORTHOPEDICS	SEE PART V	468,470	SEE PART V		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
SCHEDULE L, PART IV		FOR THE TRANSACTIONS WITH DELAWARE ANESTHESIA ASSOCIATES, STEPHEN M FANTO, MD, A DIRECTOR OF BEEBE MEDICAL CENTER, IS A PARTNER IN THIS ENTITY FOR THE TRANSACTIONS WITH SUSSEX EMERGENCY ASSOCIATES, THE SPOUSE OF PATRICIA SHREEVE, A DIRECTOR OF BEEBE MEDICAL CENTER, IS AN OWNER OF THIS ENTITY IN ADDITION, PAUL T COWAN, JR , MD, A DIRECTOR OF BEEBE MEDICAL CENTER, IS AN OWNER OF THIS ENTITY SUSSEX EMERGENCY ASSOCIATES, IS UNDER CONTRACT WITH BEEBE MEDICAL CENTER TO PROVIDE EMERGENCY ROOM PHYSICIAN SERVICES FOR THE TRANSACTIONS WITH SALIBA FAMILY LLC, ANIS SALIBA, MD, A DIRECTOR OF BEEBE MEDICAL CENTER, IS A MEMBER OF THE LLC BEEBE MEDICAL CENTER RENTS OFFICE SPACE FROM THE LLC For transactions with Cape Orthopedics, James P Marvel, MD, a director of Beebe Medical Center, is an owner of this entity Beebe Medical Center paid Cape Orthopedics for physician practice income guarantee and physician pay-for-call coverage

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

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2012

Open to Public Inspection

Name of the organization
Beebe Medical Center Inc

Employer identification number
51-0067938

Identifier	Return Reference	Explanation
SUPPLEMENTAL INFORMATION		

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

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2012

Open to Public Inspection

Name of the organization
Beebe Medical Center Inc

Employer identification number
51-0067938

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

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

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

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

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

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

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

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

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

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

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) BEEBE PHYSICIAN NETWORK INC	C	9,530,000	FMV
(2) BEEBE MEDICAL FOUNDATION	C	511,726	FMV
(3) BEEBE MEDICAL FOUNDATION	B	741,672	FMV
(4) BEEBE PHYSICIAN NETWORK INC	L	21,439,638	FMV

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

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

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

Additional Data

Return to Form

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

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation
SCHEDULE R, PART I		IDENTIFICATION OF DISREGARDED ENTITIES SOUTHERN DELAWARE SURGERY CENTER WAS INACTIVE DURING THE YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2013

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Beebe Medical Center, Inc.

Consolidated Financial Statements and Supplemental Schedules
June 30, 2013 and 2012

Beebe Medical Center, Inc.
Index
June 30, 2013 and 2012

pwc

Independent Auditor's Report

To the Board of Directors of
Beebe Medical Center, Inc.:

We have audited the accompanying consolidated financial statements of Beebe Medical Center, Inc., which comprise the consolidated balance sheets as of June 30, 2013 and 2012, and the related consolidated statements of operations and changes in net assets and of cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Beebe Medical Center, Inc. at June 30, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

pwc

Other Matter

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

PricewaterhouseCoopers LLP

Philadelphia, PA
December 4, 2013

Beebe Medical Center, Inc.
Consolidated Balance Sheets
June 30, 2013 and 2012

	2013	2012
Assets		
Current assets		
Cash and cash equivalents	$ 29,732,167	$ 17,103,624
Assets limited as to use - current portion		
Letter of Credit collateral fund	-	18,473,520
Designated for litigation settlement	-	14,703,458
Patient accounts receivable, net of estimated uncollectibles of $9,861,000 in 2013 and $9,618,000 in 2012	35,143,424	32,939,429
Insurance receivable for litigation settlement	-	103,796,542
Prepaid expenses and other current assets	11,028,935	10,543,271
Total current assets	75,904,526	197,559,844
Assets limited as to use		
Board designated funds	61,172,402	43,586,419
Other board designated assets	1,838,339	1,838,339
Restricted under bond agreements		
Debt service reserve fund	4,863,619	5,187,221
Collateral funds	6,356,036	6,157,878
Donor restricted funds	11,575,375	10,595,701
Donor restricted pledges receivable, net	101,317	338,428
Total assets limited as to use	85,907,088	67,703,986
Property and equipment, net	120,982,451	123,388,999
Beneficial interest in perpetual trusts, net	320,488	308,476
Assets held in charitable remainder trusts, net	1,014,067	963,464
Other assets	8,222,872	8,494,616
Total assets	$ 292,351,492	$ 398,419,385
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	$ 39,385,714	$ 35,778,530
Accrued litigation settlement	-	118,600,000
Estimated third-party payor settlements	14,343,136	11,068,450
Current portion of long-term debt	3,704,168	3,035,209
Long-term variable rate debt classified as current	-	16,805,000
Total current liabilities	57,433,018	185,287,189
Accrued pension and post-retirement benefit cost	45,100,342	60,109,267
Other liabilities	13,408,811	13,816,997
Obligations under capital leases, less current portion	801,717	421,448
Long-term debt, less current portion	47,045,000	34,275,000
Total liabilities	163,788,888	293,909,901
Net assets		
Unrestricted	115,551,357	92,441,364
Temporarily restricted	11,474,604	10,689,166
Permanently restricted	1,536,643	1,378,954
Total net assets	128,562,604	104,509,484
Total liabilities and net assets	$ 292,351,492	$ 398,419,385

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

Beebe Medical Center, Inc.
Consolidated Statements of Operations and Changes in Net Assets
Years Ended June 30, 2013 and 2012

