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Part III

Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

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1

Briefly describe the organization’s mission

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

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

☐ Yes

☒ No

If “Yes,” describe these new services on Schedule O

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

☐ Yes

☒ No

If “Yes,” describe these changes on Schedule O

4

Describe the organization’s program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a	(Code) (Expenses \$ 382,244,524 including grants of \$) (Revenue \$ 473,311,777)
INPATIENT SERVICES IT IS THE MISSION OF THE VALLEY HOSPITAL TO SERVE THE COMMUNITY BY HEALING AND CARING FOR PATIENTS, COMFORTING THEIR FAMILIES AND TEACHING GOOD HEALTH VALLEY HAS THREE BUILDINGS ON ITS MAIN CAMPUS THE VALLEY HOSPITAL SERVES MORE THAN 440,000 PEOPLE IN 32 TOWNS IN BERGEN COUNTY AND ADJOINING COMMUNITIES IT IS THE SECOND BUSIEST HOSPITAL IN NEW JERSEY BASED ON ADMISSIONS AND A REGIONAL PROVIDER OF COMPLEX MEDICAL AND SURGICAL CARE (SEE CONTINUATION ON SCHEDULE O) IN 2013, APPROXIMATELY 50,000 INDIVIDUALS WERE ADMITTED TO VALLEY OUR CORE INPATIENT SERVICES INCLUDE -THE VALLEY HEART AND VASCULAR INSTITUTE, WHICH PROVIDES A CONTINUUM OF PREVENTION AND WELLNESS SERVICES, DIAGNOSTIC AND TREATMENT SERVICES, RESEARCH, AND EDUCATION FOR ALL TYPES OF CARDIAC AND VASCULAR DISEASE -THE VALLEY COLUMBIA HEART CENTER, OUR CARDIAC SURGERY PROGRAM, AND PART OF THE VALLEY HEART AND VASCULAR INSTITUTE -A CARDIAC SURGERY INTENSIVE CARE UNIT -FOUR CRITICAL CARE UNITS -A CARDIAC CATHETERIZATION LABORATORY -AN INPATIENT ONCOLOGY UNIT -THE NEUROSCIENCE CENTER OF EXCELLENCE, WHICH INCLUDES THE STROKE CENTER AS WELL AS PROGRAMS AND SERVICES FOR A WIDE RANGE OF NEUROLOGICAL DISORDERS -MEDICAL AND SURGICAL FLOORS -A GERIATRIC SERVICES UNIT -THE INSTITUTE FOR ROBOTIC AND MINIMALLY INVASIVE SURGERY -THE TOTAL JOINT REPLACEMENT CENTER - THE CENTER FOR METABOLIC AND WEIGHT LOSS SURGERY -THE CENTER FOR CHILDBIRTH, WHICH WELCOMES MORE THAN 3,000 NEWBORNS EACH YEAR, AND INCLUDES A LEVEL III NEONATAL INTENSIVE CARE UNIT NURSERY -A PEDIATRIC INTENSIVE CARE UNIT VALLEY HAS BEEN RECOGNIZED FOR 10 CONSECUTIVE YEARS FOR PROVIDING AN OUTSTANDING INPATIENT EXPERIENCE BY J D POWER AND ASSOCIATES THE HOSPITAL'S PATIENT RELATIONS STAFF AND VOLUNTEERS MADE MORE THAN 13,375 PATIENT-RELATED VISITS AND RESPONDED TO MORE THAN 8,416 CALLS, AND PASTORAL CARE STAFF RESPONDED TO OVER 8,500 INQUIRIES AND MADE 87,069 PATIENT AND FAMILY CONTACTS	

4b	(Code) (Expenses \$ 87,513,204 including grants of \$) (Revenue \$ 139,945,342)
OUTPATIENT SERVICES THROUGH SATELLITE FACILITIES LOCATED THROUGHOUT ITS SERVICE AREA, THE VALLEY HOSPITAL PROVIDES THE COMMUNITIES IT SERVES WITH A COMPREHENSIVE ARRAY OF OUTPATIENT SERVICES THOSE SERVICES INCLUDE -THE BLUMENTHAL CANCER CENTER, OFFERING COMPREHENSIVE OUTPATIENT CANCER SERVICES, INCLUDING CHEMOTHERAPY INFUSION SERVICES AND MORE THAN 13,914 RADIATION THERAPY TREATMENTS ANNUALLY -THE GAMMA KNIFE CENTER GAVE 85 TREATMENTS -A FULL-SERVICE LABORATORY (SEE CONTINUATION ON SCHEDULE O) -A DIAGNOSTIC IMAGING CENTER -THE FERTILITY CENTER -THE CENTER FOR MATERNAL-FETAL MEDICINE -A PAIN MANAGEMENT CENTER -THE BREAST CENTER -THE UROLOGIC ONCOLOGY CENTER - INTEGRATIVE HEALING SERVICES, WHICH PROVIDES COMPLEMENTARY MEDICINE, EDUCATIONAL PROGRAMS AND SUPPORT GROUPS -THE LUNG CANCER CENTER -REHABILITATION MEDICINE -THE KIREKER CENTER FOR CHILD DEVELOPMENT -THE GEORGE R JAQUA SAME DAY SERVICES CENTER -THE CENTER FOR SLEEP MEDICINE -THE PEDIATRIC SLEEP DISORDERS AND APNEA CENTER -THE SPINE CENTER -THE CENTER FOR WOMEN'S HEART HEALTH -THE MEN'S HEART CENTER IN ADDITION, IN 2013, THE HOSPITAL PROVIDED MORE THAN \$12 MILLION IN UNCOMPENSATED CARE, ATTRIBUTABLE TO CHARITY CARE, BAD DEBT AND MEDICARE AND MEDICAID SHORTFALLS PATIENTS RECEIVING UNCOMPENSATED CARE IN 2013 INCLUDE PATIENTS WHO WERE TREATED AT VALLEY'S COMMUNITY CARE CLINIC IN 2013, THE CLINIC RECORDED ALMOST 8,300 VISITS VALLEY'S COMMUNITY CARE CLINIC OFFERS SERVICES IN MANY SPECIALTIES INCLUDING ALLERGY, CARDIOLOGY, COUMADIN, DERMATOLOGY, OTOLARYNGOLOGY, GASTROENTEROLOGY, GYNECOLOGY, NEUROLOGY, OBSTETRICS, OPHTHALMOLOGY, ORTHOPEDICS, PEDIATRICS, PODIATRY, PULMONARY, RHEUMATOLOGY, SURGICAL AND UROLOGY ALSO IN 2013, HOMEBOUND COMMUNITY MEMBERS RECEIVED ALMOST \$105,000 IN "AT COST" MEALS VALLEY'S DEPARTMENT OF COMMUNITY HEALTH OFFERS FREE HEART HEALTH EDUCATION PROGRAMS PROGRAMS INCLUDED A WOMAN'S HEART, AM I TOO OLD FOR HEART SURGERY, CARING FOR CONGESTIVE HEART FAILURE, CHOLESTEROL- THE GOOD, BAD AND UGLY, CONTROLLING CORONARY ARTERY DISEASE, HEART HEALTHY EATING ON BLOOD THINNERS, TIA- THIS IS YOUR WARNING, AND YOUNG AT HEART- REVERSING HEART DISEASE, AND MANY HEALTH FAIRS HEALTH SCREENINGS FOR BLOOD PRESSURE, BODY FAT, STROKE, DIABETES, CHOLESTEROL AND COLON, AND PROSTATE AND SKIN CANCER SCREENINGS WERE ALSO OFFERED THE COMMUNITY TRAINING CENTER OFFERS BASIC LIFE SUPPORT, ADVANCED CARDIAC LIFE SUPPORT AND PEDIATRIC ADVANCED LIFE SUPPORT PROGRAMS COMPREHENSIVE PARENT EDUCATION PROGRAMS ARE OFFERED TO EXPECTANT FAMILIES THROUGH THE FAMILY EDUCATION CENTER CLASSES, ATTENDED BY ALMOST 5,278 PEOPLE, INCLUDE CHILDBIRTH PREPARATION, MARVELOUS MULTIPLES(R), NEWBORN CARE, GRANDPARENTS', SIBLING, INFANT AND CHILD SAFETY, INFANT MASSAGE, BREASTFEEDING, BABY SITTERS, PRE/POSTNATAL YOGA AND HEALTHY EATING FOR BABY AND ME CLINIC PATIENTS ATTEND FREE OF CHARGE NEW PARENT SUPPORT SERVICES INCLUDE BREASTFEEDING SUPPORT GROUPS, POSTPARTUM SUPPORT GROUP, A HELPLINE AND LACTATION CONSULTATIONS WEEKLY TOURS OF MATERNITY SERVICES AND A SELF-HELP SUPPORT GROUP FOR BEREAVED PARENTS ARE OFFERED AT NO CHARGE THE KIREKER CENTER FOR CHILD DEVELOPMENT PROVIDES FREE IN-SERVICES AND INFORMATION ABOUT LICENSED CHILD CARE FACILITIES AND COMMUNITY GROUPS TOPICS INCLUDE INFANT/HILD GROWTH AND DEVELOPMENT, ATYPICAL DEVELOPMENT, ENHANCING LANGUAGE SKILLS IN THE 0-5 POPULATION, DETERMINING IF A CHILD SHOULD BE ASSESSED FOR A SUSPECTED DEVELOPMENTAL DELAY, AND GENERAL PEDIATRIC HEALTH ISSUES A PARENT SUPPORT GROUP AND FREE INFORMATION IS PROVIDED ON A RANGE OF CHILD CARE TOPICS, INCLUDING DEVELOPMENTALLY APPROPRIATE TOYS, TRANSITIONS INTO PRE-SCHOOL AND CHOICES IN CHILD CARE A SCHOOL PSYCHOLOGIST, DEVELOPMENTAL PEDIATRICIAN, AND APNEA SPECIALIST SPEAK WITH SCHOOLS AND PHYSICIAN GROUPS ABOUT LEARNING ISSUES AND BEHAVIORAL CONCERNS VALLEY'S COMMUNITY EDUCATION PROGRAMS MADE MORE THAN 23,000 CONTACTS WITH PEOPLE WHO ATTENDED SCREENINGS, HEALTH FAIRS, COMMUNITY EDUCATION AND VALLEY HEALTH PRIMETIME (SENIOR MEMBERSHIP) PROGRAMS VALLEY ALSO MADE CONTACT WITH 2,000 PEOPLE WHO ATTENDED SUPPORT GROUPS STROKE, PROSTATE HEALTH, BREAST CANCER, PANCREATIC CANCER, IMPLANTABLE DEFIBRILLATORS, HEART HEALTH, DOWN SYNDROME, STRESS, PARKINSON'S DISEASE, ALZHEIMER'S DISEASE AND WOMEN'S HEALTH VALLEY SERVES AS AN INFORMATION RESOURCE FOR THE COMMUNITY IN 2013, THE PHYSICIAN AND REFERRAL SERVICE HANDLED 10,068 TOLL-FREE INQUIRIES FOR PROGRAM/SERVICE AND PHYSICIAN INFORMATION THE MEDICAL LIBRARY RESPONDED TO APPROXIMATELY 1,000 INQUIRIES FROM COMMUNITY MEMBERS IN 2013 THE VALLEY WEBSITE PROVIDED FREE HEALTH INFORMATION TO ALMOST 1 3 MILLION VISITORS PRESS RELEASES ON DISEASE INFORMATION AND INFORMATIVE NEWSLETTERS ABOUT HEALTH ARE DISTRIBUTED REGULARLY TO MEMBERS OF THE COMMUNITY THROUGH DIRECT MAIL PIECES AND NEWSPAPER PLACEMENT ADDITIONALLY, VALLEY STAFF REGULARLY CONTRIBUTE TO WCBS 880 AM'S HEALTH & WELLBEING REPORT VALLEY SUPPORTS COMMUNITY GROUPS IN 2013 VALLEY STAFF MEMBERS SERVED AS MEMBERS OF THE ROTARY, THE CHAMBER OF COMMERCE, THE RIDGEWOOD MUNICIPAL ALLIANCE, BERGEN COUNTY COLLABORATIVE, AND THE VILLAGE'S HUMAN RESOURCES COORDINATING COUNCIL VALLEY PROVIDES FINANCIAL CONTRIBUTIONS TO LOCAL ORGANIZATIONS FOR DIABETES, CANCER, MENTAL HEALTH, DOMESTIC VIOLENCE AND MINORITY NEEDS VALLEY HOSPITAL SUPPORTS THE COMMUNITY THROUGH EMERGENCY MANAGEMENT AND DISASTER PREPARATION HOSPITAL REPRESENTATIVES SERVE ON TOWN, COUNTY, AND STATE-WIDE EMERGENCY MANAGEMENT COMMITTEES AND EXECUTIVE LEVEL COMMITTEES FOR COUNTER-TERRORISM EFFORTS AND DISASTER PREPAREDNESS THE VALLEY HOSPITAL OPERATES AND MAINTAINS BERGEN COUNTY'S MOBILE AMBULANCE BUS FOR EMERGENCY EVACUATIONS AND MEDICAL ATTENTION VALLEY HAS ESTABLISHED AFFILIATIONS WITH A NUMBER OF EDUCATIONAL INSTITUTIONS TO HELP EDUCATE AND TRAIN THE NEXT GENERATION OF NURSES AND OTHER HEALTHCARE PROVIDERS IN 2013 VALLEY WAS AFFILIATED WITH BERGEN COMMUNITY COLLEGE, FAIRLEIGH DICKINSON UNIVERSITY, RAMAPO COLLEGE, RUTGERS COLLEGE OF NURSING, AND WILLIAM PATERSON UNIVERSITY THE PHYSICIAN SHADOWING AND PA SHADOWING PROGRAMS ARE VOLUNTEER ROLES DESIGNED TO PROVIDE COLLEGE STUDENTS WITH A MEDICAL OR HEALTHCARE CAREER FOCUS AN OPPORTUNITY FOR ADVANCED EXPOSURE TO A VAST ARRAY OF CAREER OPPORTUNITIES WITHIN VALLEY HEALTH SYSTEM IN 2013, 134 STUDENTS PARTICIPATED IN THESE PROGRAMS AND ALSO IN THE CAREER DEVELOPMENT PROGRAMS THESE ASSIGNMENTS PERMIT STUDENTS TO EXPLORE THEIR AREA OF INTEREST BY SHADOWING HEALTHCARE PROFESSIONALS, LEARNING ABOUT THE OPERATION OF A HEALTHCARE ENVIRONMENT, GAINING AN UNDERSTANDING OF THE NEEDS OF PATIENTS AND FAMILIES, ASSISTING STAFF AND WORKING ON ASSIGNED PROJECTS IN 2013 VALLEY ALSO PROVIDED 175 AREA YOUTH IN THE COMMUNITIES SERVED WITH EDUCATIONAL OPPORTUNITIES THROUGH THE AWARD-WINNING RIDGEWOOD ACADEMY FOR HEALTH PROFESSIONS, THE BERGEN ACADEMIES AND CAREER FRONTIERS, STUDENTS ARE INTRODUCED AND LEARN ABOUT THE DIVERSE OPPORTUNITIES IN HEALTH CARE ADDITIONALLY, VALLEY STAFF MEMBERS SPEAK AT AREA SCHOOLS ABOUT THEIR PROFESSIONS AND PROVIDE TOURS TO STUDENTS THROUGHOUT THE YEAR VALLEY IS CURRENTLY CONDUCTING ONCOLOGY CLINICAL TRIALS TO EVALUATE THE SAFETY AND EFFECTIVENESS OF NEW TREATMENTS, MEDICATIONS, DEVICES, AND PROTOCOLS IN MANY TYPES OF CANCER, INCLUDING LUNG, PROSTATE, BREAST, GYNECOLOGIC, ESOPHAGEAL, PANCREATIC, LIVER, NEUROLOGIC AND COLON VALLEY WORKS TO REDUCE ENVIRONMENTAL HAZARDS THE VALLEY HOSPITAL HAS SIGNED ON TO SUPPORT THE HEALTHIER HOSPITALS INITIATIVE AN ALL-VOLUNTEER TASK FORCE OF GREEN CHAMPIONS, VALLEY EMPLOYEES, OVERSEES ENVIRONMENTAL EFFORTS AT ALL VALLEY FACILITIES VALLEY PURCHASES PRODUCE FROM LOCAL FARMERS VALLEY HAS AN INNOVATIVE ORGANIC FOOD WASTE SYSTEM THAT CONVERTS FOOD WASTE INTO WATER THIS POSITIVE ENVIRONMENTAL IMPACT HAS NO HARMFUL METHANE EMISSIONS AND THE FOOD WASTE IS DIVERTED FROM LANDFILLS IN 2013, WE RECYCLED 561 TONS OF MATERIALS	




















