See a Social Security Number? Say Something!
Report Privacy Problems to https://public.resource.org/privacy
Or call the IRS Identity Theft Hotline at 1-800-908-4490

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493088002525

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter Social Security numbers on this form as it may be made public By law, the IRS generally cannot redact the information on the form
▶ Information about Form 990 and its instructions is at www.IRS.gov/form990

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 07-01-2013 , 2013, and ending 06-30-2014

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

C Name of organization
READING HOSPITAL

Doing Business As

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

City or town, state or province, country, and ZIP or foreign postal code
READING, PA 196126052

D Employer identification number
23-1352204

E Telephone number
(484) 628-8445

G Gross receipts $ 803,742,627

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

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW READINGHEALTH ORG

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

L Year of formation 1869

M State of legal domicile PA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
THE MISSION OF THE READING HOSPITAL IS TO PROVIDE COMPASSIONATE, ACCESSIBLE, HIGH QUALITY, COST EFFECTIVE CARE TO THE COMMUNITY TO PROMOTE HEALTH, TO EDUCATE HEALTHCARE PROFESSIONALS, AND TO PARTICIPATE IN APPROPRIATE CLINICAL RESEARCH ASK SOMEONE TO DEFINE A HOSPITAL'S ROLE IN THE COMMUNITY, AND MOST OFTEN YOU HEAR ABOUT SERVICES AND DEPARTMENTS, OR ABOUT DOCTORS, NURSES AND OTHER CAREGIVERS IN ADDITION TO ITS PRIMARY ROLE AS A PROVIDER OF DIRECT CARE, READING HEALTH SYSTEM ADDRESSES ISSUES OUTSIDE THAT REALM THAT IMPACT HEALTH AND WELLNESS IN FACT, A KEY PART OF OUR MISSION MEANS THE REINVESTMENT OF OUR RESOURCES INTO THESE EFFORTS, WHICH ARE COLLECTIVELY KNOWN AS COMMUNITY BENEFIT WE ARE PROUD TO REPORT THAT IN OUR LAST FISCAL YEAR, WE COMMITTED MORE THAN 175 MILLION TO THIS CAUSE OUR CAREGIVERS AND SUPPORT STAFF PARTICIPATE IN HEALTH EDUCATION, FREE SCREENINGS, AND IMMUNIZATIONS THEY SUPPORT ACTIVITIES FOR INDIVIDUALS WITH SERIOUS OR CHRONIC HEALTH CONDITIONS, ADVANCE SELF-C

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	22
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	18
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	7,385
6	Total number of volunteers (estimate if necessary)	**6**	1,161
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	1,007,040
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-2,312,648

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	1,894,274	1,571,437
9	Program service revenue (Part VIII, line 2g)	777,681,968	775,836,928
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	771,999	1,885,600
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	25,999,182	24,448,662
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	806,347,423	803,742,627
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,135,000	0
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	386,023,629	388,504,330
16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	339,700,607	390,315,654
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	726,859,236	778,819,984
19	Revenue less expenses Subtract line 18 from line 12	79,488,187	24,922,643

		Beginning of Current Year	End of Year
Net Assets or Fund Balances			
20	Total assets (Part X, line 16)	926,283,621	855,324,800
21	Total liabilities (Part X, line 26)	771,996,389	801,285,912
22	Net assets or fund balances Subtract line 21 from line 20	154,287,232	54,038,888

Part II Signature Block

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

Sign Here

****** | 2014-10-13
Signature of officer | Date

DREW LERMAN VP FINANCE
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
PRICEWATERHOUSECOOPERS LLP		2015-03-29		P00853132

Firm's name ▶ PRICEWATERHOUSECOOPERS LLP | Firm's EIN ▶ 13-4008324

Firm's address ▶ 2001 MARKET ST SUITE 1700
PHILADELPHIA, PA 19103 | Phone no (267) 330-3000

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

THE MISSION OF THE READING HOSPITAL IS TO PROVIDE COMPASSIONATE, ACCESSIBLE, HIGH QUALITY, COST EFFECTIVE CARE TO THE COMMUNITY TO PROMOTE HEALTH, TO EDUCATE HEALTHCARE PROFESSIONALS, AND TO PARTICIPATE IN APPROPRIATE CLINICAL RESEARCH ASK SOMEONE TO DEFINE A HOSPITAL'S ROLE IN THE COMMUNITY, AND MOST OFTEN YOU HEAR ABOUT SERVICES AND DEPARTMENTS, OR ABOUT DOCTORS, NURSES AND OTHER CAREGIVERS IN ADDITION TO ITS PRIMARY ROLE AS A PROVIDER OF DIRECT CARE, READING HEALTH SYSTEM ADDRESSES ISSUES OUTSIDE THAT REALM THAT IMPACT HEALTH AND WELLNESS IN FACT, A KEY PART OF OUR MISSION MEANS THE REINVESTMENT OF OUR RESOURCES INTO THESE EFFORTS, WHICH ARE COLLECTIVELY KNOWN AS COMMUNITY BENEFIT WE ARE PROUD TO REPORT THAT IN OUR LAST FISCAL YEAR, WE COMMITTED MORE THAN 175 MILLION TO THIS CAUSE OUR CAREGIVERS AND SUPPORT STAFF PARTICIPATE IN HEALTH EDUCATION, FREE SCREENINGS, AND IMMUNIZATIONS THEY SUPPORT ACTIVITIES FOR INDIVIDUALS WITH SERIOUS OR CHRONIC HEALTH CONDITIONS, ADVANCE SELF-C