	2013	2012
Unrestricted net assets		
Unrestricted revenues and other support		
Net patient service revenue before bad debt	$ 290,100,299	$ 280,375,081
Provision for bad debt	(11,170,685)	(13,350,873)
Net patient service revenue less provision for bad debt	278,929,614	267,024,208
Other revenues	5,275,696	3,777,807
Net assets released from restrictions used for operations	50,397	37,181
Total unrestricted revenues and other support	284,255,707	270,839,196
Expenses		
Salaries and benefits, physician fees, and contract labor	162,155,526	155,005,988
Medical, surgical, and patient-related supplies and services	58,594,335	56,002,940
Repairs, maintenance and utilities	12,177,391	11,346,573
Insurance	2,750,238	2,331,896
Depreciation and amortization	15,641,406	19,466,986
Interest	2,114,191	2,225,623
Other	27,448,715	27,713,550
Total expenses	280,881,802	274,093,556
Income (loss) from operations	3,373,905	(3,254,360)
Nonoperating gains (losses)		
Contributions	173,025	135,133
Investment income and net realized gains (losses)	157,930	(131,963)
Equity in unaffiliated partnership	273,860	-
Total nonoperating gains	604,815	3,170
Excess (deficit) of revenues and gains over expenses	3,978,720	(3,251,190)
Other changes in unrestricted net assets		
Net assets released from restrictions used for fixed asset purchases	646,872	46,652
Net unrealized gains on investments	17,173	744,012
Change in benefit plans liability	18,880,248	(14,621,208)
Transfer (to) temporarily restricted net assets	(335,010)	(192,360)
Other changes	(78,010)	(137,950)
Increase (decrease) in unrestricted net assets	23,109,993	(17,412,044)

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

Beebe Medical Center, Inc.
Consolidated Statements of Operations and Changes in Net Assets, (continued)
Years Ended June 30, 2013 and 2012

	2013	2012
Temporarily restricted net assets		
Contributions	1,247,754	1,286,786
Event Expenses	(243,102)	(228,820)
Fundraising Expenses	(213,580)	(186,743)
Change in value of remainder trusts	50,603	(44,545)
Net investment income and realized and unrealized gains on investments	362,946	475,123
Net assets released from restrictions used for fixed asset purchases	(646,872)	(46,652)
Net assets released from restrictions used for operations	(50,397)	(37,181)
Net assets released from restrictions used for other	(84,784)	(64,797)
Transfer from unrestricted net assets	335,010	192,360
Other changes	78,010	137,950
Transfer (to) from permanently restricted net assets	(50,150)	(22,000)
Increase in temporarily restricted net assets	785,438	1,461,481
Permanently restricted net assets		
Contributions	82,099	64,812
Change in value of beneficial interest in perpetual trust	12,012	(34,942)
Net realized and unrealized gains on investments	13,428	2,597
Transfer from (to) temporarily restricted net assets	50,150	22,000
Increase in permanently restricted net assets	157,689	54,467
Increase (decrease) in net assets	24,053,120	(15,896,096)
Net assets		
Beginning of year	104,509,484	120,405,580
End of year	$ 128,562,604	$ 104,509,484

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

Beebe Medical Center, Inc.
Consolidated Statements of Cash Flows
Years Ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities		
Increase (decrease) in net assets	$ 24,053,120	$ (15,896,096)
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Change in benefit plans liability	(18,880,248)	14,621,208
Depreciation and amortization	15,641,406	19,466,986
Restricted contributions	(873,171)	(936,024)
Decrease (Increase) in values of remainder trusts and beneficial interest in perpetual trust	(62,615)	79,487
Provision for bad debts	11,170,685	13,350,873
(Gain) loss on disposition of fixed assets	64,376	(57,971)
Equity in unconsolidated affiliate	(273,860)	-
Net realized, unrealized (gains) losses, and other than temporary impairment losses on investments	(551,477)	(1,089,769)
Changes in operating assets and liabilities		
Patients accounts receivable	(13,374,680)	(14,466,569)
Prepaid expenses and other current assets	14,336	(1,152,977)
Accounts payable and other accrued expenses	6,403,813	3,747,516
Insurance proceeds received	26,000,000	8,000,000
Insurance settlements paid	(40,703,458)	-
Estimated third-party payor settlements	3,274,686	989,754
Other assets	15,031,461	(8,932,855)
Net cash provided by operating activities	26,934,374	17,723,563
Cash flows from investing activities		
Purchase of property and equipment	(12,250,615)	(18,841,570)
Proceeds from sale of fixed assets	3,040	133,130
(Purchase) sale of investments and assets limited to use, net	254,784	(4,657,230)
Net cash used in investing activities	(11,992,791)	(23,365,670)
Cash flows from financing activities		
Proceeds from restricted contributions	1,110,282	4,295,238
Payment of long-term debt	(3,190,000)	(2,710,000)
Payment of capital lease obligations, net	(233,322)	256,406
Net cash (used in) provided by financing activities	(2,313,040)	1,841,644
Net increase (decrease) in cash and cash equivalents	12,628,543	(3,800,463)
Cash and cash equivalents		
Beginning of year	17,103,624	20,904,087
End of year	$ 29,732,167	$ 17,103,624
Noncash transactions		
Insurance proceeds paid directly into trust fund by insurance carriers	$ 77,796,542	$ -
Property and equipment acquired through accounts payable	$ 1,678,095	$ 369,448
Assets acquired by incurring capital lease obligations	$ 767,550	$ -
Interest paid		
Interest paid, including capitalized lease interest	$ 2,005,000	$ 2,148,000

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

1. Summary of Significant Accounting Policies

Organization and Basis of Presentation

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

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

BPN is a not-for-profit tax-exempt corporation that operates a physician network providing integrated physician services in coordination with the Medical Center BPN operates a hospitalist program and fifteen specialty practices, employing 44 physicians as of June 30, 2013

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

Subsequent events have been evaluated through December 4, 2013, the date the financial statements were issued

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes Actual results could differ from those estimates Significant estimates made by management include the estimated net realizable value of patient receivables, valuation of certain investments, and actuarially determined pension and other post retirement benefits, malpractice and self-insurance reserves

Cash and Cash Equivalents

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

Investments

Investments in equity and debt securities with readily determinable fair values are measured at fair value Fair values are based on quoted market prices Investment income on assets limited as to use under bond indenture agreement is recorded as other revenue All other investment income and realized gains and losses on investments are recorded as non-operating gains and losses, or as a change to temporarily or permanently restricted net assets, if such income is restricted by the donor Unrealized gains and losses on all investments are excluded from the excess of revenues and gains over expenses and reported as a separate component of changes in net assets, except when market value of a security has declined below cost and is deemed to be other than temporary, impairment has occurred and this is included in excess of revenues and gains over expenses The hedge fund investment in a limited liability company is carried at cost as of June 30, 2013 and 2012