4c	(Code) (Expenses \$ 22,548,418 including grants of \$) (Revenue \$ 43,232,819)
EMERGENCY SERVICES THE VALLEY HOSPITAL OFFERS THE COMMUNITIES IT SERVES A FULL-SERVICE EMERGENCY DEPARTMENT PROVIDING EMERGENCY SERVICES AND MINOR TREATMENT SERVICES ALL PHYSICIANS ON THE ACTIVE STAFF ARE BOARD CERTIFIED IN EMERGENCY MEDICINE, AND MANY NURSES ARE CERTIFIED IN EMERGENCY NURSING SERVICES INCLUDE A MINOR TREATMENT AREA AND A PEDIATRIC EMERGENCY ROOM THAT FEATURES A CHILD-FRIENDLY LAYOUT AND DESIGN THE DEPARTMENT ALSO HAS A DEDICATED COMPUTED TOMOGRAPHY SCANNER (SEE CONTINUATION ON SCHEDULE O) VALLEY'S EMERGENCY DEPARTMENT ALSO FEATURES THE SERVICES OF SEVERAL MOBILE INTENSIVE CARE UNITS, WHICH ANSWER THOUSANDS OF CALLS EACH YEAR MOBILE INTENSIVE CARE UNITS, STAFFED BY QUALIFIED VALLEY PARAMEDICS, ARE SPECIALLY EQUIPPED VEHICLES THAT BRING THE HIGHLY SOPHISTICATED TECHNIQUES OF INTRAVENOUS THERAPY, AIRWAY MANAGEMENT, CARDIAC MONITORING AND DEFIBRILLATION DIRECTLY TO PEOPLE IN NEED OF EMERGENCY CARE VALLEY ALSO OFFERS LIFELINE(R), A COMMUNICATION DEVICE THAT LINKS A HOMEBOUND INDIVIDUAL WITH EMERGENCY CARE OR PERSONAL SUPPORT WITH THE PUSH OF A BUTTON, 24 HOURS A DAY, 365 DAYS A YEAR IN 2013, THE VALLEY HOSPITAL RECORDED OVER 75,000 EMERGENCY DEPARTMENT VISITS AND 8,563 MOBILE INTENSIVE CARE UNIT AND 7,235 SPECIALTY CARE TRANSPORT UNIT DISPATCHES	

4d	Other program services (Describe in Schedule O)
	(Expenses \$ including grants of \$) (Revenue \$)

4e	Total program service expenses	492,306,146
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Part IV

Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	4	No
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10 Yes	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d Yes	
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f	No
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV 	14b Yes	
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? 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 other assistance to or for foreign individuals? 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 or other assistance to any domestic organization or government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If so, complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b		No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

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		Yes	No			
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a	424			
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		
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	4,144			
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)						
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?				3a	Yes	
b If "Yes," has it filed a Form 990-T for this year? <i>If "No" to line 3b, provide an explanation in Schedule O</i>				3b	Yes	
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?				4a	Yes	
b If "Yes," enter the name of the foreign country CJ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts						
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?				5a		No
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?				5b		No
c If "Yes," to line 5a or 5b, did the organization file Form 8886-T?				5c		
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?				6a		No
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?				6b		
7 Organizations that may receive deductible contributions under section 170(c).						
a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?				7a		No
b If "Yes," did the organization notify the donor of the value of the goods or services provided?				7b		
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?				7c		No
d If "Yes," indicate the number of Forms 8282 filed during the year		7d				
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?				7e		No
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?				7f		No
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?				7g		
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?				7h		
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?				8		
9 Sponsoring organizations maintaining donor advised funds.						
a Did the organization make any taxable distributions under section 4966?				9a		
b Did the organization make a distribution to a donor, donor advisor, or related person?				9b		
10 Section 501(c)(7) organizations. Enter						
a Initiation fees and capital contributions included on Part VIII, line 12		10a				
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		10b				
11 Section 501(c)(12) organizations. Enter						
a Gross income from members or shareholders		11a				
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		11b				
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?				12a		
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year		12b				
13 Section 501(c)(29) qualified nonprofit health insurance issuers.						
a Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O				13a		
b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans		13b				
c Enter the amount of reserves on hand		13c				
14a Did the organization receive any payments for indoor tanning services during the tax year?				14a		No
b If "Yes," has it filed a Form 720 to report these payments? <i>If "No," provide an explanation in Schedule O</i>				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 or note to any line 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	19	
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	18	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	No
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	No
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes
13	Did the organization have a written whistleblower policy?	13	Yes
14	Did the organization have a written document retention and destruction policy?	14	Yes
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a	The organization's CEO, Executive Director, or top management official	15a	Yes
b	Other officers or key employees of the organization	15b	Yes
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	No
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	NJ
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input checked="" type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)	
19	Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization RICHARD D KEENAN 223 NORTH VAN DIEN AVENUE RIDGEWOOD, NJ 07450 (201) 447-8000	

Check if Schedule O contains a response or note to any line in this Part VII ☐

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

Form **990** (2013)

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	7,378,071	0	2,110,716

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization: 683

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
TORCON INC 8 NEWMAN SPRINGS ROAD RED BANK NJ 07701	GENERAL CONTRACTOR	4,975,889
COLUMBIA UNIVERSITY DEPT OF SURGERY 21 AUDUBON AVENUE NEW YORK NY 10032	MEDICAL/SURGICAL	3,498,640
BERGEN ANESTHESIA GROUP PC 500 WEST MAIN STREET SUITE 16 WYCKOFF NJ 07481	ANESTHESIA	3,414,800
EXECUTIVE HEALTH RESOURCES PO BOX 822688 PHILADELPHIA PA 19182	EHR COMPLIANCE	1,575,247
MEDICAL INFORMATION TECHNOLOGY INC PO BOX 74569 CHICAGO IL 60696	INFORMATION SYSTEMS	1,502,432

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 ►103

Part VIII

Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a			
	b	Membership dues	1b			
	c	Fundraising events	1c			
	d	Related organizations	1d	1,300,000		
	e	Government grants (contributions)	1e	819,502		
	f	All other contributions, gifts, grants, and similar amounts not included above	1f			
	g	Noncash contributions included in lines 1a-1f \$				
	h	Total. Add lines 1a-1f		2,119,502		
Program Service Revenue			Business Code			
	2a	INSURERS AND PATIENTS	621990	449,919,521	449,919,521	
	b	MEDICARE/MEDICAID PAYMENTS	621990	192,822,652	192,822,652	
	c					
	d					
	e					
	f	All other program service revenue				
	g	Total. Add lines 2a-2f		642,742,173		
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		8,747,274		8,747,274
	4	Income from investment of tax-exempt bond proceeds				
	5	Royalties				
	6a	(i) Real				
		(ii) Personal				
		Gross rents				
		Less rental expenses				
	b	Rental income or (loss)				
	c	Net rental income or (loss)		-2,639,931		-2,639,931
	7a	(i) Securities				
		(ii) Other				
		Gross amount from sales of assets other than inventory				
		Less cost or other basis and sales expenses				
	b	Gain or (loss)				
	c	Net gain or (loss)		-3,531,140		-3,531,140
	8a	Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18				
		a				
		b				
	b	Less direct expenses				
	c	Net income or (loss) from fundraising events				
	9a	Gross income from gaming activities See Part IV, line 19				
		a				
b						
b	Less direct expenses					
c	Net income or (loss) from gaming activities					
10a	Gross sales of inventory, less returns and allowances					
	a					
	b					
b	Less cost of goods sold					
c	Net income or (loss) from sales of inventory					
Miscellaneous Revenue		Business Code				
11a	VALLEY HEALTH PHARMACY	621990	2,811,188	743,797	2,067,391	
b	FOOD SERVICES	621990	1,914,955	1,914,955		
c	PURCHASE DISCOUNTS AND REBATES	621990	1,404,822	1,404,822		
d	All other revenue		9,684,191	9,684,191		
e	Total. Add lines 11a-11d		15,815,156			
12	Total revenue. See Instructions		663,253,034	656,489,938	2,067,391	2,576,203