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 39,039,015 including grants of $) (Revenue $ 60,452,479)

OPERATING ROOM - 19,380 TOTAL SURGERIES READING HOSPITAL OPERATES IN A MARKET SERVED BY NEARLY 20 SPECIALTY, INVESTOR-OWNED FACILITIES, WHICH CARVE OUT THE BEST PAYING INSURANCE PLANS, THE HIGHEST MARGIN PROCEDURES, AND THE LEAST COMPLICATED PATIENTS TO SERVE BY CONTINUING TO PROVIDE A FULL SERVICE SURGICAL SERVICE, RH OFFERS THE MOST ADVANCED SURGICAL OPTIONS, FROM ROBOTIC ASSISTED,MINIMALLY INVASIVE SURGERY TO A FULL SPECTRUM OF OUTPATIENT SURGICAL OPTIONS AND TO ENSURE OUR COMMUNITY HAS ACCESS TO SURGICAL SPECIALITIES THAT MAY BE EXPERIENCING SHORTAGES ELSEWHERE IN THE COUNTRY RH SUPPORTS ITS SURGEONS IN THEIR FELLOWSHIP TRAINING AND RECRUITS AND RETAINS SURGEONS IN AREAS LIKE PLASTIC SURGERY - AVAILABLE ONLY DURING LIMITED HOURS OR NOT AT ALL, IN OTHER HOSPITALS IN ITS MARKET

4b (Code) (Expenses $ 44,766,645 including grants of $) (Revenue $ 73,693,388)

EMERGENCY CARE - 126,413 EMERGENCY ROOM VISITS RH EMERGENCY DEPARTMENT PROVIDES EMERGENT, URGENT AND PRIMARY CARE SERVICES TO OUR COMMUNITY "24/7/365," REGARDLESS OF ABILITY TO PAY VOLUME TO RH EMERGENCY DEPARTMENT RANKS IT AMONG THE TOP THREE IN THE STATE OF PENNSYLVANIA YEAR AFTER YEAR AS THE AREA'S ONLY ACCREDITED TRAUMA CENTER, RH ALSO PROVIDES IMMEDIATE ACCESS THROUGH ITS EMERGENCY DEPARTMENT TO ALL SPECIALITY SREVICES, FROM TRAUMA SURGEONS TO PLASTIC SURGEONS, AND ALL AREAS OF SEPCIALITY CARE IN ADDITION TO ITS TRAUMA CERTIFICATION, RH IS THE ONLY HOSPITAL IN THE REGION TO HAVE MADE A COMMITMENT TO ACCREDIATED CARE IN STROKE AND CHEST PAIN FOLLOWING THE RELOCATION OF THE OTHER HOSPITAL IN THE CITY TO A NEW SUBURBAN CAMPUS, RH IS FULFILLING ITS COMMITTMENT TO SERVE THE UNDERSERVED POPULATION OF THE CITY

4c (Code) (Expenses $ 62,454,323 including grants of $) (Revenue $ 67,791,763)

PHARMACY - 7,653,508 DRUGS DISPENSED RH PROVIDES ACESS TO NEEDED PRESCRIPTIONS FOR THOSE PATIENTS WHO CANNOT AFFORD THEIR MEDICATION EACH MONTH RH ABSORBS THE COST OF PRESCRIPTION MEDICATION FOR PATIENTS OF RH WITH NO PRESCRIPTION COVERAGE RH RECOGNIZES THE IMPORTANT ROLE OF PATIENT COMPLIANCE WITH THEIR TREATMENT, INCLUDING TAKING MEDICATION AS PRESCRIBED, AND RECOGNIZES THAT PATIENTS WITHOUT THE ABILITY TO PAY FOR THOSE MEDICATIONS WILL SIMPLY NOT COMPLY TO ENSURE OPTIMAL PATIENT HEALTH AND THE BEST PATIENT OUTCOMES, RH ABSORBS THE COSTS OF THESE MEDICATIONS AS PART OF OUR EXEMPT PURPOSE IN OUR COMMUNITY

(Code) (Expenses $ 577,546,586 including grants of $) (Revenue $ 588,184,489)

EXPENSES ARE FOR TREATING INPATIENTS, OUTPATIENTS AND EMERGENCY PATIENTS

4d Other program services (Describe in Schedule O)

(Expenses $ 577,546,586 including grants of $) (Revenue $ 588,184,489)

4e **Total program service expenses** ▶ 723,806,569

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or 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? *If "Yes," complete Schedule I, Parts I and II*	**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? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	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? *If so, complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	552		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	7,385		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . .	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

Check if Schedule O contains a response 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	**1a**	22		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	18		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**		Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization

▶ DREW LERMAN VP FINANCE SIXTH AVE SPRUCE STS
WEST READING, PA 19611 (610) 988-8114

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

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

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								6,617,594		502,762

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 288

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
L F DRISCOLL CO 9 PRESIDENTIAL BLVD BALA CYNWYD PA 190041003	CONSTRUCTION	9,148,555
PERROTTO BUILDERS 426 WARREN ST READING PA 19601	CONSTRUCTION	8,486,950
BALLINGER 833 CHESTNUT STREET SUITE 1400 PHILADELPHIA PA 19107	ARCHITECTS	6,591,854
BEACON PARTNERS 97 LIBBEY PKWY STE 310 WEYMOUTH MA 02189	IT CONSULTANTS	6,537,473
LEIDOS HEALTH HOLDINGS P O BOX 223866 PITTSBURGH PA 152512866	IT CONSULTING	4,679,294