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

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

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

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

Effective fiscal year 2011 goodwill is no longer amortized but instead is subject to periodic impairment evaluations Beebe's most recent impairment assessment was completed as of June 30, 2013, which indicated that there was no impairment with respect to goodwill In performing periodic impairment tests, the fair value of the System is compared to its carrying value, including goodwill If the carrying value exceeds the fair value, an impairment condition exists, which results in an additional fair value review of all assets and an impairment loss would result Impairment tests are required to be conducted at least annually, or when events or conditions occur that might suggest a possible impairment These events or conditions include, but are not limited to, a significant adverse change in business environment, regulatory environment or legal factors, a current period operating or cash flow loss combined with a history of such losses or a projection of continuing losses, or a sale or disposition of a significant portion of a reporting unit

To determine the fair value of its reporting units, the System used a discounted cash flow approach Included in this analysis are assumptions regarding revenue growth, future operating margin estimates, cost of service expense rates and a weighted average cost of capital Beebe also must estimate residual values at the end of the forecast period and future capital expenditure requirements If any of the above assumptions changes or fails to materialize, the resulting decline in Beebe's estimated fair value could result in a material impairment charge to goodwill Goodwill of $3,104,085 is included in Other Assets as of June 30, 2013 and 2012

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

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

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

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

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

In July 2010, FASB issued a standard on Disclosures about the *Credit Quality of Financing Receivables and the Allowance for Credit Losses* This standard requires the disclosure of the inherent risk of financing receivables, how that risk is analyzed in arriving at the allowance for credit losses and the reason for changes in allowance for credit losses The System has evaluated the effect of this standard on its consolidated financial statement disclosures and determined no material impact

In September 2011, FASB issued Accounting Standards Update No 2011-08, *Testing Goodwill for Impairment* (the revised standard) The revised standard is intended to reduce the cost and complexity of the annual goodwill impairment test by providing entities an option to perform a

"qualitative" assessment to determine whether further impairment testing is necessary This standard is reflected in these statements

In May 2011, FASB issued a standard on *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* This standard requires disclosure of the valuation process, including quantitative information about the unobservable inputs, for Level 3 fair value measurements Beebe has evaluated the effect of the standard on its consolidated statement disclosures and determined no material impact

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

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

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

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

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

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

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

2. Litigation

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

achieved In October, 2012, the parties announced a tentative settlement of all issues, subject to Court approval, which was determined at a fairness hearing on November 13, 2012

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

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

Of the total $103,796,542 insurance settlement receivable recorded as of June 30, 2012, $26,000,000 was received by Beebe during fiscal year 2013 and $77,796,542 was paid directly into the trust fund by Beebe's insurance carriers Beebe paid $40,703,458 into the trust fund, which represents Beebe's contribution of $6,703,458, the $8,000,000 of insurance proceeds received in fiscal year 2012, and the $26,000,000 of insurance proceeds received in fiscal year 2013 These amounts were deposited into the settlement fund on November 5, 2012 The remaining liability of $1,500,000 is primarily recorded in Other Liabilities on the Balance Sheet as of June 30, 2013

3. Charity Care

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

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

The following information measures the level of charity care provided during the years ended June 30, 2013 and 2012

	2013	2012
Estimated costs and expenses incurred to provide charity care	$ 6,111,629	$ 5,816,097

4. Net Patient Service Revenue

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

Medicare and Medicaid
Inpatient acute care services rendered to and defined capital costs related to Medicare program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors Outpatient payments are primarily based on a combination of prospectively determined ambulatory payment classifications ("APC's") and fee schedules Nursing education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology subject to certain limitations The Medical Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare fiscal intermediary The Medicare cost reports have been audited and settled by the Medicare fiscal intermediary through June 30, 2009

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

In the opinion of management, adequate provision has been made for any adjustments that may result from final settlement of Medicare and Medicaid cost reports Net patient service revenue increased approximately $1,277,268 and $92,240 in 2013 and 2012, respectively, as a result of favorable adjustments to estimates previously recorded applicable to prior-year third-party cost reports

Revenues from the Medicare and Medicaid programs accounted for approximately 39% and 12%, respectively, of the System's net patient service revenues from continuing operations for the year ended June 30, 2013, and 38% and 11%, respectively, for the year ended June 30, 2012 Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation The System believes that it is in compliance with all applicable laws and regulations System management is not aware of any pending or threatened investigations involving allegations of wrongdoing Compliance with such laws and regulations is always subject to future government review and interpretations as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs

Provision for Bad Debt Expense
The provision for bad debt expense is based on management's assessment of expected net collections considering economic conditions, historical experience, trends in health care coverage and other collection indicators Periodically throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based on historical write-off experience by payor category, including not covered by insurances, and historical cash collections The result of these reviews are then used to make modifications to the provision of bad debt expense to establish an appropriate allowance for uncollectible accounts and is recorded in the period of service No significant modifications were made for fiscal years 2013 and 2012 After satisfaction of amounts due from insurance and reasonable efforts to collect from the patient have been exhausted, the System follows established guidelines for placing certain past-due patient balances with collection agencies, subject to terms of certain restrictions on collection efforts as determined by the System Account receivables are written off after collection efforts have been followed in accordance with System policy

The following tables present a detail of net patient revenue by payor, including self-pay amounts

Net Patient Revenue by Payor

	2013	2012
Medicare	39 85 %	38 25 %
Medicaid	11 71 %	11 20 %
Commercial	46 64 %	48 17 %
Self Pay Patients	1 80 %	2 38 %
	100 00 %	100 00 %

	Third Party Payors	Self-Pay	Total All Payors
Net Patient Service Revenue	$ 284,883,845	$ 5,216,454	$ 290,100,299

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

5. Other Revenues

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

6. Investments

The composition of investments classified as assets limited as to use, including current portion, at June 30, 2013 and 2012, is set forth in the following table Investments are stated at fair value, unless otherwise noted

	2013	2012
Cash and cash equivalents	$ 7,037,430	$ 29,001,540
U S Government obligations	702,520	708,587
Domestic and foreign equities	28,384,131	19,216,865
Alternative assets at cost	824,819	591,775
Mutual funds - fixed income	40,237,109	26,929,263
Mutual funds - equities	6,781,423	7,552,710
Total investments classified as assets limited as to use	$ 83,967,432	$ 84,000,740

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

	2013	2012
Assets limited as to use - current		
Letter of Credit collateral fund	$ -	$ 18,473,520
Assets limited as to use - non current		
Internally designated by Board of Directors	61,172,402	43,586,420
Restricted under bond agreements		
Debt Service Reserve Fund	4,863,619	5,187,221
Collateral funds	6,356,036	6,157,878
Donor restricted funds	11,575,375	10,595,701
Total investments classified as assets limited as to use	$ 83,967,432	$ 84,000,740