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 or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.				
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	6,072,545	2,752,315	3,320,230	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	237,354,548	203,009,102	34,345,446	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	27,527,900	23,289,257	4,238,643	
9	Other employee benefits.	25,152,419	21,271,321	3,881,098	
10	Payroll taxes.	17,568,878	14,852,729	2,716,149	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	1,290,058		1,290,058	
c	Accounting.	113,387		113,387	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	27,924,314	16,754,878	11,169,436	
12	Advertising and promotion.	3,595,180	4,262	3,590,918	
13	Office expenses.	7,602,629	1,474,766	6,127,863	
14	Information technology.				
15	Royalties.				
16	Occupancy.	12,202,211	2,863,375	9,338,836	
17	Travel.	704,722	539,175	165,547	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	8,778,359	8,097,562	680,797	
20	Interest.				
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	33,279,249	33,279,249		
23	Insurance.				
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	SUPPLIES	117,265,055	73,936,421	43,328,634	
b	DRUGS	43,509,489	43,509,489		
c	PROVISION FOR BAD DEBT	27,776,492	27,776,492		
d	EQUIPMENT RENTAL	19,043,390	13,227,098	5,816,292	
e	All other expenses	33,568,654	5,668,655	27,899,999	
25	Total functional expenses. Add lines 1 through 24e.	650,329,479	492,306,146	158,023,333	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		6,099,799	2	11,257,333
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		58,686,251	4	59,910,001
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use			8	
	9	Prepaid expenses and deferred charges		25,155,105	9	23,456,026
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	681,020,995		
	b	Less accumulated depreciation	10b	483,087,436	198,191,517	10c 197,933,559
	11	Investments—publicly traded securities		440,524,065	11	473,485,281
	12	Investments—other securities See Part IV, line 11		6,231,817	12	10,133,985
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		91,310,955	15	145,807,707
	16	Total assets. Add lines 1 through 15 (must equal line 34)		826,199,509	16	921,983,892
Liabilities	17	Accounts payable and accrued expenses		67,262,110	17	75,668,049
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		116,722,125	25	88,152,235
	26	Total liabilities. Add lines 17 through 25		183,984,235	26	163,820,284
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		635,757,822	27	751,698,762
	28	Temporarily restricted net assets		2,028,125	28	2,035,519
	29	Permanently restricted net assets		4,429,327	29	4,429,327
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		642,215,274	33	758,163,608
	34	Total liabilities and net assets/fund balances		826,199,509	34	921,983,892

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	663,253,034
2	Total expenses (must equal Part IX, column (A), line 25)	2	650,329,479
3	Revenue less expenses Subtract line 2 from line 1	3	12,923,555
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	642,215,274
5	Net unrealized gains (losses) on investments	5	17,210,053
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	85,814,726
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	758,163,608

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII

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

Additional Data

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
AUDREY MEYERS PRESIDENT/CEO	39 50 50	X		X				1,595,830	0	379,079
JOSEPH MARION CHAIRMAN	3 00	X						0	0	0
WARREN F COOKE ESQ VICE CHAIRMAN	3 00	X						0	0	0
ROBERT E FINK VICE CHAIRMAN	3 00	X						0	0	0
VINCENT FORLENZA VICE CHAIRMAN	3 00	X						0	0	0
JOHN W ALBOHM ESQ SECRETARY	3 00	X						0	0	0
FRANK SHEEHY TREASURER	3 00	X						0	0	0
GEORGE BECKER MD TRUSTEE	3 00	X						0	0	0
VICTORIA H BRUNI ESQ TRUSTEE (LEFT JAN 2013)	3 00	X						0	0	0
JAMES CORNELLPHDMD TRUSTEE	3 00	X						0	0	0
ANNE GOHEEN CRANE TRUSTEE	3 00	X						0	0	0
ANN M LIMBERG TRUSTEE	3 00	X						0	0	0
BRUCE J MACTAS TRUSTEE	3 00	X						0	0	0
MICHAEL RAHMIN MD TRUSTEE	3 00	X						0	0	0
EDWARD B SELF MD TRUSTEE	3 00	X						0	0	0
STEVEN SILVERSTEIN TRUSTEE	3 00	X						0	0	0
JUSTICE GARY STEIN TRUSTEE	3 00	X						0	0	0
DEBRA TAYLOR TRUSTEE	3 00	X						0	0	0
JEFFREY S TUCKER TRUSTEE	3 00	X						0	0	0
KAY YEOMANS TRUSTEE	3 00	X						0	0	0
RICHARD D KEENAN SR VP, FINANCE/CFO	39 50 50			X				411,083	0	934,237
MARIA MEDIAGO VP, FACILITIES MANAGEMENT	40 00				X			418,162	0	40,846
MEGAN FRASER VP, COMMUNICATIONS/MARKETIN	40 00				X			308,235	0	48,620
RUSSELL SHOWERS VP, HUMAN RESOURCES	40 00				X			353,112	0	39,214
ANN MARIE LEICHMAN VP/CNO, PATIENT CARE SERVIC	40 00				X			407,980	0	45,753

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			
WILLIAM KLUTKOWSKI VP, FINANCE	40 00				X			287,123	0	46,829
ANASTASIOS KOZAITIS PRESIDENT, FOUNDATION	40 00				X			331,841	0	41,464
JULIA KARCHER VP, ADMINISTRATION	40 00				X			262,883	0	23,559
ROBIN G HOLLANDER SR VP, LEGAL SERVICES/GENERAL COUNSEL	40 00					X		617,089	0	115,049
PETER W DIESTEL SR VP, ADMINISTRATION/COO	40 00					X		910,227	0	48,064
MITCHELL RUBINSTEIN VP, MEDICAL AFFAIRS	40 00					X		484,544	0	106,398
ERIC CAREY VP/CIO, INFORMATION SYSTEM	40 00					X		377,446	0	44,329
GAIL CALLANDRILLO VP, PLANNING/ GOV'T RELATIONS	40 00					X		346,805	0	197,275
PETER SCHWARTZ FORMER KEY EMPLOYEE	0 00						X	113,747	0	0
JEFFREY LIETO FORMER HIGHEST COMPENSATED EMPLOYEE	0 00						X	151,964	0	0

SCHEDULE A
(Form 990 or 990EZ)

Department of the
Treasury
Internal Revenue Service

Public Charity Status and Public Support
Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.
▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

1	<input type="checkbox"/>	A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
2	<input type="checkbox"/>	A school described in section 170(b)(1)(A)(ii). (Attach Schedule E)
3	<input checked="" type="checkbox"/>	A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
4	<input type="checkbox"/>	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	<input type="checkbox"/>	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	<input type="checkbox"/>	A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
7	<input type="checkbox"/>	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	<input type="checkbox"/>	A community trust described in section 170(b)(1)(A)(vi) (Complete Part II)
9	<input type="checkbox"/>	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	<input type="checkbox"/>	An organization organized and operated exclusively to test for public safety See section 509(a)(4).
11	<input type="checkbox"/>	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 <input type="checkbox"/> Type I b <input type="checkbox"/> Type II c <input type="checkbox"/> Type III - Functionally integrated d <input type="checkbox"/> Type III - Non-functionally integrated
e	<input type="checkbox"/>	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	<input type="checkbox"/>	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	<input type="checkbox"/>	Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons? (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? (ii) A family member of a person described in (i) above? (iii) A 35% controlled entity of a person described in (i) or (ii) above?
h	<input type="checkbox"/>	Provide the following information about the supported organization(s)

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

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

Part II

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2012 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2013. 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—2012. 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—2013. 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—2012. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶						
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶						

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

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2013. 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—2012. 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.** 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

Return Reference	Explanation	
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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.** ▶ **Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.**

OMB No 1545-0047

2013

Open to Public Inspection

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

Part I

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

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

Part II

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

1

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

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

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

Part III

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

1a

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

b

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

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

▶ \$ _____

(ii) Assets included in Form 990, Part X

▶ \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

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
- c Beginning balance

d Additions during the year

e Distributions during the year

f Ending balance

	Amount
1c	
1d	
1e	
1f	
- 2a Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes ☐ No
- b If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII

☐

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

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

- 2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as
- a Board designated or quasi-endowment ▶

b Permanent endowment ▶ 100 000 %

c Temporarily restricted endowment ▶
- The percentages in lines 2a, 2b, and 2c should equal 100%
- 3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by
- (i) unrelated organizations

(ii) related organizations

	Yes	No
3a(i)		No
3a(ii)	Yes	
3b	Yes	
- b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?
- 4 Describe in Part XIII the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. 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		45,035,117		45,035,117
b Buildings		317,305,092	232,453,787	84,851,305
c Leasehold improvements		14,819,159	11,365,374	3,453,785
d Equipment		295,744,963	238,941,797	56,803,166
e Other		8,116,664	326,478	7,790,186
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) ▶				197,933,559

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements	1	652,686,595
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	17,210,053
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	17,210,053
3	Subtract line 2e from line 1	3	635,476,542
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	27,776,492
c	Add lines 4a and 4b	4c	27,776,492
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)	5	663,253,034

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return. Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements	1	622,552,987
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII)	2d	
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	622,552,987
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	27,776,492
c	Add lines 4a and 4b	4c	27,776,492
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)	5	650,329,479

Part XIII Supplemental Information

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.

Return Reference	Explanation
PART XI, LINE 4B - OTHER ADJUSTMENTS	PROVISION FOR BAD DEBTS 27,776,492
PART XII, LINE 4B - OTHER ADJUSTMENTS	PROVISION FOR BAD DEBTS 27,776,492

[illegible]

SCHEDULE F
(Form 990)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

► Complete if the organization answered "Yes" to Form 990,
Part IV, line 14b, 15, or 16.
► Attach to Form 990. ► See separate instructions.
► Information about Schedule F (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public
Inspection

Name of the organization
THE VALLEY HOSPITAL INC

Employer identification number
22-1487307

Part I

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

- 1 For grantmakers. Does the organization maintain records to substantiate the amount of its grants and other assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☐ Yes ☐ No
- 2 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.
- 3 Activites per Region (The following Part I, line 3 table can be duplicated if additional space is needed)

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
(1) CAYMAN ISLANDS	0	0	INVESTMENT		120,000
(2)					
(3)					
(4)					
(5)					
3a Sub-total	0	0			120,000
b Total from continuation sheets to Part I	0	0			0
c Totals (add lines 3a and 3b)	0	0			120,000

Part II

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

1	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)
(1)									
(2)									
(3)									
(4)									

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

Part III

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

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) Amount of cash grant	(e) Manner of cash disbursement	(f) Amount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)
(1)							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							
(13)							
(14)							
(15)							
(16)							
(17)							
(18)							

Part IV Foreign Forms

- 1

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

☐ Yes

☒ No
- 2

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

☐ Yes

☒ No
- 3

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

☒ Yes

☐ No
- 4

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

☐ Yes

☒ No
- 5

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

☐ Yes

☒ No
- 6

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

☐ Yes

☒ No

Additional Data

Software ID:

Software Version:

EIN: 22-1487307

Name: THE VALLEY HOSPITAL INC

Part V **Supplemental Information**

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

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.
► Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
THE VALLEY HOSPITAL INC

Employer identification number
22-1487307

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a Yes	
b	If "Yes," was it a written policy?	1b Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year <div><input type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities</div>		
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care <div><input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ %</div> b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care <div><input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other _____ 50000 0000000000 %</div> 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	3a Yes	
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	No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c	
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)			11,322,709	837,502	10,485,207	1 760 %
b Medicaid (from Worksheet 3, column a)			3,132,508	1,585,389	1,547,119	0 260 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			14,455,217	2,422,891	12,032,326	2 020 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,584,569	109,685	1,474,884	0 250 %
f Health professions education (from Worksheet 5)			1,838,184	499,465	1,338,719	0 230 %
g Subsidized health services (from Worksheet 6)			2,504,540	1,305,017	1,199,523	0 200 %
h Research (from Worksheet 7)			4,237,275		4,237,275	0 710 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			374,416		374,416	0 060 %
j Total Other Benefits			10,538,984	1,914,167	8,624,817	1 450 %
k Total . Add lines 7d and 7j			24,994,201	4,337,058	20,657,143	3 470 %

Part II

Community Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					
2	Economic development		5,000		5,000	0 %
3	Community support		244,572	112,833	131,739	0 020 %
4	Environmental improvements		34,350		34,350	0 010 %
5	Leadership development and training for community members					
6	Coalition building					
7	Community health improvement advocacy					
8	Workforce development		453,204		453,204	0 080 %
9	Other					
10	Total		737,126	112,833	624,293	0 110 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

No

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

7,641,313

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

4,202,722

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

190,537,573

6

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

6

250,729,178

7

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

7

-60,191,605

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

9b

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, primary website address, and state license number