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 ▶ 109

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	70,000			
	e	Government grants (contributions)	1e	997,246			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	504,191			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		1,571,437			
Program Service Revenue			Business Code				
	2a	PATIENT CHARGES		775,836,928	775,836,928		
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		775,836,928			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		1,885,600			1,885,600
	4	Income from investment of tax-exempt bond proceeds . . ▶					
	5	Royalties . . . . . ▶					
			(i) Real	(ii) Personal			
	6a	Gross rents					
	b	Less rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss) . . . . . ▶					
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory					
	b	Less cost or other basis and sales expenses					
	c	Gain or (loss)					
	d	Net gain or (loss) . . . . . ▶					
	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from fundraising events . . ▶					
	9a	Gross income from gaming activities See Part IV, line 19 . . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . ▶					
	10a	Gross sales of inventory, less returns and allowances . a					
	b	Less cost of goods sold . . b					
	c	Net income or (loss) from sales of inventory . . ▶					
Other Revenue		Miscellaneous Revenue	Business Code				
	11a	MEALS		5,231,686			5,231,686
	b	PROPERTY RENTAL		4,921,991			4,921,991
	c	TUITION - NURSING TECH SCHOOL		4,455,594	4,455,594		
	d	All other revenue		9,839,391	7,351,334	1,007,040	1,481,017
	e	**Total.** Add lines 11a–11d . . . . . ▶		24,448,662			
	12	**Total revenue.** See Instructions . . . . . ▶		803,742,627	787,643,856	1,007,040	13,520,294

Part IX Statement of Functional Expenses

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

Check if Schedule O contains a response 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	4,274,260	1,112,626	3,161,634	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	154,635		154,635	
7 Other salaries and wages	302,006,682	290,264,808	11,741,874	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	14,735,487	13,643,661	1,091,826	
9 Other employee benefits	44,932,979	42,017,730	2,915,249	
10 Payroll taxes	22,400,287	20,801,141	1,599,146	
11 Fees for services (non-employees)				
a Management				
b Legal	8,525,771		8,525,771	
c Accounting	834,414		834,414	
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees	55,257		55,257	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	34,186,350	19,803,648	14,382,702	
12 Advertising and promotion	5,376,764		5,376,764	
13 Office expenses				
14 Information technology	25,798,017	25,798,017		
15 Royalties				
16 Occupancy	20,036,035	19,365,751	670,284	
17 Travel	1,094,304	856,549	237,755	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	13,288,240	13,288,240		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	85,544,885	85,544,885		
23 Insurance	6,271,967	6,259,324	12,643	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a SUPPLIES	134,419,016	134,115,599	303,417	
b REPAIRS AND MAINTENANCE	32,806,676	32,764,666	42,010	
c PHYSICIAN FEES	21,335,911	21,063,874	272,037	
d OTHER MISC EXPENSE	424,603	-3,211,394	3,635,997	
e All other expenses	317,444	317,444		
25 **Total functional expenses.** Add lines 1 through 24e	778,819,984	723,806,569	55,013,415	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		453,958	1	7,326,886
	2	Savings and temporary cash investments		61,327,151	2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		182,005,953	4	145,106,513
	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		14,442,833	8	14,219,482
	9	Prepaid expenses and deferred charges		14,164,667	9	15,470,686
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 1,279,346,941			
	b	Less accumulated depreciation	10b 681,718,630	582,640,305	10c	597,628,311
	11	Investments—publicly traded securities		20,115,777	11	24,361,561
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		51,132,977	15	51,211,361
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		926,283,621	16	855,324,800
Liabilities	17	Accounts payable and accrued expenses		120,965,568	17	136,478,054
	18	Grants payable		1,527,412	18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		2,450,000	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		1,984,569	23	1,702,452
	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		645,068,840	25	663,105,406
	26	**Total liabilities.** Add lines 17 through 25		771,996,389	26	801,285,912
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		134,829,325	27	30,812,814
	28	Temporarily restricted net assets		627,847	28	620,833
	29	Permanently restricted net assets		18,830,060	29	22,605,241
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		154,287,232	33	54,038,888
	34	Total liabilities and net assets/fund balances		926,283,621	34	855,324,800

Part XI Reconcilliation 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	803,742,627
2	Total expenses (must equal Part IX, column (A), line 25)	2	778,819,984
3	Revenue less expenses Subtract line 2 from line 1	3	24,922,643
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	154,287,232
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	-56,329,994
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-68,840,993
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	54,038,888