The fair value hierarchy of assets limited as to use and investments at June 30, 2013, classified by valuation technique are as follows

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 7,037,430	$ -	$ -	$ 7,037,430
U S government obligations	702,520	-	-	702,520
Domestic and foreign equities	28,384,131	-	-	28,384,131
Mutual funds	47,018,532	-	-	47,018,532
Beneficial interest in perpetual trusts, net	320,488	-	-	320,488
Assets held in charitable remainder trusts, net	-	594,067	420,000	1,014,067
Total assets limited as to use and investments	$ 83,463,101	$ 594,067	$ 420,000	$ 84,477,168

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

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

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

	2013	2012
Beginning balance	$ 420,000	$ 420,000
Changes in trust	-	-
Ending balance	$ 420,000	$ 420,000

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

	2013	2012
Other revenues		
Investment income (loss)	$ 6,681	$ 19,757
Nonoperating gains (losses)		
Investment income	$ 1,285,823	$ 1,127,309
Net realized gains (losses) on sales of investments	2,872	50,257
Other than temporary losses on investments	(1,130,765)	(1,309,529)
	$ 157,930	$ (131,963)
Other changes in unrestricted net assets		
Net unrealized gains on investments	$ 17,173	$ 744,012
Other changes in restricted net assets		
Realized and unrealized gains on investments	$ 376,374	$ 477,720

Alternative assets consist of shares in an offshore Hedge Fund (the "Fund") organized as a Limited Liability Corporation The Fund is recorded on the Medical Center's balance sheet at lower of cost or market at June 30, 2013 and 2012 based on the Medical Center's percentage ownership amounting to less than 5% The amount of alternative investments held was $824,819 and $591,775 at June 30, 2013 and 2012, respectively

For fiscal year 2013, total investment sales were $28,485,420 and total investment purchases were $28,230,636

7. Property and Equipment

A summary of property and equipment at June 30, 2013 and 2012 follows

	2013	2012
Property and equipment		
Land	$ 10,670,646	$ 10,670,646
Land improvements	1,246,733	1,219,014
Building and fixed equipment	155,313,580	152,546,866
Moveable equipment	121,785,115	114,591,500
Construction in progress	7,755,685	5,303,621
Total property and equipment	296,771,759	284,331,647
Less Accumulated depreciation	(175,789,308)	(160,942,648)
Property and equipment, net	$ 120,982,451	$ 123,388,999

Fixed and moveable equipment capitalized under leases amounted to $5,922,146 at June 30, 2013 and $5,154,596 at June 30, 2012 Accumulated depreciation on capital leases was $4,974,925 and $4,740,449 at June 30, 2013 and 2012, respectively Depreciation expense for the years ended June 30, 2013 and 2012 was $15,636,354 and $16,731,384, respectively Beebe capitalized interest expense of $0 and $35,945 for the years ended June 30, 2013 and 2012, respectively These amounts are net of capitalized interest income

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

8. Endowments

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

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

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

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

a The duration and preservation of the fund

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

c General economic conditions

d The possible effect of inflation and deflation

e The expected total return from income and appreciation of investments

f Other resources of the organization

g Investment policies of the organization

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

	2013		2012	
	Donor-Restricted Endowment Funds	Board Designated Endowment Funds	Donor-Restricted Endowment Funds	Board Designated Endowment Funds
Unrestricted	$ -	$ 2,152,780	$ -	$ 1,912,833
Temporarily Restricted	564,687	-	589,849	-
Permanently Restricted	1,536,643	-	1,378,954	-
Total Endowment Funds	$ 2,101,330	$ 2,152,780	$ 1,968,803	$ 1,912,833

Changes in endowment funds by net asset classification for the year ended June 30, 2013 are summarized as follows

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 1,912,833	$ 589,849	$ 1,378,955	$ 3,881,637
Donations	34,590	-	82,099	116,689
Endowment match	26,430	-	-	26,430
Disbursed for restricted purposes	(6,074)	(7,740)	-	(13,814)
Transfer to spending accounts	(127,550)	(59,100)	-	(186,650)
Investment return				
Investment income	101,695	25,928	5,092	132,715
Net appreciation (realized and unrealized)	179,497	43,100	21,060	243,657
Administrative expense	(14,285)	(3,701)	(713)	(18,699)
Total investment return	266,907	65,327	25,439	357,673
Transfer to temporarily restricted	45,645	(45,645)	-	-
Internal transfers to (from) endowments	(1)	21,996	50,149	72,144
Endowment net assets, end of year	$ 2,152,780	$ 564,687	$ 1,536,642	$ 4,254,109

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

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

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

	2013	2012
Temporarily restricted net assets		
Restricted for program support	$ 564,687	$ 589,849
Total endowment assets classified as temporarily restricted net assets	$ 564,687	$ 589,849
Permanently restricted net assets		
Restricted for nursing scholarships	$ 138,841	$ 138,841
Restricted for program support	1,397,801	1,240,114
Total endowment assets classified as permanently restricted net assets	$ 1,536,642	$ 1,378,955

Endowments with Eroded Corpus
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $391 as of June 30, 2013 and $0 as of June 30, 2012

Return Objectives and Risk Parameters
The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor specified period as well as board-designated funds Under this policy the endowment assets are invested in a manner that is intended to produce results that meet or exceed investment returns of a blended portfolio of 60%-70% equity/40%-30% fixed income as measured by the S&P 500 for equities and the Barclay's Capital Intermediate Government/Credit Bond Index for fixed income The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually Actual returns in any give year may vary from this amount

Strategies Employed for Achieving Objectives
To satisfy its long term rate of return objectives, the Foundation relies on a total return strategy in which the investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) The Foundation targets a diversified asset allocation that places a greater emphasis on tactical fixed income investments Due to the need for preservation of capital, the Foundation cannot position its portfolio too aggressively in equities

9. Retirement Plans

The System has a noncontributory defined benefit pension plan covering substantially all of its employees The benefits are based on years of service and the employees' compensation The System's measurement date is June 30 The System makes contributions to the plan based upon actuarially determined amounts intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future In addition, the System sponsors a defined benefit health care plan that provides postretirement health care benefits to employees with

at least 10 years of continuous service (working 1,000 hours in each year) and at least 55 years of age During fiscal year 2012 the post-retirement plan was amended to replace retirees' health insurance coverage with a subsidy of $2,000 per year to enter into a Medicare supplemental plan During Fiscal Year 2013, the plan was closed and participants who were age 45 or older, with at least 10 years of service as of January 1, 2013, remained in the plan The impact of these plan amendments reduced the projected benefit obligation by $4,762,347 and $7,063,410 in fiscal years 2012 and 2013, respectively