		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
	See Additional Data Table										

Part V

Facility Information (continued)

Section B. Facility Policies and Practices

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

THE VALLEY HOSPITAL

Name of hospital facility or facility reporting group

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A)

1

	Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1 Yes	
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>13</u>		
3 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3 Yes	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4 Yes	
5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5 Yes	
a <input checked="" type="checkbox"/> Hospital facility's website (list url) <u>WWW.VALLEYHEALTH.COM</u>		
b <input type="checkbox"/> Other website (list url) _____		
c <input type="checkbox"/> Available upon request from the hospital facility		
d <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)		
a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d <input type="checkbox"/> Participation in the execution of a community-wide plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input checked="" type="checkbox"/> Prioritization of health needs in its community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7 Yes	
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	No
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No	
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? If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000% If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care 500 000000000000% If "No," explain in Part VI the criteria the hospital facility used	11	Yes	
12	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	12	Yes	
a	<input checked="" type="checkbox"/> Income level			
b	<input type="checkbox"/> Asset level			
c	<input type="checkbox"/> Medical indigency			
d	<input type="checkbox"/> Insurance status			
e	<input checked="" type="checkbox"/> Uninsured discount			
f	<input checked="" type="checkbox"/> Medicaid/Medicare			
g	<input checked="" type="checkbox"/> State regulation			
h	<input type="checkbox"/> Residency			
i	<input type="checkbox"/> Other (describe in Part VI)			
13	Explained the method for applying for financial assistance?	13	Yes	
14	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	14	Yes	
a	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website			
b	<input type="checkbox"/> The policy was attached to billing invoices			
c	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e	<input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f	<input checked="" type="checkbox"/> The policy was available upon request			
g	<input type="checkbox"/> Other (describe in Part VI)			
Billing and Collections				
15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	15	Yes	
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a	<input type="checkbox"/> Reporting to credit agency			
b	<input checked="" type="checkbox"/> Lawsuits			
c	<input checked="" type="checkbox"/> Liens on residences			
d	<input type="checkbox"/> Body attachments			
e	<input type="checkbox"/> Other similar actions (describe in Section C)			
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 individual's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged	17	Yes	
a	<input type="checkbox"/> Reporting to credit agency			
b	<input checked="" type="checkbox"/> Lawsuits			
c	<input checked="" type="checkbox"/> Liens on residences			
d	<input type="checkbox"/> Body attachments			
e	<input type="checkbox"/> Other similar actions (describe in Section C)			

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 individuals regarding the individuals' bills
- d

☐

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

☐

Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

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

Part V

Facility Information (continued)

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

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

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

Part VI

Supplemental Information

Provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs 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

Form and Line Reference	Explanation
PART I, LINE 6A	THE HOSPITAL PREPARES AN ANNUAL COMMUNITY BENEFIT REPORT WHICH IS MAILED TO OUR SERVICE AREA COMMUNITY BENEFIT STATISTICS ARE ALSO REPORTED AT OUR ANNUAL MEETING, WHICH IS OPEN TO THE PUBLIC
PART I, LINE 7	THE COST TO CHARGE RATIO USED TO CALCULATE THE AMOUNTS IN THE TABLE WAS DERIVED FROM WORKSHEET 2, RATIO OF PATIENT CARE COST-TO-CHARGES

Form and Line Reference	Explanation
PART I, LINE 7G	THERE ARE NO SUBSIDIZED HEALTH SERVICES WHICH ARE ATTRIBUTABLE TO A PHYSICIAN CLINIC COSTS INCLUDED REPRESENT MEDICATION AND TRANSPORTATION FOR INDIGENT PATIENTS
PART II, COMMUNITY BUILDING ACTIVITIES	SEE STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

Form and Line Reference	Explanation
PART III, LINE 2	THIS IS THE TOTAL BAD DEBT EXPENSE FOR THE HOSPITAL DISCOUNTED BY THE RATIO OF PATIENT CARE COST TO CHARGES
PART III, LINE 3	THIS IS THE TOTAL BAD DEBT EXPENSE FOR PATIENTS ELIGIBLE FOR FINANCIAL ASSISTANCE DISCOUNTED BY THE RATIO OF PATIENT CARE COST TO CHARGES

Form and Line Reference	Explanation
PART III, LINE 4	THE AMOUNT OF THE PROVISION FOR BAD DEBT IS BASED UPON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS, BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN HEALTH CARE COVERAGE AND OTHER COLLECTION INDICATORS THE METHODOLOGY USED IS THE COST TO CHARGE RATIO, APPLIED ON A BASIS CONSISTENT WITH MEDICARE COST REPORTING PRINCIPLES
PART III, LINE 8	IN ADDITION TO CHARITY CARE, BAD DEBT, AND THE TREATMENT OF FINANCIALLY NEEDY PATIENTS UNDER THE MEDICAID PROGRAM, THE HOSPITAL PROVIDES SERVICES TO ELDERLY AND DISABLED PATIENTS COVERED UNDER THE MEDICARE PROGRAM REGARDLESS OF INCOME THE UNPAID COSTS ATTRIBUTED TO PROVIDING CARE UNDER THIS PROGRAM, AND THUS CONSIDERED A COMMUNITY BENEFIT, WERE ESTIMATED AT \$60 2 MILLION

Form and Line Reference	Explanation
PART III, LINE 9B	WHEN A PATIENT MAY QUALIFY FOR CHARITY CARE OR FINANCIAL ASSISTANCE, OUR SYSTEM IS SET UP TO STOP SENDING STATEMENTS TO PREVENT THEM FROM GOING TO A COLLECTION AGENCY WE ALSO HAVE THE ABILITY TO MANUALLY PUT AN ACCOUNT ON HOLD TO AVOID COLLECTION ACTIVITY AS WELL
PART VI, LINE 2	HOSPITAL STAFF REVIEWS ALL THE DISCHARGE DATA FROM THE STATE DOHSS TO DETERMINE WHAT THE MAJOR HEALTH ISSUES ARE IN THE COMMUNITY WE LOOK AT DISEASE SPECIFIC INCIDENCE RATES IN OUR COMMUNITY AND DEVELOP FORECASTS FOR WHAT HEALTH ISSUES ARE PROJECTED TO PLAGUE THE POPULATION IN THE FUTURE WE REVIEW CENSUS DATA TO MONITOR DEMOGRAPHIC SHIFTS AND WE CONDUCT QUALITATIVE RESEARCH (FOCUS GROUPS) TO ASSESS COMMUNITY FEEDBACK TO NEW PROGRAMS AND SERVICES WE DEVELOP OUR CORE SERVICES AROUND THE MAJOR HEALTH ISSUES IN THE COMMUNITY - THUS, THEY ARE MOSTLY IN THE AREA OF HEART AND VASCULAR DISEASE, ONCOLOGY (MEDICAL AND SURGICAL), NEUROLOGY (STROKE) AND WOMEN'S AND CHILDREN'S SERVICES (OB, NICU, PICU, MFM AND IVF)

Form and Line Reference	Explanation
PART VI, LINE 3	SIGNS ARE POSTED AT EVERY REGISTRATION AREA INFORMATION REGARDING FINANCIAL SCREENING IS POSTED ON THE HOSPITAL'S WEBSITE FOR CHARITY CARE AS WELL AS THE UNINSURED DISCOUNT POLICY PATIENTS CAN PRINT APPLICATIONS AND REQUIREMENTS FROM THE WEBSITE THE HOSPITAL'S STATEMENTS CONTAIN INFORMATION ALERTING PATIENTS OF FINANCIAL ASSISTANCE THE HOSPITAL'S HANDBOOKS EXPLAIN FINANCIAL OPTIONS WHICH INCLUDE INFORMATION OF STATE ASSISTANCE, DISCOUNT POLICY AND ANY OTHER TYPE OF FINANCIAL ARRANGEMENT
PART VI, LINE 4	THE PRIMARY AND SECONDARY SERVICE AREA OF THE VALLEY HOSPITAL IS COMPOSED OF 32 TOWNS IN NORTHWEST BERGEN AND PASSAIC COUNTIES THESE COMMUNITIES ACCOUNT FOR 70% OF ALL OUR DISCHARGES THE POPULATION IS 440,000 PEOPLE

Form and Line Reference	Explanation
PART VI, LINE 5	RENEWAL, WHICH IS BEING EVALUATED, IS ALL ABOUT MEETING THE HEALTH CARE NEEDS OF OUR COMMUNITY THE OLDEST BUILDING ON THE CAMPUS, PHILLIPS, WAS CONSTRUCTED IN 1960 IT HOUSES OVER 250 BEDS, MOST OF WHICH ARE IN SMALL, OUTDATED, SEMI-PRIVATE ROOMS THE PHYSICAL STRUCTURE CAN NO LONGER ACCOMMODATE THE EQUIPMENT AND TECHNOLOGY NEEDED TO DELIVER CARE, THUS OUR PLANS TO RENEW OUR CAMPUS ARE BASED IN OUR MISSION TO PROVIDE THE BEST QUALITY CARE TO THE RESIDENTS OF OUR COMMUNITY WHEN WE BUILT THE LUCKOW PAVILION IN PARAMUS, WE DID RESEARCH THAT INDICATED THE BEST WAY TO DELIVER CARE TO CANCER PATIENTS WAS TO LOCATE ALL SERVICES INTO ONE BUILDING THIS NOT ONLY PROVIDES A SERVICE TO THE PATIENT, IT IS GOOD MEDICINE AS THE MEDICAL ONCOLOGISTS, SURGICAL ONCOLOGISTS AND RADIATION ONCOLOGISTS CAN CONSULT EACH OTHER TO ENSURE THAT THE PATIENT IS RECEIVING THE MOST APPROPRIATE TREATMENT WE BUILT THE AMBULATORY SURGERY CENTER TO ADAPT TO THE CHANGING PRACTICE OF PERFORMING SURGERY ON A SAME DAY BASIS

Schedule J
(Form 990)

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, line 23.
▶ Attach to Form 990. ▶ See separate instructions.

▶ Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
THE VALLEY HOSPITAL INC

Employer identification number
22-1487307

Part I

Questions Regarding Compensation

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

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.

Return Reference	Explanation
PART I, LINES 4A-B	-THE FOLLOWING PERSONS RECEIVED PAYMENT FROM SERP PLAN DURING 2013 AUDREY MEYERS RECEIVED \$186,048, PETER DIESTEL RECEIVED \$26,473, GAIL CALLANDRILLO RECEIVED \$75,933 AND JEFFREY LIETO RECEIVED \$124,078 THESE AMOUNTS ARE TAXABLE AND ARE REPORTED ON PART II COLUMN F -PETER SCHWARTZ RECEIVED PAYMENT OF \$113,747 FROM EXECUTIVE BENEFIT PLAN DURING 2013 THIS AMOUNT IS TAXABLE AND REPORTED ON PART II COLUMN F -THE FOLLOWING PERSONS CONTRIBUTED IN 457(F) PLAN DURING 2013 AUDREY MEYERS CONTRIBUTED \$336,264, RICHARD KEENAN CONTRIBUTED \$891,960, GAIL CALLANDRILLO CONTRIBUTED \$148,741, ROBIN HOLLANDER CONTRIBUTED \$69,500, MITCHELL RUBINSTEIN CONTRIBUTED \$61,289, AND RUSSELL SHOWERS CONTRIBUTED 15,400 THESE CONTRIBUTIONS ARE INCLUDED IN PART II COLUMN C IN ADDITION TO 401(K)/457(B) CONTRIBUTIONS - JEFFERY LIETO RECEIVED A SEVERANCE PAYMENT OF \$27,886 IN 2013
PART I, LINE 7	BONUS IS BASED ON MANAGEMENT PERFORMANCE AND IS DETERMINED BY THE BOARD OF TRUSTEES BONUS CAN BE DEFERRED TO 457F PLAN AND 401K PLAN AND THUS IS NOT TAXABLE IN THE CURRENT YEAR

Additional Data

Software ID:

Software Version:

EIN: 22-1487307

Name: THE VALLEY HOSPITAL INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
AUDREY MEYERS PRESIDENT/CEO	(i) (ii)	564,225 0	775,584 0	256,021 0	359,256 0	19,823 0	1,974,909 0	186,048 0
RICHARD D KEENAN SR VP, FINANCE/CFO	(i) (ii)	351,464 0	0 0	59,619 0	912,948 0	21,289 0	1,345,320 0	0 0
MARIA MEDIAGO VP, FACILITIES MANAGEMENT	(i) (ii)	267,167 0	103,850 0	47,145 0	21,023 0	19,823 0	459,008 0	0 0
MEGAN FRASER VP, COMMUNICATIONS/MARKETIN	(i) (ii)	223,014 0	68,669 0	16,552 0	20,166 0	28,454 0	356,855 0	0 0
RUSSELL SHOWERS VP, HUMAN RESOURCES	(i) (ii)	254,944 0	82,351 0	15,817 0	31,179 0	8,035 0	392,326 0	0 0
ANN MARIE LEICHMAN VP/CNO, PATIENT CARE SERVIC	(i) (ii)	284,822 0	92,494 0	30,664 0	21,675 0	24,078 0	453,733 0	0 0
WILLIAM KLUTKOWSKI VP, FINANCE	(i) (ii)	228,597 0	33,554 0	24,972 0	20,251 0	26,578 0	333,952 0	0 0
ANASTASIOS KOZAITIS PRESIDENT, FOUNDATION	(i) (ii)	242,517 0	76,995 0	12,329 0	14,138 0	27,326 0	373,305 0	0 0
JULIA KARCHER VP, ADMINISTRATION	(i) (ii)	223,000 0	28,770 0	11,113 0	16,559 0	7,000 0	286,442 0	0 0
ROBIN G HOLLANDER SR VP, LEGAL SERVICES/GENERAL COUNSE	(i) (ii)	375,177 0	223,048 0	18,864 0	86,723 0	28,326 0	732,138 0	0 0
PETER W DIESTEL SR VP, ADMINISTRATION/COO	(i) (ii)	499,111 0	363,588 0	47,528 0	21,675 0	26,389 0	958,291 0	26,473 0
MITCHELL RUBINSTEIN VP, MEDICAL AFFAIRS	(i) (ii)	342,261 0	122,469 0	19,814 0	80,414 0	25,984 0	590,942 0	0 0
ERIC CAREY VP/CIO, INFORMATION SYSTEM	(i) (ii)	278,871 0	86,878 0	11,697 0	20,449 0	23,880 0	421,775 0	0 0
GAIL CALLANDRILLO VP, PLANNING/ GOV'T RELATIONS	(i) (ii)	134,539 0	119,240 0	93,026 0	170,251 0	27,024 0	544,080 0	75,933 0
PETER SCHWARTZ FORMER KEY EMPLOYEE	(i) (ii)	0 0	0 0	113,747 0	0 0	0 0	113,747 0	113,747 0
JEFFREY LIETO FORMER HIGHEST COMPENSATED EMPLOYEE	(i) (ii)	0 0	0 0	151,964 0	0 0	0 0	151,964 0	124,078 0

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
THE VALLEY HOSPITAL INC

Employer identification number
22-1487307

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11	
FORM 990, PART VI, SECTION B, LINE 12C	THE VALLEY HOSPITAL, INC HAS A CONFLICT OF INTEREST POLICY THAT APPLIES TO ALL OF THE MEMBERS OF MANAGEMENT AND BOARD MEMBERS ANNUALLY, THE BOARD MANDATES THAT ALL MEMBERS OF MANAGEMENT AND BOARD MEMBERS SIGN A CONFLICT OF INTEREST POLICY AND DISCLOSE ANY POTENTIAL OR ACTUAL CONFLICTS THAT MAY EXIST IF A CONFLICT OF INTEREST EXISTS, THE HOSPITAL WILL NOTIFY MANAGEMENT AND OR BOARD MEMBERS AND INVESTIGATE THE POTENTIAL CONFLICT THE INTEREST PERSON MUST LEAVE THE BOARD OR COMMITTEE MEETING WHILE A DISCUSSION REGARDING THE POTENTIAL CONFLICT OF INTEREST IS DISCUSSED UPON THE REMAINING BOARD OR COMMITTEE MEMBERS WILL DECIDE IF A CONFLICT OF INTEREST EXISTS IF IT IS DETERMINED THAT A CONFLICT EXISTS THE MEMBERS OF MANAGEMENT OR THE BOARD WILL BE NOTIFIED IMMEDIATELY AND WILL NOT BE ALLOWED TO VOTE OR BE PART OF ANY DECISIONS ABOUT SUCH MATTERS THIS PROCESS IS RECORDED IN THE MINUTES OF THE BOARD MEETINGS
FORM 990, PART VI, SECTION B, LINE 15	THE HOSPITAL HAS ESTABLISHED A POLICY FOR COMPENSATION OF ITS OFFICERS, TOP MANAGEMENT AND KEY EMPLOYEES THE POLICY MANDATES THAT COMPENSATION FOR ITS OFFICERS, TOP MANAGEMENT AND KEY EMPLOYEES, BE PERIODICALLY REVIEWED BY THE EXECUTIVE COMPENSATION COMMITTEE OF THE BOARD OF TRUSTEES FREE OF ANY MEMBERS WITH CONFLICTS OF INTEREST RELATED THERETO THE COMMITTEE DETERMINES THAT THE EXECUTIVES ARE BEING PAID AN APPROPRIATE LEVEL OF COMPENSATION BY USING COMPARATIVE DATA FOR SIMILARLY QUALIFIED PERSONS IN FUNCTIONALLY COMPARABLE POSITIONS AT SIMILARLY SITUATED ORGANIZATIONS COMPENSATION DECISION ON THE AMOUNT OF COMPENSATION PAID AND TERM IS ADEQUATELY DOCUMENTED IN A CONTEMPORANEOUSLY WRITTEN FORMAT THIS PROCESS WAS LAST UNDERTAKEN IN OCTOBER 2013
FORM 990, PART VI, SECTION C, LINE 19	THE HOSPITAL MAKES ITS FORM 990 AVAILABLE FOR PUBLIC INSPECTION AS REQUIRED UNDER SECTION 6104 OF THE INTERNAL REVENUE CODE BY POSTING OF THE RETURN ON GUIDESTAR.ORG AND SIMILAR TYPES OF WEBSITES IN ADDITION FORM 990 AS WELL AS THE FINANCIAL STATEMENTS AND CONFLICT OF INTEREST POLICY AND OTHER RELEVANT DOCUMENTS ARE AVAILABLE UPON REQUEST AT 223 NORTH VAN DYKEN AVENUE, RIDGEWOOD, NJ 07450
FORM 990, PART XI, LINE 9	CHANGE IN ACCRUED PENSION LIABILITY TO BE RECOGNIZED IN FUTURE PERIODS 79,097,824 CHANGE IN ASSETS HELD BY VALLEY HOSPITAL FOUNDATION 6,716,902
FORM 990, PART XII, LINE 2C	THE PROCESS FOR SELECTING AN INDEPENDENT ACCOUNTANT AND ESTABLISHING A COMMITTEE THAT ASSUMES RESPONSIBILITY FOR OVERSIGHT OF THE AUDIT HAS NOT CHANGED FROM PRIOR YEARS

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
THE VALLEY HOSPITAL INC

Employer identification number
22-1487307

Part I Identification of Disregarded Entities

Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) 555 MAPLE ACQUISITION LLC 223 NORTH VAN DIEN AVENUE RIDGEWOOD, NJ 07450 45-3070365	REAL ESTATE HOLDINGS	DE	0	8,110,000	THE VALLEY HOSPITAL INC
(2) 599 PARAMUS ACQUISITION LLC 223 NORTH VAN DIEN AVENUE RIDGEWOOD, NJ 07450 46-0985392	REAL ESTATE HOLDINGS	DE	323,108	12,534,400	THE VALLEY HOSPITAL INC
(3) 620 WINTERS AVENUE LLC 223 NORTH VAN DIEN AVENUE RIDGEWOOD, NJ 07450	REAL ESTATE HOLDINGS	DE	0	0	THE VALLEY HOSPITAL INC
(4) 1200 EAST RIDGEWOOD LLC 223 NORTH VAN DIEN AVENUE RIDGEWOOD, NJ 07450 46-4115513	REAL ESTATE HOLDINGS	DE	338,078	27,900,000	THE VALLEY HOSPITAL INC

Part II Identification of Related Tax-Exempt Organizations

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) VALLEY HEALTH SYSTEM INC 223 NORTH VAN DIEN AVENUE RIDGEWOOD, NJ 07450 22-2922016	PROVIDES MANAGEMENT & PLANNING SERVICES FOR ITS MEMBERS	NJ	501(C)(3)	LINE 3	N/A		No
(2) VALLEY MEDICAL SERVICES INC 223 NORTH VAN DIEN AVENUE RIDGEWOOD, NJ 07450 22-3260998	PROVIDES CERTAIN MEDICAL CARE TO PATIENTS INCL PEDIATRIC & NEONATAL SERVICES	NJ	501(C)(3)	LINE 3	THE VALLEY HOSPITAL INC	Yes	
(3) VALLEY PHYSICIAN SERVICES INC 15 ESSEX ROAD PARAMUS, NJ 07652 32-0041186	PROVIDES MEDICAL CARE TO CARRYOUT THE PURPOSE OF THE VALLEY HEALTH SYSTEM	NJ	501(C)(3)	LINE 3	THE VALLEY HOSPITAL INC	Yes	
(4) VALLEY HOME CARE INC 15 ESSEX ROAD PARAMUS, NJ 07652 22-3208480	PROVIDES REHABILITATION VISITS AND HOME HEALTH AIDS VISITS TO PATIENTS	NJ	501(C)(3)	LINE 9	VALLEY HEALTH SYSTEM INC		No
(5) THE VALLEY HOSPITAL FOUNDATION INC 223 NORTH VAN DIEN AVENUE RIDGEWOOD, NJ 07450 22-2324554	SOLICIT,RECEIVE AND APPLY CONTRIBUTIONS FOR THE BENEFIT OF THE HOSPITAL	NJ	501(C)(3)	LINE 7	VALLEY HEALTH SYSTEM INC		No

Part III

Identification of Related Organizations Taxable as a Partnership

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

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

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) VALLEY HEALTH MEDICAL GROUP INC 15 ESSEX ROAD PARAMUS, NJ 07652 22-3475233	OPERATES URGENT/PRIMARY CARE CLINICS	NJ	VALLEY HEALTH SYSTEM INC	C					No
(2) VALLEY HEALTH MEDICAL GROUP NJPC 15 ESSEX ROAD PARAMUS, NJ 07652 22-3475166	OPERATES URGENT/PRIMARY CARE CLINICS	NJ	N/A	C					No
(3) VALLEY PHYSICIAN SERVICE NY PC 15 ESSEX ROAD PARAMUS, NJ 07652 45-3125678	OPERATES URGENT/PRIMARY CARE CLINICS	NY	VALLEY HEALTH SYSTEM INC	C					No
(4) VHS INSURANCE COMPANY LTD 010 MAIN STREET CAYMAN ISLANDS CJ 98-0408200	PROVIDES PROFESSIONAL, MEDICAL AND COMMERCIAL GENERAL LIABILITY INSURANCE	CJ	THE VALLEY HOSPITAL INC	C		48,390,260	100 000 %	Yes	

Part V

Transactions With Related Organizations

Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

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

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

a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

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

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

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

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

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

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

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

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

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

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

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

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

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

1s

No

No

No

No

No

No

No

No

No

Yes

No

No

Yes

No

Yes

No

Yes

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 related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) VALLEY MEDICAL SERVICES INC	Q	1,053,887	
(2) VALLEY PHYSICIAN SERVICES INC	Q	1,552,830	
(3) VHS INSURANCE COMPANY LTD	R	6,596,000	

Schedule R (Form 990) 2013

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

[illegible]

Part VII

Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation
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Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

TY 2013 Category 3 filer statement

Name: THE VALLEY HOSPITAL INC

EIN: 22-1487307

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

TY 2013 Itemized Other Assets Schedule

Name: THE VALLEY HOSPITAL INC

EIN: 22-1487307

Corporation Name	Corporation EIN	Other Assets Description	Beginning Amount	Ending Amount
VHS INSURANCE COMPANY LTD	98-0408200	SECURITIES AVAILABLE FOR SALE	29,094,339	32,024,678

TY 2013 Itemized Other Current Assets Schedule**Name:** THE VALLEY HOSPITAL INC**EIN:** 22-1487307

Corporation Name	Corporation EIN	Other Current Assets Description	Beginning Amount	Ending Amount
VHS INSURANCE COMPANY LTD	98-0408200	SECURITIES AVAILABLE FOR SALE	11,636,221	15,803,661
VHS INSURANCE COMPANY LTD	98-0408200	INTEREST RECEIVABLE	211,214	178,320
VHS INSURANCE COMPANY LTD	98-0408200	PREPAID EXPENSES		10,366