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

Additional Data

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
CLINT MATTHEWS PRESIDENT &	60 00	X		X				1,112,664	0	325,316
ROBERT A BRIGHAM BOARD MEMBER	40 00	X						768,892	0	49,268
KRISTEN SANDEL MD BOARD MEMBER	51 00	X						343,733	0	-44,638
JOHN CASEY MD BOARD MEMBER	1 00	X						0	0	0
LIL MURPHY BOARD MEMBER	1 00	X						0	0	0
JOHN WEIDENHAMMER BOARD MEMBER	1 00	X						0	0	0
ADAM SIGAL BOARD MEMBER	1 00	X						0	0	0
KAREN RIGHTMIRE BOARD MEMBER	1 00	X						0	0	0
BARBARA ARNER BOARD MEMBER	1 00	X						0	0	0
THEODORE AUMAN BOARD MEMBER	1 00	X						0	0	0
TOM FLYNN PHD BOARD MEMBER	1 00	X						0	0	0
VICTOR HAMMEL CHAIRMAN	1 00	X		X				0	0	0
JULIA KLEIN BOARD MEMBER	1 00	X						0	0	0
CHRIS G KRARAS BOARD MEMBER	1 00	X						0	0	0
EDWARD T LENTZ BOARD MEMBER	1 00	X						0	0	0
TERRENCE MCGLINN BOARD MEMBER	1 00	X						0	0	0
JOHN ROLAND ESQ BOARD MEMBER	1 00	X						0	0	0
JAY S SIDHU BOARD MEMBER	1 00	X						0	0	0
C THOMAS WORK ESQ BOARD MEMBER	1 00	X						0	0	0
BRENT WAGNER MD VICE CHAIR	1 00	X		X				0	0	0
P MICHAEL EHLERMAN BOARD MEMBER	1 00	X						0	0	0
ELIZABETH EHRLICH BOARD MEMBER	1 00	X						0	0	0
MARLIN MILLER JR BOARD MEMBER	1 00	X						0	0	0
DAVID L THUN BOARD MEMBER	1 00	X						0	0	0
BEN ZINTAK BOARD MEMBER	1 00	X						0	0	0

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			
ANNE FLYNN BOARD MEMBER	1 00	X						0	0	0
THERESE SUCHER COO	50 00			X				650,011	0	178,663
RICHARD W JONES CFO	50 00			X				622,080	0	155,617
CARL SEIDL VICE PRESIDE	50 00				X			269,847	0	19,325
MARK MCNASH VICE PRESIDE	50 00				X			266,377	0	13,994
MARGARET BLIGH VICE PRESIDE	50 00				X			240,658	0	43,486
BRIAN LAHMANN PHYSICIAN	40 00					X		465,924	0	5,653
CHARLES F BARBERA PHYSICIAN	40 00					X		462,591	0	-123,709
JOHN BEYER MD PHYSICIAN	40 00					X		432,133	0	-59,945
MATTHEW GROVE PHYSICIAN	40 00					X		419,616	0	17,931
NEIL GULATI MD PHYSICIAN	40 00					X		408,433	0	21,193
DONNA F WEBER FORMER VP NU							X	154,635	0	-99,392

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493088002525

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
READING HOSPITAL

Employer identification number
23-1352204

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section A. Public Support

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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493088002525

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.
▶ See separate instructions. ▶ Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

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

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period — Calendar year (or fiscal year beginning in)	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

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

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

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

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

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

Part IV Supplemental Information

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

Return Reference	Explanation
SCHEDULE C, PART II-B, LINE 1	PART II-B, LINE 1G DURING THE COURSE OF THE YEAR, THEY ARE VARIOUS FEDERAL AND STATE HEALTHCARE ISSUES THAT ARE RAISED THAT AFFECT READING HEALTH SYSTEM AND IT'S ENTITIES WE WILL VOICE OUR CONCERNS OR ISSUES REGARDING THESE MATTERS THOUGH EITHER DIRECT CONTACT OR WRITTEN CORRESPONDENCE WITH LEGISLATORS THE PURPOSE OF THESE CONTACTS IS TO PROMOTE THE GENERAL INTERESTS AND WELFARE OF READING HOSPITAL DURING THESE CHANGING TIMES IN THE HEALTH CARE FIELD THERE ARE NO ADDITIONAL EXPENSES INCURRED

Part IV Supplemental Information *(continued)*

Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493088002525

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
READING HOSPITAL

Employer identification number
23-1352204

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		(a) Current year	(b) Prior year	b (c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	6,827,185	5,069,623	4,819,664	4,011,593	3,521,023
b	Contributions	1,241,237	434,567	29,254		120,701
c	Net investment earnings, gains, and losses	1,224,116	528,969	249,875	850,421	397,389
d	Grants or scholarships					
e	Other expenditures for facilities and programs					
f	Administrative expenses	19,360	35,242	28,871	42,352	27,518
g	End of year balance	9,273,178	6,827,185	5,069,623	4,819,664	4,011,593

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 100 000 %
- c Temporarily restricted endowment ▶

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

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

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

4 Describe in Part XIII the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment. 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		21,642,155		21,642,155
b Buildings		477,281,540	280,273,411	197,008,129
c Leasehold improvements				
d Equipment		683,650,188	401,445,219	282,204,969
e Other		96,773,058		96,773,058
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				597,628,311

Part VII **Investments—Other Securities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

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

Part VIII **Investments—Program Related.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

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

Part IX **Other Assets.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d See Form 990, Part X, line 15

(a) Description	(b) Book value
See Additional Data Table	
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	51,211,361

Part X **Other Liabilities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1 (a) Description of liability	(b) Book value
Federal income taxes	
LT LOAN - AFFILIATE PAYABLE	481,034,361
PENSION PAYABLE	136,577,497
ESTIMATED SELF INSURANCE COSTS	39,759,001
DEFERRED COMPENSATION	2,693,689
DEFERRED REVENUE	2,660,605
NMG SWAP	380,253
DUE TO AFFILIATES	
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	663,105,406