The following table shows the components of net periodic benefit costs for fiscal years ended June 30, 2013 and June 30, 2012

	Pension Benefits		Other Benefits	
	2013	2012	2013	2012
Components of net periodic benefit costs				
Service cost	$ 3,578,867	$ 2,819,249	$ 1,820,424	$ 1,807,177
Interest cost	2,963,001	2,868,627	1,356,785	1,694,274
Expected return on assets	(3,510,490)	(3,071,083)	-	-
Subtotal	3,031,378	2,616,793	3,177,209	3,501,451
Amortization of				
Net losses	2,103,233	891,290	1,681,852	955,452
Net prior service cost	174,992	174,992	(2,162,121)	-
Total amortization	2,278,225	1,066,282	(480,269)	955,452
Net periodic benefit cost	$ 5,309,603	$ 3,683,075	$ 2,696,940	$ 4,456,903

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

	Pension Benefits		Other Benefits	
	2013	2012	2013	2012
Changes in projected benefit obligations				
Benefit obligation at beginning of year	$ 69,983,091	$ 51,892,262	$ 36,020,550	$ 31,565,489
Service cost	3,578,867	2,819,249	1,820,424	1,807,177
Interest cost	2,963,001	2,868,627	1,356,785	1,694,274
Plan participants' contributions	-	-	110,440	258,085
Net actuarial (gain) loss	(6,033,626)	13,524,463	(2,717,215)	6,585,903
Benefit payments from fund	(1,259,977)	(1,121,510)	(945,518)	(1,306,207)
Plan Amendments	-	-	(7,063,410)	(4,762,347)
Retiree Drug Subsidy	-	-	88,295	178,176
Benefit obligation at end of year	$ 69,231,356	$ 69,983,091	$ 28,670,351	$ 36,020,550

	Pension Benefits		Other Benefits	
	2013	2012	2013	2012
Changes in plan assets				
Fair value of plan assets at beginning of year	$ 44,820,374	$ 39,699,655	$ -	$ -
Employer contributions	3,607,436	4,466,069	746,783	869,946
Plan participants' contributions	-	-	110,440	258,085
Benefit payments from fund	(1,259,977)	(1,121,510)	(945,518)	(1,306,207)
Retiree Drug Subsidy	-	-	88,295	178,176
Actual return on assets	4,778,531	1,776,160	-	-
Fair value of plan assets at end of year	$ 51,946,364	$ 44,820,374	$ -	$ -

The following table summarizes the funded status of the plans

	Pension Benefits		Other Benefits	
	2013	2012	2013	2012
Funded status				
Projected benefit obligation	$ (69,231,356)	$ (69,983,091)	$ (28,670,351)	$ (36,020,550)
Plan assets at fair value	51,946,364	44,820,374	-	-
Net balance sheet liability	$ (17,284,992)	$ (25,162,717)	$ (28,670,351)	$ (36,020,550)

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

	Pension Benefits		Other Benefits	
	2013	2012	2013	2012
Net actuarial losses	$ 16,373,096	$ 25,777,996	$ 14,817,459	$ 19,216,526
Net prior service cost/(credit)	603,133	778,125	(9,663,636)	(4,762,347)
Amount recognized in unrestricted net assets	$ 16,976,229	$ 26,556,121	$ 5,153,823	$ 14,454,179
Change in accumulated unrestricted net asssets	$ (9,579,892)	$ 13,753,104	$ (9,300,356)	$ 868,104

At June 30, 2013, amounts in unrestricted net assets that are expected to be recognized as components of net periodic pension expense during fiscal year 2014 are as follows

	Pension Benefits	Other Benefits
Amortization of net losses	$ 1,071,000	$ 1,313,000
Amortization of net prior service cost/(credit)	169,000	(2,777,873)

The accumulated benefit obligation for the pension plan was $62,667,345 and $62,959,277 as of the measurement date for the current and prior year, respectively

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

Assumptions used in the accounting for benefit obligations were

	Pension Benefits		Other Benefits	
	2013	2012	2013	2012
Weighted-average assumptions as of the measurement date				
Discount rate	4 90 %	4 30 %	4 90 %	4 30 %
Rate of increase in future compensation levels	4 00 %	5 50 %	-	-

Assumptions used in the accounting for net periodic benefit cost were

	Pension Benefits		Other Benefits	
	2013	2012	2013	2012
Weighted-average assumptions as of the measurement date				
Discount rate	4 30 %	5 60 %	4 30 %	5 60 %
Rate of increase in future compensation levels	4 00 %	5 50 %	-	-
Expected long-term rate of return on assets	7 50 %	7 50 %	-	-

For fiscal 2013 disclosure, a 7 0% initial trend rate decreasing to a 5% ultimate trend rate of increase in the per capita cost of covered health care benefits was assumed for 2014 The ultimate trend rate will be reached in 2018

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

For 2013, post-retirement healthcare benefit current liabilities were expected benefit payments for fiscal 2014, which were $855,000 Non-current liabilities are the net balance sheet liability less current liabilities or $27,815,349 For 2012, current liabilities were expected benefit payments for fiscal 2013, which were $1,073,170 Non-current liabilities were the net balance sheet liability less current liabilities or $34,947,380

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

	One-Percentage-Point	
	Increase	Decrease
Effect on total of service and interest cost components in fiscal year 2013	$ 481,568	$ (383,461)
Effect on postretirement benefit obligation as of the measurement date	$ 4,863,163	$ (3,972,357)

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

The pension benefit asset allocation was as follows at June 30

	Pension Benefits	
	2013	2012
Plan asset allocation		
Equity securities	63 00 %	59 00 %
Debt securities	36 00 %	35 00 %
Cash and cash equivalents	1 00 %	6 00 %
Total	100 00 %	100 00 %

The table below presents the fair values of the pension assets by level within the fair value hierarchy as of June 30, 2013

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 807,217	$ -	$ -	$ 807,217
U S government obligations	9,447,967	-	-	9,447,967
Fixed Income	7,517,241	-	-	7,517,241
Domestic and foreign equities	32,560,973	-	-	32,560,973
Mutual funds	1,612,966	-	-	1,612,966
Total assets limited as to use	$ 51,946,364	$ -	$ -	$ 51,946,364