TY 2013 Other Deductions Schedule**Name:** THE VALLEY HOSPITAL INC**EIN:** 22-1487307

Description	Foreign Amount (should only be used when attached to 5471 Schedule C Line 16)	Amount
PROFESSIONAL FEES		39,211
MANAGEMENT FEES		51,188
REGISTERED OFFICE FEES		1,600
MEETING EXPENSES		14,858
GOVERNMENT FEES		11,220
INVESTMENT MANAGEMENT FEES		13,229
OTHER EXPENSES		4,599
EXPENSES ALLOCATED TO DEPOSIT LIAB.		-135,905

TY 2013 Itemized Other Liabilities Schedule**Name:** THE VALLEY HOSPITAL INC**EIN:** 22-1487307

Corporation Name	Corporation EIN	Other Liabilities Description	Beginning Amount	Ending Amount
VHS INSURANCE COMPANY LTD	98-0408200	DEPOSIT LIABILITY	41,057,701	48,219,810

TY 2013 Other Income Statement**Name:** THE VALLEY HOSPITAL INC**EIN:** 22-1487307

Description	Foreign Amount	Amount
CHANGE IN UNREALIZED GAIN ON SECURI		897,599
REVENUE ALLOCATED TO DEPOSIT LIAB.		-1,541,902
REALIZED LOSS ON SALE OF SECURITIES		-289,820

The Valley Hospital

Financial Statements and
Supplementary Information

December 31, 2013 and 2012



The Valley Hospital

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December 31, 2013 and 2012

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Independent Auditors' Report

Board of Trustees
The Valley Hospital

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Valley Hospital and affiliated companies (collectively, the "Organization"), which comprise the consolidated balance sheet as of December 31, 2013, and the related consolidated statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of Valley Medical Services, Inc., Valley Physician Services, Inc. and VHS Insurance Company, Ltd., for which the Valley Hospital is the sole member, which statements reflect combined total assets of \$74.5 million as of December 31, 2013, and combined total revenues of \$57.1 million for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included for Valley Medical Services, Inc., Valley Physician Services, Inc., and VHS Insurance Company, Ltd., is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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, based on our audit and the report of the other auditors, the 2013 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2013, and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

Other Matter

The consolidated financial statements of the Organization as of December 31, 2012, were audited by other auditors whose reports were dated June 27, 2013 expressed an unmodified opinion on those financial statements and supplementary information

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information included in the consolidating balance sheet as of December 31, 2013 and consolidating statement of operations and changes in net assets for the year then ended is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in cursive script that reads "ParenteBeard LLC".

Clark, New Jersey
June 26, 2014

The Valley Hospital

Consolidated Balance Sheet
December 31, 2013 and 2012
(In Thousands)

	2013	2012		2013	2012
Assets			Liabilities and Net Assets		
Current Assets			Current Liabilities		
Cash and cash equivalents	\$ 8,937	\$ 7,858	Accounts payable	\$ 26,463	\$ 20,796
Accounts receivable, less allowance for doubtful accounts of \$72,481 in 2013 and \$68,319 in 2012	66,829	64,304	Accrued salaries and related benefits	54,925	47,143
Prepaid expenses	14,000	11,071	Other accrued expenses	6,617	5,262
Supplies and other current assets	7,837	15,721			
Total current assets	97,603	98,954	Total current liabilities	88,005	73,201
Assets Whose Use is Limited			Estimated Professional Liability	23,202	20,698
Board designated	484,866	440,298	Amounts Due to Third-party Payors and Other Liabilities	66,122	60,593
Insurance company-held funds	48,390	41,242	Accrued Pension Liability	-	36,584
Donor restricted investments	6,465	6,457			
Property and Equipment, Net	254,277	220,798	Total liabilities	177,329	191,076
Other Assets	29,854	26,002	Net Assets		
Accrued Pension Asset	36,190	-	Unrestricted	809,812	665,462
Assets Held by Related Organization	35,961	29,244	Temporarily restricted	2,036	2,028
			Permanently restricted	4,429	4,429
			Total net assets	816,277	671,919
Total assets	\$ 993,606	\$ 862,995	Total liabilities and net assets	\$ 993,606	\$ 862,995

See notes to financial statements

The Valley Hospital

Consolidated Statement of Operations and Changes in Net Assets

Years Ended December 31, 2013 and 2012

(In Thousands)

	<u>2013</u>	<u>2012</u>
Unrestricted Revenues		
Patient service revenues	\$ 685,351	\$ 640,277
Provision for bad debts	<u>(35,578)</u>	<u>(28,636)</u>
Net patient service revenue less provision for bad debts	649,773	611,641
Other revenues	<u>17,749</u>	<u>13,316</u>
Total unrestricted revenues	<u>667,522</u>	<u>624,957</u>
Expenses		
Salaries and wages	312,465	286,202
Employee benefits	70,336	67,046
Medical fees	4,600	5,108
Other expenses	208,818	192,458
Depreciation	<u>35,883</u>	<u>32,713</u>
Total expenses	<u>632,102</u>	<u>583,527</u>
Operating income before other items and special projects	35,420	41,430
Other Items and Special Projects	<u>4,515</u>	<u>26,287</u>
Operating income	39,935	67,717

See notes to financial statements

The Valley Hospital

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

Years Ended December 31, 2013 and 2012

(In Thousands)

	2013	2012
Income from operations	\$ 39,935	\$ 67,717
Non-operating gains	7,180	12,115
Change in unrealized gains on investments	17,210	10,341
Revenues in excess of expenses	64,325	90,173
Other Changes in Unrestricted Net Assets		
Change in accrued pension liability to be recognized in future periods	79,098	(10,171)
Net changes in assets held by related organization and net asset transfers to / from affiliated entities	927	5,014
Increase in unrestricted net assets	144,350	85,016
Increase in temporarily restricted net assets	8	25
Increase in net assets	144,358	85,041
Net assets at beginning of year	671,919	586,878
Net assets at end of year	<u>\$ 816,277</u>	<u>\$ 671,919</u>

See notes to financial statements

The Valley Hospital

Consolidated Statement of Cash Flows
Years Ended December 31, 2013 and 2012
(In Thousands)

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities		
Increase in net assets	\$ 144,358	\$ 85,041
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	36,982	32,650
Provision for bad debts	35,578	28,636
Change in assets held by related organization	(6,717)	(2,759)
Change in accrued pension liability to be recognized in future periods	(79,098)	10,171
Net realized losses	3,542	1,103
Change in unrealized gains on investments	(17,210)	(10,341)
Changes in assets and liabilities		
Accounts receivable	(38,103)	(33,218)
Prepaid expenses, supplies and other current assets	4,955	(2,641)
Other assets	(3,852)	(6,183)
Accounts payable and other current liabilities	14,804	810
Accrued pension asset/liability	6,324	(20,045)
Estimated professional liability	2,504	2,498
Amounts due to third-party payors and other liabilities	5,529	5,116
Net cash provided by operating activities	<u>109,596</u>	<u>90,838</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	(70,461)	(46,414)
Net purchases of limited use assets	<u>(38,056)</u>	<u>(42,851)</u>
Net cash used in investing activities	<u>(108,517)</u>	<u>(89,265)</u>
Increase in Cash and Cash Equivalents	1,079	1,573
Cash and Cash Equivalents, Beginning	<u>7,858</u>	<u>6,285</u>
Cash and Cash Equivalents, Ending	<u>\$ 8,937</u>	<u>\$ 7,858</u>

See notes to financial statements

The Valley Hospital

Notes to Consolidated Financial Statements
December 31, 2013 and 2012

1. Organization and Summary of Significant Accounting Policies

Organization

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

Principles of Consolidation

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

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period There is at least a reasonable possibility that certain estimates will change by material amounts in the near term Actual results could differ from those estimates

Cash Equivalents

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

The Corporation has balances in these financial institutions that exceed federal depository insurance limits Management does not believe the credit risk related to these deposits to be significant

Investments

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

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

Alternative investments (nontraditional, not readily marketable securities) consist of event-driven funds, multi-strategy hedge funds, emerging market debt funds, and global hedge funds. Alternative investment interests generally are structured such that the noncontributory, defined benefit pension plan (the "Plan") holds a limited partnership interest or an interest in an investment management company. The Plan's ownership structure does not provide for control over the related investees and the Plan's financial risk is limited to the carrying amount reported for each investee, in addition to any unfunded capital commitment. The Plan has no future funding commitments for alternative investments at December 31, 2013.

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

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

The Valley Hospital

Notes to Consolidated Financial Statements **December 31, 2013 and 2012**

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

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

Limited Use Assets

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

Accounts Receivable

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

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

Supplies

Supplies are carried at the lower of cost (first-in, first-out method) or market. Supplies totaling approximately \$4.3 million and \$4.8 million are included in supplies and other current assets in the consolidated balance sheets at December 31, 2013 and 2012, respectively.

Property and Equipment

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

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

The Valley Hospital

Notes to Consolidated Financial Statements **December 31, 2013 and 2012**

Donor-Restricted Gifts

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

Deferred Compensation

Certain Hospital employees participate in deferred compensation plans. In connection with these plans, the Hospital deposits amounts with trustees on behalf of the participating employees. The assets are restricted for payments under the plans, but may revert to the Hospital in the event of a bankruptcy filing. At December 31, 2013 and 2012, amounts on deposit with trustees were equal to liabilities under the plans and aggregated \$25.3 million and \$20.9 million, respectively. Investments consist of mutual funds and are reported at fair value based upon quoted market price. Amounts on deposit are recorded in other assets and liability amounts are included in amounts due to third-party payors and other liabilities in the accompanying consolidated balance sheets.

The investments held by the trustees are classified as trading securities. For the years ended December 31, 2013 and 2012, the Hospital recorded investment income related to deferred compensation of \$3.8 million and \$2.0 million, respectively, as other revenue. Changes to the deferred compensation liability are recorded in employee benefits expense.

Classification of Net Assets

The Organization separately accounts for and reports donor restricted and unrestricted net assets. Temporarily restricted net assets are those whose use is temporarily limited by the donor. Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity. The Hospital recognizes its accumulated interest in the net assets of the Valley Hospital Foundation, Inc. ("Foundation") as assets held by a related organization in the accompanying consolidated balance sheets. Changes in the Hospital's interest in the net assets of the Foundation are reported in the accompanying consolidated statements of operations and changes in net assets. The net assets held by the Foundation on behalf of the Hospital are temporarily restricted for health care services and capital expenditures.

Self-Insured Health Benefits

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

The Valley Hospital

Notes to Consolidated Financial Statements **December 31, 2013 and 2012**

The System, Hospital, VMS and VPS are co-borrowers on a \$1 0 million irrevocable standby letter of credit with a bank for self-insured workers' compensation coverage. The letter of credit expires on March 31, 2015.

Medical Malpractice Insurance

The Organization participates in the VHSIC malpractice program. The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported. The Organization records the actuarially determined liabilities for incurred but not reported professional and general liabilities. Amounts deposited are based on actuarially determined funding requirements and are included in limited use assets. Anticipated insurance recoveries associated with reported claims are reported separately in the Hospital's balance sheet at net realizable value.

Net Patient Service Revenue

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

Functional Expenses

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

Revenues in Excess of Expenses

The consolidated statement of operations includes the determination of revenues in excess of expenses. Changes in unrestricted net assets which are excluded from the determination of revenues in excess of expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, pension liability adjustment, permanent transfers of assets to and from subsidiaries for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Income Taxes

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

The Valley Hospital

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Reclassifications

Certain reclassifications have been made to 2012 balances previously reported to conform to the current year presentation

Subsequent Events

The Organization has evaluated the impact of subsequent events through June 26, 2014, representing the date at which the consolidated financial statements were available to be issued. No subsequent events have occurred that require disclosure or adjustment to the consolidated financial statements.

2. Charity Care

The Hospital provides care to patients who meet certain criteria defined by the New Jersey Department of Health and Senior Services ("DOH") without charge or at amounts less than its established rates. Because the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The cost of providing these services and supplies to patients who meet the charity care eligibility requirements was estimated using a ratio of cost to charges and approximated \$12.8 million and \$11.3 million, respectively, for the years ended December 31, 2013 and 2012.

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

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

The Hospital receives revenue through the State of New Jersey Charity Care Subsidy Fund. Reported as other revenue, the amount received totaled \$0.8 million and \$0.6 million respectively, for the years ended December 31, 2013 and 2012.