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

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

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

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

Part XIII Supplemental Information

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

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

Additional Data

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

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

(a) Description	**(b)** Book value
(1) NON CURRENT TRUST FUNDS	18,167,480
(2) THIRD PARTY RECV'S	8,729,390
(3) MEDICAL MALPRACTICE TRUST FUND	8,429,465
(4) DUE FROM AFFILIATES	4,614,989
(5) LT DEFERRED &REVENUE BOND DEBENTURES	2,888,463
(6) DEFERRED TRUST	2,352,242
(7) WORK COMP TF	2,262,000
(8) MALPRACTICE TRUST	2,150,000
(9) SPRING RIDGE JV	1,221,302
(10) BERKS PHYSICAL THERAPY	223,695
(11) GIFT ANNUITIES	142,300
(12) VEBA TRUST	30,035

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493088002525

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
READING HOSPITAL

Employer identification number
23-1352204

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☑ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care ☑ 100% ☐ 150% ☐ 200% ☐ Other _____ %	3a	Yes	
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☑ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b	Yes	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4		No
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a	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)			18,665,451		18,665,451	2 400 %
b Medicaid (from Worksheet 3, column a)			115,383,771	61,976,800	53,406,971	6 860 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			134,049,222	61,976,800	72,072,422	9 250 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			3,888,305	19,631	3,868,674	0 500 %
f Health professions education (from Worksheet 5)			25,404,244	13,343,962	12,060,282	1 550 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)			2,580,394		2,580,394	0 330 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			2,283,148		2,283,148	0 290 %
j **Total.** Other Benefits			34,156,091	13,363,593	20,792,498	2 670 %
k **Total.** Add lines 7d and 7j			168,205,313	75,340,393	92,864,920	11 920 %

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes		
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	26,182,301		
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	15,447,557		
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	208,633,844
6	Enter Medicare allowable costs of care relating to payments on line 5	6	287,254,801
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-78,620,957
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

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

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 TRH SURGICENTER LLC	OUTPATIENT SURGERY	50 000 %		50 000 %
2 READING BERKS PT LLC	PHYSICAL THERAPY	40 000 %		
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V Facility Information

Section A. Hospital Facilities

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

	Name, address, 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)

Name of hospital facility or facility reporting group READING HOSPITAL

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	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☑ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 ___			
3	In conducting its most recent CHNA, did the hospital facility take into account input from 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?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) WWW READINGHEALTH ORG			
b	☐ Other website (list url)			
c	☑ Available upon request from the hospital facility			
d	☐ 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	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 100 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Residency			
i ☑ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☑ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in 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?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in 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?	**19**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

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

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

Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
See Additional Data Table	

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? 1

	Name and address	Type of Facility (describe)
1	TRHMC SURGICENTER AT SPRING RIDGE 2603 KEISER BLVD READING,PA 19610	AMBULATORY SURGERY CENTER
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