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

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

The current portion of postretirement plan liability was $855,000 and $1,074,000 for June 30, 2013 and 2012, respectively

Expected employer contributions for the pension benefit plan for fiscal year 2014 are $3,784,000 (unaudited)

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

Cash flows (estimated benefit payments reflecting future service)	**Pension Benefits**	**Other Benefits**	
		Net Employer Payments	**Medicare Subsidy Receipts**
Fiscal year			
2014	$ 1,924,653	$ 855,000	-
2015	2,191,983	956,000	-
2016	2,396,322	1,104,000	-
2017	2,609,397	1,231,000	-
2018	2,965,486	1,329,000	-
2019-2023	20,137,929	8,220,000	-

10. Long-Term Debt

A summary of long-term debt and capital lease obligations at June 30, 2013 and 2012 follows

	2013	2012
Delaware Health Facilities Authority Variable Rate Demand Revenue Bonds, Series 2002	$ 16,125,000	$ 16,805,000
Delaware Health Facilities Authority Refunding Revenue Bonds, Series 2004A	14,970,000	17,090,000
Delaware Health Facilities Authority Revenue Bonds, Series 2005A	19,305,000	20,025,000
Obligations under capital leases, at imputed interest rates of 4 37% to 9 0%, collateralized by leased equipment	1,150,885	616,657
Total long-term debt	51,550,885	54,536,657
Less Current portion	3,704,168	3,035,209
Less Long-term variable rate debt classified as current	-	16,805,000
Total long-term debt and obligations under capital leases, less current portion	$ 47,846,717	$ 34,696,448

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

The 2005A Bonds bear interest at rates ranging from 4 125% to 5 0% at June 30, 2013, in accordance with the Loan Agreements The 2005A Bonds that mature in June 2024 are subject to mandatory sinking fund redemption prior to maturity commencing June 1, 2018 in amounts ranging from $905,000 to $1,215,000 and the 2005A Bonds that mature in June 2030 are subject to mandatory sinking fund redemption prior to maturity commencing June 1, 2025 in amounts ranging from $1,275,000 to $1,630,000 as set forth in the Bond Indenture Agreement at 100% of the principal amount plus accrued interest at the date of redemption

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

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

On July 19, 2004, the Authority and the Medical Center completed the issuance of Beebe Medical Center Refunding Revenue Bonds Series 2004A (the "2004A Bonds") with a principal value of

$29,455,000 primarily to refund the Delaware Health Facilities Authority Revenue Bonds ("Beebe Medical Center Project"), Series 1994 (the "Series 1994 Bonds")

The 2004A Bonds bear interest at rates ranging from 5 0% to 5 5% at June 30, 2013, in accordance with the Loan Agreements The 2004A Bonds mature in June 2024 and are subject to mandatory sinking fund redemption prior to maturity commencing June 1, 2017 in amounts ranging from $825,000 to $1,200,000 as set forth in the Bond Indenture Agreement at 100% of the principal amount plus accrued interest at the date of redemption

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

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

The 2002 Bonds bear interest at a variable rate, which was 0 09% at June 30, 2013 The 2002 Bonds are supported by a Letter of Credit issued by PNC Bank, which expires February 28, 2015 The Letter of Credit agreement contains a subjective covenant which, if declared by the lender to have been violated, could cause an acceleration of the 2002 Bonds These bonds were classified as current in the 2012 consolidated balance sheets In May 2010, the Medical Center provided PNC Bank with collateral for the Letter of Credit, which had a balance of $18,473,520 at June 30, 2012, classified as a current asset in the 2012 consolidated balance sheets As of May, 2013 the restrictions on the 2002 Bonds and the corresponding collateralized Letter of Credit were lifted and returned to Board Designated Funds in the 2013 consolidated balance sheets As a result, the bonds which were classified as current in 2012 were re-classified as long-term debt in 2013 The 2002 Bonds mature in October 2032 and are subject to mandatory sinking fund redemption prior to maturity commencing June 1, 2008 in amounts ranging from $280,000 to $1,295,000 as set forth in the Bond Indenture at 100% of the principal amount plus accrued interest at the date of redemption The 2002 Bonds are subject to optional redemption prior to maturity, at the direction of the Medical Center, as a whole or in part, at a price of 100%

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

The agreements require the Medical Center to meet various financial and non-financial covenants with the most restrictive requiring the Medical Center to maintain 100 days of operating cash and to generate "net income available for debt service," as defined therein, of 110% of maximum annual debt service The Medical Center was in compliance with such covenants at June 30, 2013 and 2012

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

	Series 2002 Bonds	Series 2004 Bonds	Series 2005A Bonds	Capital Lease Obligations
Year Ending June 30,				
2014	$ 370,000	$ 2,230,000	$ 755,000	$ 393,408
2015	385,000	2,355,000	795,000	379,905
2016	515,000	2,360,000	835,000	178,654
2017	635,000	825,000	870,000	168,113
2018	665,000	875,000	905,000	126,098
Thereafter	13,555,000	6,325,000	15,145,000	-
	$ 16,125,000	$ 14,970,000	$ 19,305,000	1,246,178
Less Amount representing interest under capital lease obligations				95,292
Capital lease obligation principal				$ 1,150,886

The fair value of the Medical Center's long-term debt, exclusive of obligations under capital leases, was approximately $50,489,434 and $51,765,460 at June 30, 2013 and 2012, respectively Fair value of the long-term debt is based on current traded value, excluding accrued interest As such, management has classified this as Level 2 within the fair value hierarchy

The Medical Center has $4,000,000 of available credit from a bank At June 30, 2013, $1,500,000 has been used as a letter of credit for the Medical Center's malpractice insurance program, and $2,445,000 has been used as a letter of credit for the Medical Center's workers' compensation insurance program The Letters of Credit are collateralized by specific investments held by the Medical Center The fair value of these investments at June 30, 2013 amounts to $6,356,036 These irrevocable stand-by letters of credit expire and automatically renew each year on April 30 (malpractice program) and June 30 (workers' compensation)

11. Malpractice Insurance

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

Insurance Group and an additional excess coverage up to $20,000,000 ($10,000,000 with OneBeacon Professional Insurance and $10,000,000 with Darwin Select Insurance Company) The umbrella and excess policies provide coverage for malpractice and general liability, auto, workers' compensation and a helipad