3. Hospital Reimbursement Systems

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

Medicare: The Hospital is paid for most Medicare inpatient and outpatient services under the national prospective payment system and other methodologies of the Medicare program for certain other services. Federal regulations provide for certain adjustments to current and prior years' payment rates, based on industry-wide and hospital-specific data. Medicare cost reports of the Hospital have been audited and settled for years through 2006 at December 31, 2013.

The Valley Hospital

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

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

The Hospital has appealed certain items in audited cost reports. The outcome of these appeals is uncertain and, therefore, potential revenue associated with these appeals is not included within the accompanying consolidated statements of operations. There are various proposals at the federal and state levels that could, among other things, significantly reduce payment rates or modify payment methods. The ultimate outcome of these proposals and other market changes, including the potential effects of health care reform that has been enacted by the federal government, cannot presently be determined. Future changes in the Medicare and Medicaid programs and any reduction of funding could have an adverse impact on the System.

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

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

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

	2013	2012
Gross charges	\$ 1,914,972	\$ 1,913,095
Contractual and other allowances	(1,287,344)	(1,304,298)
Net patient service revenue	\$ 627,628	\$ 608,797

The Valley Hospital

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts, and a provision for bad debts, for potential unattainable amounts due from the third party payor, as well as expected uncollectible deductibles and copayments on accounts for which the third party payor has not yet paid.

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

During 2013 and 2012 approximately \$22.4 million and \$21.5 million, respectively, was written off as bad debt with \$10.0 million and \$9.3 million, respectively, related to patients' balances after insurance.

During the years ended December 31, 2013 and 2012, approximately \$15.1 million and \$23.6 million, respectively, of successful appeal settlements and favorable changes to estimated third-party payor settlement estimates were recorded as an increase to other items and special projects. See Note 10.

The percentages of net patient service revenue received from various third-party payors and patients were as follows for the years ended December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Medicare and Medicaid	30 %	34 %
Managed care	66	61
Commercial and other	<u>4</u>	<u>5</u>
	<u>100 %</u>	<u>100 %</u>

In addition, net patient service revenue includes amounts related to VMS and VPS of \$57.7 million and \$31.5 million for the years ended December 31, 2013 and 2012, respectively.

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

The Valley Hospital

Notes to Consolidated Financial Statements
December 31, 2013 and 2012

4. Assets Whose Use is Limited

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

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	\$ 8,085	\$ 6,841
Equity securities	10,294	8,241
Pooled/collective investment funds	105,708	83,262
U S government obligations and government secured obligations	237,841	240,043
Corporate bonds	165,740	140,882
Alternative investments	10,134	6,232
	<u>537,802</u>	<u>485,501</u>
Accrued interest receivable	<u>1,919</u>	<u>2,496</u>
Total	<u>\$ 539,721</u>	<u>\$ 487,997</u>

Unrealized gains and losses represent the change in the difference between cost and fair value of the limited use assets. For the years ended December 31, 2013 and 2012, the change in net unrealized gains and losses was \$17.2 million and \$10.3 million, respectively.

Investment income consists of the following (in thousands).

	<u>2013</u>	<u>2012</u>
Included in non-operating gains and losses (Note 15)	\$	\$
Interest and dividend income	8,559	9,294
Realized (losses) gains on sales of securities	<u>(3,542)</u>	<u>(1,103)</u>
Total	<u>\$ 5,017</u>	<u>\$ 8,191</u>

The Valley Hospital

Notes to Consolidated Financial Statements
December 31, 2013 and 2012

5. Property and Equipment

A summary of property and equipment as follows (in thousands).

	<u>2013</u>	<u>2012</u>
Land	\$ 45,035	\$ 35,870
Land improvements	14,819	14,816
Building	365,849	339,859
Equipment and furnishings	305,814	274,969
	<u>731,517</u>	<u>665,514</u>
Less accumulated depreciation	<u>485,357</u>	<u>449,457</u>
	246,160	216,057
Construction in progress	<u>8,117</u>	<u>4,741</u>
Property and equipment, net	<u>\$ 254,277</u>	<u>\$ 220,798</u>

Depreciation expense for the years ended December 31, 2013 and 2012 totaled \$37.0 million and \$33.8 million, respectively. Included in these amounts are \$1.1 million in 2013 and 2012, which are included in special projects (see Note 10).

During 2013, the Hospital entered into a commitment to upgrade the integrated accounting information system to Meditech 6.0. The estimated cost of the project is \$34 million.

6. Temporarily and Permanently Restricted Net Assets

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

	<u>2013</u>	<u>2012</u>
Health care services	\$ 1,453	\$ 1,422
Health education	<u>583</u>	<u>606</u>
Total	<u>\$ 2,036</u>	<u>\$ 2,028</u>

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

The Valley Hospital

Notes to Consolidated Financial Statements December 31, 2013 and 2012

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

The Hospital has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the endowment funds while seeking to maintain the purchasing power of the funds. To satisfy long-term return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Hospital employs a long-term equity oriented strategy of investing in both traditional and alternative asset classes.

7. Related Party Transactions

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

	2013	2012
Valley Health System, Inc	\$ 639	\$ 593
Valley Hospital Foundation, Inc	261	(56)
Valley Physician Services, NY	246	1,420
Total	\$ 1,146	\$ 1,957

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

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

For the years ended December 31, 2013 and 2012, the Hospital reported approximately \$1.3 million and \$7.1 million, respectively, in the accompanying consolidated statements of operations and changes in net assets for contributions received from the Foundation. These contributions included both equipment reimbursements and other unrestricted funds.

The Valley Hospital

Notes to Consolidated Financial Statements December 31, 2013 and 2012

The Hospital reported \$36.0 million and \$29.2 million at December 31, 2013 and 2012, respectively, for its accumulated interest in net assets of the Foundation as assets held by related organization in the accompanying consolidated balance sheets. Changes in the Hospital's interest in the net assets of \$6.7 million and \$2.7 million for the years ended December 31, 2013 and 2012, respectively, are reported within changes in related party transactions in the accompanying consolidated statements of operations and changes in net assets.

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

8. Pension Plans

Defined Benefit Plan

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

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

Included in unrestricted net assets are \$61.4 million and \$140.5 million of unrecognized actuarial losses that have not been recognized in net periodic pension cost at December 31, 2013 and 2012, respectively. Approximately \$17.1 million of these unrecognized actuarial losses are expected to be recognized in net periodic pension cost during the year ending December 31, 2014.

The Valley Hospital

Notes to Consolidated Financial Statements December 31, 2013 and 2012

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

	2013	2012
Change in benefit obligation		
Benefit obligation, beginning of year	\$ 372,576	\$ 332,156
Interest cost	15,433	15,585
Actuarial (gain) loss	(33,363)	33,509
Benefits paid	(9,786)	(8,674)
Settlements	(32,389)	-
Benefit obligation, end of year	312,471	372,576
Change in plan assets		
Fair value of plan assets, beginning of year	335,992	285,698
Actual return on plan assets	49,444	31,968
Employer contribution	5,400	27,000
Benefits paid (Annuity)	(9,786)	(8,674)
Benefits paid (Lump Sum)	(32,389)	-
Fair value of plan assets, end of year	348,661	335,992
Funded status	<u>\$ 36,190</u>	<u>\$ (36,584)</u>

Effective January 1, 2013, an amendment was adopted to offer lump sums to terminated vested participants whose present values were less than \$50,000 as of July 1, 2013. Effective September 1, 2013, an amendment was adopted to offer lump sums to all terminated vested participants as of December 1, 2013. The impact was to decrease the benefit obligation for lump sum payments of \$32.4 million.

At December 31, 2013 and 2012, the funded status of the Plan is reported in the consolidated balance sheets as a noncurrent asset and liability, respectively. The accumulated benefit obligation for the Hospital's Plan totaled approximately \$312.5 million and \$372.6 million at December 31, 2013 and 2012, respectively.

The discount rate used in determining the accumulated benefit obligation was 4.90% and 4.20% at December 31, 2013 and December 31, 2012, respectively.

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

	2013	2012
Interest cost	\$ 15,433	\$ 15,585
Expected return on assets	(20,848)	(18,535)
Recognized actuarial loss	10,770	9,905
Net periodic pension cost	<u>\$ 5,355</u>	<u>\$ 6,955</u>

During December 31, 2013 there were settlement costs of \$6.4 million for a total cost of \$11.7 million for the year ended December 31, 2013.

The Valley Hospital

Notes to Consolidated Financial Statements December 31, 2013 and 2012

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

	<u>2013</u>	<u>2012</u>
Discount rate	4.20 %	4.75 %
Expected long-term rate of return on market-related plan assets	6.25	6.50

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

<u>Asset Category</u>	<u>Plan assets at December 31</u>		<u>Target Allocation</u>
	<u>2013</u>	<u>2013</u>	
Equity securities	54 %	54 %	50-70 %
Fixed income	32	32	30-50
Alternative investments	14	12	0
Other	-	2	0
Total	<u>100 %</u>	<u>100 %</u>	

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

The assets of the Plan are managed in accordance with ERISA. Plan assets are measured at fair value and consist of cash and cash equivalents, collective investment funds, and alternative investments. Cash and cash equivalents and collective funds are reported at fair value in accordance with the policies discussed in Note 1. Collective investment funds underlying securities primarily consist of equity and fixed income securities. Refer to Note 11 for fair value measurement information related to the defined benefit plan asset categories noted above.

The Hospital does not expect to contribute to the Plan during 2014. The Plan did not have a minimum required contribution for 2013. The Hospital's actual contribution for 2013 was \$5.4 million. The amount of this contribution above the minimum requirement is discretionary.

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

2014	\$ 11,007
2015	11,941
2016	13,011
2017	14,026
2018	15,114
Thereafter	88,687

The Valley Hospital

Notes to Consolidated Financial Statements December 31, 2013 and 2012

On May 6, 2014, MetLife issued a single-premium non-participating group annuity contract covering the benefits for the retirees of the Retirement Plan for Employees of the Valley Hospital in return for total consideration of approximately \$120 million. Under the contract, MetLife will take over monthly payments for all retirees who will have commenced monthly benefits from the plan as of July 1, 2014

401(k) Retirement Savings Plan

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

All employees of the Organization who have attained the age of 21, completed one year of service and have at least 1,000 hours of service are eligible to participate. Employees may contribute 1% to 25% of their salary on a pretax basis, not to exceed Internal Revenue Service limitations of \$17,500 and \$17,000 in 2013 and 2012, respectively. All employee pretax contributions are 100% vested. Prior to January 1, 2010, the Organization contributed 2% of the employee's base compensation and it matched up to 2% of the employee's contribution.

Effective January 1, 2010, the Hospital introduced a new formula under the 401(k) plan to determine the basic contribution percentage that will be provided to each employee in the Organization. Using a points scale system, every employee will be credited with one point for each full year of credited service (a calendar year with 1,000 hours of service), as well as one point for each full year of employee's age. Basic contributions range from 1% to 6% based on points. Additionally, the Hospital will match 100% of the first 3.5% employee contribution on top of the basic contribution. The Organization contributed \$16.0 million and \$16.1 million for 2013 and 2012, respectively.