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 7G - SUBSIDIZED HEALTH SERVICES EXPLANATION	READING HOSPITAL UTILIZES THE IRS GUIDELINES IN DETERMINING THE RATIO OF PATIENT COST TO CHARGES TO ESTIMATE THE COST OF EACH SUBSIDIZED HEALTH SERVICE THIS CALCULATION DOES NOT REFLECT READING HOSPITAL'S OPERATIONAL LOSS CURRENTLY THE HOSPITAL PROVIDES BEHAVIORAL HEALTH, AND OUTPATIENT SERVICES TO THE COMMUNITY ON A SUBSIDIZED BASIS AS THESE SERVICES REFLECT AN OPERATIONAL LOSS READING HOSPITAL IS A NOT-FOR-PROFIT HEALTHCARE CENTER PROVIDING COMPREHENSIVE ACUTE CARE, POST-ACUTE CARE REHABILITATION, BEHAVIORAL, AND OCCUPATIONAL HEALTH SERVICES TO THE PEOPLE OF BERKS AND ADJOINING COUNTIES READING HOSPITAL LIES ON THE OUTSKIRTS OF THE CITY OF READING, WHICH HAS AN ESTIMATED POPULATION OF 87,978, IN 2011 AND CONTAINS 13 MEDICALLY UNDERSERVED CENSUS TRACTS 39% OF THE RESIDENTS OF THE CITY LIVE BELOW FEDERAL POVERTY LEVELS THE HEALTH CARE NEEDS TRACK CLOSELY TO THE HIGH POVERTY RATE IN THE CITY THE ADULT PREVALENCE OF DIABETES, THE PROPORTION OF ADULTS WITH DIAGNOSED HIGH BLOOD PRESSURE, THE PERCENT OF WOMEN WHO RECEIVE NO PRENATAL CARE IN THE FIRST TRIMESTER, THE PEDIATRIC AND ADULT ASTHMA HOSPITAL ADMISSION RATES, AND THE THREE-YEAR AVERAGE PNEUMONIA DEATH RATE ALL EXCEED THE NATIONAL BENCHMARKS FOR THESE INDICATORS THE MISSION OF READING HOSPITAL IS TO PROVIDE COMPASSIONATE, ACCESSIBLE, HIGH QUALITY, COST EFFECTIVE HEALTH CARE TO THE COMMUNITY, TO PROMOTE HEALTH, TO EDUCATE HEALTHCARE PROFESSIONALS, AND TO PARTICIPATE IN APPROPRIATE CLINICAL RESEARCH READING HOSPITAL IS COMMITTED TO SERVING THE NEEDS OF THE COMMUNITY, EVEN WHEN THE NEEDED SERVICES CAUSE A DRAIN ON CAPITAL RESOURCES READING HOSPITAL IS A REGIONAL REFERRAL CENTER FOR BEHAVIORAL HEALTH SERVICES READING HOSPITAL PROVIDES APPROXIMATELY ONE-THIRD OF ALL INPATIENT MENTAL HEALTH SERVICES USED BY THE RESIDENTS OF BERKS COUNTY AND OVER 50% AMONG PATIENTS AGE 60+ ANOTHER MENTAL HEALTH PROVIDER, HAVEN BEHAVIORAL HEALTH, HAS RECENTLY ESTABLISHED A TREATMENT FACILITY IN THE CITY OF READING OFFERING MENTAL HEALTH SERVICES READING HOSPITAL TREATS NEARLY 40% OF BERKS COUNTY PATIENTS REQUIRING INPATIENT SERVICES FOR SUBSTANCE ABUSE THE OTHER NON-PROFIT HOSPITAL IN THE AREA SERVES ONLY 4% OF THESE PATIENTS READING HOSPITAL HAS RECENTLY EXPANDED AND RELOCATED ITS INPATIENT DETOXIFICATION CENTER TO MEET THE GROWING NEED FOR THESE SERVICES IF READING HOSPITAL CEASED TO PROVIDE SUBSTANCE ABUSE SERVICES, PATIENTS WOULD HAVE TO TRAVEL OUT OF THE AREA FOR TREATMENT, BECAUSE LOCAL PROVIDERS WOULD NOT HAVE THE ABILITY TO MEET THE NEED READING HOSPITAL PERENNIALLY RANKS AMONG THE TOP FOUR PENNSYLVANIA HOSPITALS IN OUTPATIENT SERVICES BECAUSE OF THE HIGH POVERTY RATE AND THE HIGH NUMBER OF UNINSURED AND MEDICAID/CHIP RESIDENTS, OUTPATIENT SERVICES ARE OFTEN PROVIDED WITHOUT ADEQUATE COMPENSATION

Form and Line Reference	Explanation
PART I, LINE 7 - COSTING METHODOLOGY EXPLANATION	IN THE CHARITY CARE AND MEANS-TESTED GOVERNMENT PROGRAMS SECTION OF LINE 7 A COST TO CHARGE RATIO DEVELOPED FROM OUR MEDICARE COST REPORT IS UTILIZED

Form and Line Reference	Explanation
PART III, LINE 9B - COLLECTION PRACTICES EXPLANATION	READING HOSPITAL'S DEBT COLLECTION POLICY DOES NOT CONTAIN ANY SPECIFIC PROVISIONS FOR REFERRING A PATIENT TO FINANCIAL ASSISTANCE BECAUSE THOSE QUALIFYING FOR FINANCIAL ASSISTANCE WILL HAVE BEEN ADDRESSED BY THE FINANCIAL ASSISTANCE POLICY BEFORE AN ACCOUNT GETS TO THE COLLECTION STAGE

Form and Line Reference	Explanation
PART VI, LINE 3 - PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	READING HOSPITAL'S COMMITMENT TO PROVIDING AFFORDABLE CARE,(C2PAC) PROGRAM OFFERS FINANCIAL COUNSELING AND PROVIDES DISCOUNTS FOR UNINSURED PATIENTS C2PAC MAKES INFORMATION AND COUNSELING SERVICES MORE READILY AVAILABLE TO ALL QUALIFIED PATIENTS PATIENTS ARE ENCOURAGED TO ENTER THE C2PAC PROGRAM AS EARLY IN THE TREATMENT PROCESS AS POSSIBLE ALL C2PAC PATIENTS WILL BE AFFORDED THE OPPORTUNITY TO MEET WITH CERTIFIED PATIENT FINANCIAL COUNSELORS AND RESOURCE ELIGIBILITY SPECIALISTS TO DETERMINE ELIGIBILITY FOR PROGRAMS SUCH AS MEDICAL ASSISTANCE, DISABILITY, COBRA, PA FAIR CARE, CHARITY CARE, AND RECEIVE INFORMATION ON AVAILABLE COMMUNITY PROGRAMS C2PAC INCLUDES URGENT, NON-ELECTIVE, EMERGENT SERVICES, AND SEVERAL OTHER PRE-APPROVED AND PRE-SCREENED SERVICES IMPLANTABLES, HIGH-COST DRUGS, DME AND CONTRACTED SERVICES WILL BE PROVIDED TO THE PATIENT AT HOSPITAL COST