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

	2013	2012
Receivables:		
Prepaid and other current assets	$ 107,427	$ 138,840
Other assets	256,045	402,943
Total receivables	363,472	541,783
Payables:		
Accounts payable and accrued expenses	781,304	670,930
Other liabilities	2,713,760	2,902,688
Gross undiscounted liability	3,495,064	3,573,618
Net undiscounted liability	$ 3,131,592	$ 3,031,835

12. Workers' Compensation Insurance

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

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

	2013	2012
Receivables:		
Prepaid and other current assets	$ 364,444	$ 205,449
Other assets	3,490,890	2,600,236
Total receivables	3,855,334	2,805,685
Payables:		
Accounts payable and accrued expenses	1,073,378	894,085
Other liabilities	4,832,314	3,929,457
Gross undiscounted liability	5,905,692	4,823,542
Net undiscounted liability	$ 2,050,358	$ 2,017,857

13. Concentrations of Credit Risk

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

	2013	2012
Medicare	37 84 %	39 00 %
Medicaid	8 61 %	9 42 %
Commercial	48 79 %	48 51 %
Patients	4 76 %	3 07 %
	100 00 %	100 00 %

14. Functional Expenses

The System provides general health care services to residents within its geographic location Expenses related to providing these services for 2013 and 2012, excluding bad debt provision, are as follows

	2013	2012
Health care services	$ 254,683,962	$ 241,157,506
General and administration	26,197,840	32,936,050
Total expenses	$ 280,881,802	$ 274,093,556

15. Commitments and Contingencies

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

Other
The Medical Center's billings will be subject to review by a Medicare Recovery Audit Contractor ("RAC") The RAC program is a CMS initiative to recover provider overpayments The RAC can review any claim for up to three years prior to the current date As a result of this initiative, the Medical Center has created a reserve of $8,420,843 and $7,515,858 at June 30, 2013 and 2012, respectively This reserve is included in Estimated Third-party Settlements on the Balance Sheet As a result of the Medical Center's continuing coding and billing self-audits, there were no refunded overpayments in fiscal years 2012 and 2013

16. Asset Retirement Obligations

The following is a reconciliation of the asset retirement obligation

	2013	2012
Asset retirement obligation at beginning of year	$ 3,153,055	$ 3,010,771
Liabilities incurred	-	-
Accretion expense	149,400	142,284
Asset retirement obligation at end of year	$ 3,302,455	$ 3,153,055

17. Related Party Transactions

The Medical Center and each of its affiliates have Boards of Directors that are comprised of community members and 9 physicians in 2013 and 10 physicians in 2012 who are related parties Payments to community members, primarily for property rentals, in 2013 and 2012 were $296,510 and $299,921, respectively, that are included in the Other Expenses line in the accompanying Consolidated Statements of Operations and Changes in Net Assets The System has arrangements with many physicians to compensate them for Medical Director and Leadership responsibilities, Practice Guarantees, Pay-for-Call (Emergency Department) and fees for professional services rendered that are included in the Salaries and Benefits, Physician Fees and Contract Labor expense line During the years ended June 30, 2013 and 2012, amounts paid to related party physicians aggregated $3,420,636 and $2,874,925, respectively Amounts received from a related party physician group were $148,786 and $791,808 during the years ended June 30, 2013 and 2012, respectively At June 30, 2013 amounts receivable from related party physicians aggregated $568,659 and payables to related party physicians were $49,066 At June 30, 2012 amounts receivable from related party physicians aggregated $528,339 and payables to related party physicians were $38,916 These receivables are reflected as Prepaid Expenses and Other Current Assets under Current Assets and the payables are reflected as Accounts Payable and Accrued Expenses under Current Liabilities

Supplemental Schedules

Beebe Medical Center, Inc.
Consolidating Balance Sheet
June 30, 2013

	Beebe Medical Center, Inc.	Beebe Medical Foundation	Beebe Physician Network	Consolidating Entries	Consolidated Totals
Assets					
Current assets					
Cash and cash equivalents	$ 28,516,229	$ 47,884	$ 1,168,054	$ -	$ 29,732,167
Patient accounts receivable, net	34,218,105	-	925,319	-	35,143,424
Prepaid expenses and other current assets	11,048,342	8,126	(27,533)	-	11,028,935
Total current assets	73,782,676	56,010	2,065,840	-	75,904,526
Assets limited as to use - non current					
Board designated funds	55,835,632	5,336,770	-	-	61,172,402
Other board designated assets	1,838,339	-	-	-	1,838,339
Beneficial interest in Foundation unrestricted net assets	5,395,207	-	-	(5,395,207)	-
Restricted under bond agreements					
Debt service reserve fund	4,863,619	-	-	-	4,863,619
Collateral funds	6,356,036	-	-	-	6,356,036
Donor restricted funds	27,082	11,548,293	-	-	11,575,375
Beneficial interest in Foundation restricted net assets	12,069,610	-	-	(12,069,610)	-
Donor restricted pledges receivable, net	-	101,317	-	-	101,317
Total assets limited as to use	86,385,525	16,986,380	-	(17,464,817)	85,907,088
Property and equipment, net	120,645,015	10,045	327,391	-	120,982,451
Beneficial interest in perpetual trust	320,488	-	-	-	320,488
Assets held in charitable remainder trusts, net	594,067	420,000	-	-	1,014,067
Other assets	8,177,872	45,000	-	-	8,222,872
Total assets	$ 289,905,643	$ 17,517,435	$ 2,393,231	$ (17,464,817)	$ 292,351,492

Beebe Medical Center, Inc.
Consolidating Balance Sheet
June 30, 2013

	Beebe Medical Center, Inc.	Beebe Medical Foundation	Beebe Physician Network	Consolidating Entries	Consolidated Totals
Liabilities and net assets					
Current liabilities					
Accounts payable and accrued expenses	$ 36,888,069	$ 41,212	$ 2,456,433	$ -	$ 39,385,714
Estimated third-party payor settlements	14,343,136	-	-	-	14,343,136
Current portion of long-term debt	3,704,168	-	-	-	3,704,168
Total current liabilities	54,935,373	41,212	2,456,433	-	57,433,018
Noncurrent liabilities					
Accrued pension and post-retirement benefit cost	45,100,342	-	-	-	45,100,342
Due to Medical Center	55,203	7,999	57,209,663	(57,272,865)	-
Other liabilities	13,405,404	3,407	-	-	13,408,811
Obligations under capital leases, less current portion	801,717	-	-	-	801,717
Long-term debt, less current portion	47,045,000	-	-	-	47,045,000
Total liabilities	161,343,039	52,618	59,666,096	(57,272,865)	163,788,888
Net assets					
Unrestricted	115,551,357	5,533,157	(57,272,865)	51,739,708	115,551,357
Temporarily restricted	11,474,604	10,471,505	-	(10,471,505)	11,474,604
Permanently restricted	1,536,643	1,460,155	-	(1,460,155)	1,536,643
Total net assets	128,562,604	17,464,817	(57,272,865)	39,808,048	128,562,604
Total liabilities and net assets	$ 289,905,643	$ 17,517,435	$ 2,393,231	$ (17,464,817)	$ 292,351,492