9. Concentrations of Credit Risk

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

	<u>2013</u>	<u>2012</u>
Blue Cross	21 %	17 %
Medicare and Medicaid	22	23
Commercial	11	12
Managed care	32	27
Self-pay	14	21
	<u>100 %</u>	<u>100 %</u>

The Valley Hospital

Notes to Consolidated Financial Statements
December 31, 2013 and 2012

10. Other Items and Special Projects

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

	<u>2013</u>	<u>2012</u>
Offsite properties	\$ (2,922)	\$ (2,742)
Changes to prior year allowances and reimbursement estimates	15,524	23,551
Strategic initiatives and other nonrecurring items	<u>(8,087)</u>	<u>5,478</u>
Total	<u>\$ 4,515</u>	<u>\$ 26,287</u>

Included within strategic initiatives and other nonrecurring items is proceeds from the sale of an offsite dialysis center during 2012

11. Fair Value Measurements

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

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

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

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

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

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

The Valley Hospital

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Financial instruments (included in cash and cash equivalents, limited use assets (excluding amounts accounted for using the equity method of accounting), deferred compensation assets, and defined benefit plan assets,), carried at fair value as of December 31, 2013 are classified in the table below in one of the three categories described above (in thousands)

	2013			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 8,443	\$ -	\$ -	\$ 8,443
Equity Securities	10,294	-	-	10,294
Fixed Income				
Mortgage backed securities	-	68,768	-	68,768
U S Treasuries	169,072	-	-	169,072
Corporate bonds	-	134,743	-	134,743
Loomis Sayles Mutual Fund	43,401	-	-	43,401
Equity Mutual Funds				
Deferred Comp Mutual Funds	24,883	-	-	24,883
MSCI ACWI	-	27,469	-	27,469
Equity Index Fund	-	47,084	-	47,084
Russell 2000 Index Fund	-	20,483	-	20,483
PIMCO Mutual Fund	10,745	-	-	10,745
Wellington Mutual Fund	10,601	-	-	10,601
CCTs.				
Equity Index Mutual Fund	-	95,296	-	95,296
Blackrock Mutual Fund	-	55,688	-	55,688
Russell 2000 Index Mutual Fund	-	38,930	-	38,930
State Street Passive Bond Market Index Fund	-	105,300	-	105,300
Hedge Funds				
Commonfund Multi Strat	-	-	12,915	12,915
Greenlight Master Offshore	-	-	14,676	14,676
Vittoria Fund	-	-	12,917	12,917
Other Alternative investments	-	-	94	94
Total	\$ 277,439	\$ 593,761	\$ 40,602	\$ 911,802

The Valley Hospital

Notes to Consolidated Financial Statements December 31, 2013 and 2012

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

	2012			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 16,425	\$ -	\$ -	\$ 16,425
Equity Securities	8,241	-	-	8,241
Fixed Income:				
Mortgage backed securities	-	102,996	-	102,996
U S Treasuries	137,048	-	-	137,048
Corporate bonds	-	111,878	-	111,878
Loomis Sayles Mutual Fund	40,610	-	-	40,610
Equity Mutual Funds				
Deferred Comp Mutual Funds	18,828	-	-	18,828
MSCI ACWI	-	22,695	-	22,695
Equity Index Fund	-	36,539	-	36,539
Russell 2000 Index Fund	-	14,812	-	14,812
PIMCO Mutual Fund	9,356	-	-	9,356
Wellington Mutual Fund	9,075	-	-	9,075
CCTs				
Equity Index Mutual Fund	-	88,602	-	88,602
Blackrock Mutual Fund	-	55,117	-	55,117
Russell 2000 Index Mutual Fund	-	35,971	-	35,971
State Street Passive Bond Market Index Fund	-	103,426	-	103,426
Hedge Funds	-	-	-	-
Commonfund Multi Strat	-	-	9,735	9,735
Greenlight Master Offshore	-	-	11,176	11,176
Vittoria Fund	-	-	9,859	9,859
Other Alternative investments	-	-	75	75
Total	\$ 239,583	\$ 572,036	\$ 30,845	\$ 842,464

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

The Valley Hospital

Notes to Consolidated Financial Statements December 31, 2013 and 2012

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

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	2013	2012
Fair value at beginning of year	\$ 30,845	\$ 28,144
Purchases, sales, issuances and settlements, net	6,003	(15)
Total realized and unrealized gains or losses	3,754	2,716
Fair value at end of year	<u>\$ 40,602</u>	<u>\$ 30,845</u>
Change in unrealized gains (losses) related to financial instruments held at end of year	<u>3,754</u>	<u>2,716</u>

12. Contingencies

Various investigations, lawsuits and claims arising in the normal course of operations are pending or on appeal against the Organization. While the ultimate effect of such actions cannot be determined at this time, it is the opinion of management that the liabilities which may arise from such actions would not materially affect the consolidated financial position or results of operations of the Organization. During 2010, the Organization was informed that the DOJ is reviewing certain claims regarding the implantation of cardioverter defibrillators to determine if they were consistent with Medicare coverage policies. Estimated amounts related to potential retroactive adjustments have been included in amounts due to third-party payors and other liabilities.

13. Professional Insurance

Through March 20, 2003, the Organization had malpractice insurance coverage on a claims made basis under a retrospectively rated policy based primarily on experience of a group of health care providers. Premiums were accrued based on the ultimate cost of the Hospital's claims experience to date. Losses from unasserted claims and incidents that may have occurred, but have not been identified under the incident reporting system are included in other accrued expenses in the amount of approximately \$1.0 million at December 31, 2013 and 2012 based principally on estimates that incorporate the Hospital's past experience as well as other considerations, including the nature of each claim or incident and relevant trend factors.

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

The Valley Hospital

Notes to Consolidated Financial Statements December 31, 2013 and 2012

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

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

	2013	2012
Balance at beginning of year	\$ 41,058	\$ 38,485
Deposits from the Organization	6,596	5,000
Income attributable to deposit liability	1,542	1,108
	49,196	44,593
Losses paid	840	3,383
Loss and loss adjustment expense	136	152
	976	3,535
Balance at end of year	\$ 48,220	\$ 41,058

At December 31, 2013 and 2012, the balance of the deposit account was approximately \$48.2 million and \$41.1 million, respectively, and is included in limited use assets as insurance company-held funds in the accompanying consolidated balance sheets. The actuarially determined undiscounted professional and general liabilities aggregated approximately \$23.2 million and \$20.7 million at December 31, 2013 and 2012, respectively (includes approximately \$4.8 million and \$4.7 million for estimated incurred but not reported costs), and are reported as estimated professional liability in the Organization's consolidated balance sheets.

The Organization maintains excess liability coverage with several qualified commercial carriers of up to \$15 million loss per incident once in excess of primary coverage.

14. Other Revenue

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

	2013	2012
Patient convenience	\$ 1,160	\$ 1,331
Valley Health Pharmacy	2,811	2,533
Food services	1,915	1,990
Purchase discounts and rebates	1,405	1,979
Investment income (loss)	3,758	1,958
Charity care subsidy	819	637
Other	5,881	2,888
Total	\$ 17,749	\$ 13,316

The Valley Hospital

Notes to Consolidated Financial Statements
December 31, 2013 and 2012

15. Non-Operating Gains and Losses

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

	<u>2013</u>	<u>2012</u>
Investment income	\$ 5,206	\$ 8,191
Grant revenue and other expenses, net	<u>1,974</u>	<u>3,924</u>
Total	<u>\$ 7,180</u>	<u>\$ 12,115</u>

The Valley Hospital

Consolidating Balance Sheet

December 31, 2013

(In Thousands)

	<u>Valley Hospital</u>	<u>Valley Medical Services, Inc.</u>	<u>Valley Physician Services, Inc.</u>	<u>Acquisition Companies</u>	<u>VHS Insurance Company, Ltd.</u>	<u>Eliminations</u>	<u>Consolidated</u>
Assets							
Current Assets							
Cash and cash equivalents	\$ 3,546	\$ 1,790	\$ 2,949	\$ 652	\$ -	\$ -	\$ 8,937
Accounts receivable	59,910	3,210	3,709	-	-	-	66,829
Prepaid expenses	14,000	-	-	-	-	-	14,000
Supplies and other current assets	9,456	-	2,120	-	-	(3,739)	7,837
Total current assets	86,912	5,000	8,778	652	-	(3,739)	97,603
Limited use assets, net of current portion							
Board designated	484,866	-	-	-	-	-	484,866
Insurance company-held funds	-	-	-	-	48,390	-	48,390
Donor restricted investments	6,465	-	-	-	-	-	6,465
	491,331	-	-	-	48,390	-	539,721
Property and Equipment, Net	197,934	-	7,799	48,544	-	-	254,277
Other Assets	73,657	47	4,531	9	-	(48,390)	29,854
Accrued Pension Asset	36,190	-	-	-	-	-	36,190
Assets Held By Related Organization	35,961	-	-	-	-	-	35,961
Total assets	<u>\$ 921,985</u>	<u>\$ 5,047</u>	<u>\$ 21,108</u>	<u>\$ 49,205</u>	<u>\$ 48,390</u>	<u>\$ (52,129)</u>	<u>\$ 993,606</u>

The Valley Hospital

Consolidating Balance Sheet

December 31, 2013

(In Thousands)

	<u>Valley Hospital</u>	<u>Valley Medical Services, Inc.</u>	<u>Valley Physician Services, Inc.</u>	<u>Acquisition Companies</u>	<u>VHS Insurance Company, Ltd.</u>	<u>Eliminations</u>	<u>Consolidated</u>
Liabilities and Net Assets							
Current Liabilities							
Accounts payable	\$ 24,600	\$ 17	\$ 1,846	\$ -	\$ -	\$ -	\$ 26,463
Accrued salaries and related benefits	47,599	1,587	5,739	-	-	-	54,925
Other accrued expenses	3,470	1,736	1,273	138	-	-	6,617
Deposit liability	-	-	-	-	48,270	(48,270)	-
Due to affiliates	-	629	3,110	-	-	(3,739)	-
Total current liabilities	<u>75,669</u>	<u>3,969</u>	<u>11,968</u>	<u>138</u>	<u>48,270</u>	<u>(52,009)</u>	<u>88,005</u>
Estimated Professional Liability	23,202	-	-	-	-	-	23,202
Amounts Due to Third-Party Payors and Other Liabilities	64,950	548	624	-	-	-	66,122
Accrued Pension Liability	-	-	-	-	-	-	-
Total liabilities	<u>163,821</u>	<u>4,517</u>	<u>12,592</u>	<u>138</u>	<u>48,270</u>	<u>(52,009)</u>	<u>177,329</u>
Net Assets							
Unrestricted	751,699	530	8,516	49,067	120	(120)	809,812
Temporarily restricted	2,036	-	-	-	-	-	2,036
Permanently restricted	<u>4,429</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,429</u>
Total net assets	<u>758,164</u>	<u>530</u>	<u>8,516</u>	<u>49,067</u>	<u>120</u>	<u>(120)</u>	<u>816,277</u>
Total liabilities and net assets	<u>\$ 921,985</u>	<u>\$ 5,047</u>	<u>\$ 21,108</u>	<u>\$ 49,205</u>	<u>\$ 48,390</u>	<u>\$ (52,129)</u>	<u>\$ 993,606</u>

The Valley Hospital

Consolidating Statement of Operations and Changes in Net Assets

December 31 2013

(In Thousands)

	Valley Hospital	Valley Medical Services, Inc	Valley Physician Services, Inc	Acquisition Companies	VHS Insurance Company, Ltd	Eliminations	Consolidated
Unrestricted Revenues							
Net patient service revenues	\$ 627 628	\$ 14 076	\$ 43 647	\$ -	\$ -	\$ -	\$ 685 351
Provision for bad debts	(27 777)	(1 875)	(5 926)	-	-	-	(35 578)
Net patient service revenues less provision for bad debts	599 851	12 201	37 721	-	-	-	649 773
Other Revenue	14 653	1 726	5 535	561	-	(4 726)	17 749
Total unrestricted revenues	614 504	13 927	43 256	561	-	(4 726)	667 522
Expenses							
Salaries and wages	239 404	12 889	60 172	-	-	-	312 465
Employee benefits	70 336	-	-	-	-	-	70 336
Medical fees	8 755	-	-	-	-	(4 155)	4 600
Other expenses	191 832	1 746	14 967	273	-	-	208 818
Depreciation	33 021	-	2 615	247	-	-	35 883
Total expenses	543 348	14 635	77 754	520	-	(4 155)	632 102
Income (loss) from operations before other items and special projects	71 156	(708)	(34 498)	41	-	(571)	35 420
Other items and special projects	4 377	137	(544)	(26)	-	571	4 515
Income (loss) from operations	75 533	(571)	(35 042)	15	-	-	39 935
Other Income (Loss)							
Non-operating gains and losses	7 180	-	-	-	-	-	7 180
Change in unrealized gains and losses on investments	17 210	-	-	-	-	-	17 210
Revenues in excess of (less than) expenses	99 923	(571)	(35 042)	15	- 0	-	64 325
Other Changes in Unrestricted Net Assets							
Change in accrued pension liability to be recognized in future periods	79 098	-	-	-	-	-	79 098
Net changes in assets held by related organization and net asset transfers to / from affiliated entities	(63 080)	(300)	35 963	28 344	-	-	927
Increase (decrease) in unrestricted net assets	115 941	(871)	921	28 359	-	-	144 350
Temporarily restricted net assets							
Gifts grants donations and bequests	-	-	-	-	-	-	-
Net assets released from restriction for operating purposes	8	-	-	-	-	-	8
Increase in temporarily restricted net assets	8	-	-	-	-	-	8
Increase (decrease) in net assets	115 949	(871)	921	28 359	-	-	144 358
Net assets at beginning of year	642 215	1 401	7 595	20 708	120	(120)	671 919
Net assets at end of year	\$ 758 164	\$ 530	\$ 8 516	\$ 49 067	\$ 120	\$ (120)	\$ 816 277