Form and Line Reference	Explanation
PART VI, LINE 4 - COMMUNITY INFORMATION	THE READING HOSPITAL SERVES BERKS COUNTY, ALONG WITH PARTS OF MONTGOMERY, CHESTER, LEBANON, LANCASTER AND SCHUYLKILL COUNTIES THE POPULATION OF THE TOTAL SERVICE AREA IS ABOUT 753,268 BERKS COUNTY PROFILE BERKS COUNTY POPULATION IS 412,078 THERE IS A LARGE POPULATION ORIGINATED BY BIRTH IN THE COUNTY 75% OF RESIDENTS WERE BORN IN PENNSYLVANIA, 15% WERE BORN ELSEWHERE IN THE UNITED STATES, 4% WERE BORN IN PUERTO RICO, US ISLANDS OR ABROAD TO AMERICAN PARENTS, AND 7% WERE FOREIGN BORN THE RACIAL MIX INCLUDES 84% WHITE, 5% BLACK, 1% ASIAN, 7% SOME OTHER RACE, AND 3% OF MIXED RACE THERE IS A LARGE HISPANIC POPULATION IN BERKS COUNTY, ABOUT 16% OF RESIDENTS CLASSIFY THEMSELVES AS HISPANIC, AND 13% OF ALL RESIDENTS, AGES 6+ SPEAK SPANISH AT HOME 16% PERCENT OF BERKS COUNTY RESIDENTS AGE 25+ HAVE LESS THAN A HIGH SCHOOL EDUCATION, WHEREAS 22% HOLD A COLLEGE BACHELOR'S DEGREE OR HIGHER THE MEDIAN HOUSEHOLD INCOME IN BERKS COUNTY IS 55,170 14% PERCENT OF BERKS COUNTY RESIDENTS LIVE IN POVERTY, THIS FIGURE INCLUDES 22% OF ALL CHILDREN UNDER AGE 18 AND 7% OF ALL SENIORS AGE 65+ CITY OF READING PROFILE BERKS COUNTY INCLUDES THE CITY OF READING, WHICH HAS A MORE DIVERSE POPULATION THAN THE REST OF THE COUNTY 51% OF THE RESIDENTS WERE BORN IN PENNSYLVANIA, 18% WERE BORN ELSEWHERE IN THE UNITED STATES, 13% WERE BORN IN PUERTO RICO, US ISLANDS, OR ABROAD TO AMERICAN PARENTS, AND 18% WERE FOREIGN BORN THE RACIAL MIX INCLUDES 54% WHITE, 13% BLACK, 1% ASIAN, 25% SOME OTHER RACE, AND 7% OF MIXED RACE THE MAJORITY OF THE POPULATION OF THE CITY OF READING IS HISPANIC, ABOUT 59% OF THE RESIDENTS CLASSIFY THEMSELVES AS HISPANIC, AND 46% SPEAK SPANISH IN THEIR HOMES THIRTY-SIX PERCENT OF READING RESIDENTS AGE 25+ HAVE NOT GRADUATED FROM HIGH SCHOOL, AND ONLY 9% HAVE ATTAINED A BACHELOR'S DEGREE OR HIGHER MANY READING RESIDENTS ARE POOR, AND THE MEDIAN INCOME IN THE CITY IS ONLY 26,777 OVER ONE-THIRD OF THE RESIDENTS, (39%), LIVE BELOW THE FEDERAL POVERTY LIMIT (FPL), THIS FIGURE INCLUDES OVER HALF, (54%), OF ALL CHILDREN UNDER AGE 18 AND 17% OF ALL SENIORS AGE 65+