Beebe Medical Center, Inc.
Consolidating Statement of Operations and Changes in Net Assets
Year Ended June 30, 2013

	Beebe Medical Center, Inc.	Beebe Medical Foundation	Beebe Physician Network	Consolidating Entries	Consolidated Totals
Unrestricted net assets					
Unrestricted revenues and other support					
Net patient service revenue before bad debt	$ 280,069,817	$ -	$ 10,030,482	$ -	$ 290,100,299
Provision for bad debts	10,926,597	-	244,088	-	11,170,685
Net patient service revenue less provision for bad debt	$ 269,143,220	$ -	$ 9,786,394	$ -	$ 278,929,614
Other revenues	5,409,067	-	56,261	(189,632)	5,275,696
Net assets released from restrictions used for operations	50,397	-		-	50,397
Total unrestricted revenues and other support	274,602,684	-	9,842,655	(189,632)	284,255,707
Expenses					
Salaries and benefits, physician fees, and contract labor	143,234,756	327,411	18,593,359	-	162,155,526
Medical, surgical, and patient-related supplies and services	58,286,655	16,716	290,964	-	58,594,335
Repairs, maintenance and utilities	11,906,553	11,827	259,011	-	12,177,391
Insurance	2,480,643	-	269,595	-	2,750,238
Depreciation and amortization	15,578,356	3,391	59,659	-	15,641,406
Interest	2,114,191	-	-	-	2,114,191
Other	24,796,509	75,313	2,766,525	(189,632)	27,448,715
Total expenses	258,397,663	434,658	22,239,113	(189,632)	280,881,802
Income (loss) from operations	16,205,021	(434,658)	(12,396,458)	-	3,373,905
Nonoperating gains (losses)					
Contributions	-	173,025	-	-	173,025
Investment income and net realized gains	(90,747)	248,677	-	-	157,930
Equity (losses) in consolidated affiliates	(12,079,188)	-	-	12,079,188	-
Equity in unconsolidated affiliate	273,860	-	-	-	273,860
Contribution to Foundation	(330,226)	330,226	-	-	-
Total nonoperating gains (losses)	(12,226,301)	751,928	-	12,079,188	604,815
Excess (deficiency) of revenues, gains and other support over expenses and losses	3,978,720	317,270	(12,396,458)	12,079,188	3,978,720

Beebe Medical Center, Inc.
Consolidating Statement of Operations and Changes in Net Assets
Year Ended June 30, 2013

	Beebe Medical Center, Inc.	Beebe Medical Foundation	Beebe Physician Network	Consolidating Entries	Consolidated Totals
Excess (deficiency) of revenues, gains and other support over expenses and losses (from previous page)	$ 3,978,720	$ 317,270	$ (12,396,458)	$ 12,079,188	$ 3,978,720
Other changes in unrestricted net assets					
Net assets released from restrictions used for fixed asset purchases	646,872	-	-	-	646,872
Change in interest in Foundation unrestricted net assets	91,409	-	-	(91,409)	-
Net unrealized gains on investments	(172,915)	190,088	-	-	17,173
Change in benefit plans liability	18,880,248	-	-	-	18,880,248
Transfer from Foundation	6,074	(6,074)	-	-	-
Transfer (to) temporarily restricted net assets	(320,415)	(14,595)	-	-	(335,010)
Other changes	-	(78,010)	-	-	(78,010)
Increase (decrease) in unrestricted net assets	23,109,993	408,679	(12,396,458)	11,987,779	23,109,993
Temporarily restricted net assets					
Contributions	9	1,247,745	-	-	1,247,754
Event Expenses	-	(243,102)	-	-	(243,102)
Fundraising Expenses	-	(213,580)	-	-	(213,580)
Contribution (to) from Foundation	(181,500)	181,500	-	-	-
Change in value of remainder trusts	50,603	-	-	-	50,603
Net investment income and realized gains on investments	-	362,946	-		362,946
Net assets released from restrictions used for fixed asset purchases	(646,872)	-	-	-	(646,872)
Net assets released from restrictions used for operations	(50,397)	-	-	-	(50,397)
Net assets released from restrictions used for other	(44,403)	(40,381)	-	-	(84,784)
Change in interest in Foundation temporarily restricted net assets	601,985	-	-	(601,985)	-
Transfer from Foundation	735,598	(735,598)	-	-	-
Transfer from unrestricted net assets	320,415	14,595	-	-	335,010
Transfer to permanently restricted net assets	-	(50,150)	-	-	(50,150)
Other changes	-	78,010	-	-	78,010
Increase (decrease) in temporarily restricted net assets	785,438	601,985	-	(601,985)	785,438

Beebe Medical Center, Inc.
Consolidating Statement of Operations and Changes in Net Assets
Year Ended June 30, 2013

	Beebe Medical Center, Inc.	Beebe Medical Foundation	Beebe Physician Network	Consolidating Entries	Consolidated Totals
Permanently restricted net assets					
Contributions	-	82,099	-	-	82,099
Increase in value of beneficial interest in perpetual trusts	12,012		-	-	12,012
Realized and unrealized gains on investments	-	13,428	-	-	13,428
Transfer to temporarily restricted net assets	-	50,150	-	-	50,150
Change in interest in Foundation permanently restricted net assets	145,677	-	-	(145,677)	-
Increase (decrease) in permanently restricted net assets	157,689	145,677	-	(145,677)	157,689
Increase (decrease) in net assets	24,053,120	1,156,341	(12,396,458)	11,240,117	24,053,120
Net assets					
Beginning of year	104,509,484	16,308,476	(44,876,406)	28,567,930	104,509,484
End of year	$ 128,562,604	$ 17,464,817	$ (57,272,864)	$ 39,808,047	$ 128,562,604