Form and Line Reference	Explanation
PART VI, LINE 5 - PROMOTION OF COMMUNITY HEALTH	DESCRIPTION OF ACHIEVEMENTS IN FISCAL 2014 RELATING TO EXEMPT PURPOSE 1) PROVIDING HEALTH CARE INPATIENT DISCHARGES 27,543 INPATIENT DAYS 174,576 BIRTHS 3,677 EMERGENCY SERVICES 130,755 2) PROMOTING HEALTH HEALTH OUTREACH FOR CHILDREN (NEWBORNS THROUGH TEENS) OPERATE CHILDREN'S HEALTH CENTER PROVIDE AMBULATORY CARE TO PEDIATRIC PATIENTS WHO ARE MEDICALLY UNDERSERVED, 19,093 VISITS, PROVIDES EACH CHILD WITH A FREE BOOK THROUGH IT REACH OUT AND READ PROGRAM TO IMPROVE LITERACY AND DEVELOP A CHILD'S LIFELONG PASSION FOR READING HEALTH OUTREACH FOR ADULTS OPERATE WOMEN'S HEALTH CENTER OFFERING MEDICALLY UNDERSERVED WOMEN BOTH OBSTETRICAL AND GYNECOLOGICAL CARE OPERATE CENTER FOR PUBLIC HEALTH OFFERS CARE TO INDIVIDUALS DIAGNOSED WITH AIDS OR WHO ARE HIV POSITIVE, 2,840 PATIENT REGISTRATIONS OPERATE OUTPATIENT SERVICES ADULT CLINICS PROVIDES PRIMARY AND SUBSPECIALTY CARE TO MEDICALLY UNDERSERVED ADULTS, 20,340 VISITS HEALTH OUTREACH IMPACTING ALL AGES OPERATE AN ACCREDITED TRAUMA CENTER, THAT PROVIDED THIS LIFE-SAVING LEVEL OF CARE TO 1,426 INDIVIDUALS LAST YEAR, PROVIDE TRAUMA PREVENTION EDUCATION TO THE GENERAL COMMUNITY, AND PROFESSIONAL EDUCATION TO EMS AND HOSPITAL PROVIDERS OPERATE A 24/7 EMERGENCY DEPARTMENT OPERATE THE READING HEALTH DISPENSARY AND ITS SECOND STREET SATELLITE, PROVIDE PRIMARY CARE TO FAMILIES AND ADULTS MEDICALLY UNDERSERVED, NEW OFFERING MIDWIFERY CARE TO PREGNANT WOMEN, 2,297 VISITS OPERATE A SCHOOL OF HEALTH SCIENCES TO PROVIDE COLLEGE-LEVEL TRAINING IN FIVE HEALTHCARE CAREERS (NURSING, RADIOLOGIC TECHNOLOGY, CLINICAL PASTORAL CARE, SURGICAL TECHNOLOGY, PARAMEDIC MEDICINE) OPERATE A SCHOOL OF CLINICAL LABORATORY SCIENCE TO PROVIDE THE FOURTH YEAR OF COLLEGE WORK TO STUDENTS INTERESTED IN CAREERS IN LABORATORY MEDICINE OPERATE A 24/7 DRUG AND ALCOHOL CENTER WITH INPATIENT DETOXIFICATION, DROP-IN SERVICE, AND SUPPORT GROUPS MAINTAIN 24/7 INTERPRETING SERVICES 16 ON-SITE SPANISH-ENGLISH INTERPRETERS, AND TRANSLATE FOR WRITTEN COMMUNICATIONS, NETWORK OF 24/7 VIDEO-REMOTE INTERPRETING STATIONS AND TELEPHONES FOR ANY LANGUAGE MAINTAIN 24/7 SIGN LANGUAGE SERVICES PARTNERSHIP WITH BERKS DEAF AND HARD OF HEARING TO PROVIDE CERTIFIED SIGN LANGUAGE INTERPRETER AS NEEDED, ESTABLISHED 24/7 VIDEO-REMOTE SIGN LANGUAGE INTERPRETING SERVICE PROVIDES 24/7 CHAPLAINCY SERVICES PROGRAM TO PROVIDE PATIENTS AND STAFF WITH SUPPORT FOR SPIRITUAL CONCERNS DEVELOPED PALLIATIVE CARE SERVICES TO SUPPORT SERIOUSLY ILL PATIENTS AND FAMILIES IN UNDERSTANDING HEALTH PROBLEM AND OPTIONS PROVIDE INPATIENT HOSPICE SERVICES, WITH APPROPRIATE NETWORKING FOR OUTPATIENT HOSPICE CARE HIRED A SOCIAL WORKER TO MANAGE PATIENTS WHO HAVE FREQUENTED THE ED WITH MINOR COMPLAINTS VISITS PATIENTS IN THEIR HOME TO CONNECT THEM WITH COMMUNITY RESOURCES AND ACCESS TO OUTPATIENT CARE OFFER RAGGEDY ANN THERAPY PROGRAM AS A NON-THREATENING METHOD OF ESTABLISHING COMMUNICATION WITH ANXIOUS OR DEPRESSED PATIENTS OFFER PAWS FOR WELLNESS AND OTHER PET THERAPY PROGRAMS AT NO CHARGE TO PATIENTS OFFERS NO ONE DIES ALONE PROGRAM THROUGH SPECIALLY TRAINED VOLUNTEERS PROVIDE FREE VALET PARKING TO PATIENTS AND THEIR VISITORS, OFFER WHEELCHAIRS AND ESCORTS TO SUPPORT MEDICALLY FRAGILE PATIENTS SUPPORT ORGAN DONATION COMMUNICATION AND PROCESS, EARNED RECOGNITION FROM THE US DEPARTMENT OF HEALTH AND HUMAN SERVICES FOR LEVEL OF SUCCESS MAINTAIN HELPLINE (CALL CENTER) FOR FREE INFORMATION ON HOSPITAL SERVICES, PHYSICIANS, HEALTH TOPICS, AND /OR LOCAL SUPPORT GROUPS EDUCATING HEALTHCARE PROFESSIONALS/CONDUCTING APPROPRIATE RESEARCH PREPARING STUDENTS FOR CAREERS IN HEALTH CARE HOSPITAL SCHOOLS ENROLLED GRADUATED CLINICAL PASTORAL EDUCATION 12 5 NURSING 302 118 PARAMEDIC INSTITUTE 15 12 MEDICAL IMAGING 49 0 RADIOLOGICAL TECH 14 14 SURGICAL TECH 15 5 PHYSICIANS IN RESIDENCIES 78 26 MEDICAL STUDENTS IN CLERKSHIPS 384 NA ONGOING EDUCATION/RESEARCH OPPORTUNITIES FOR CURRENT HEALTHCARE PROFESSIONALS OFFICE OF RESEARCH CONTINUES TO STIMULATE LOCAL RESEARCH THAT WILL BRING LEADING-EDGE TREATMENT OPTIONS TO BERKS COUNTY WORKS IN CONJUNCTION WITH HOSPITAL'S INSTITUTIONAL REVIEW BOARD THAT MONITORS ALL CLINICAL RESEARCH PROJECTS CONDUCTED AT READING HOSPITAL ACCREDITED BY THE PENNSYLVANIA MEDICAL SOCIETY TO SPONSOR CONTINUING MEDICAL EDUCATION FOR PHYSICIANS CME DEPARTMENT WITHIN ACADEMIC AFFAIRS DIVISION OVERSEES DEPARTMENT-BASED PROGRAMS FOR CME CATEGORY1 AND CATEGORY 2 CREDITS PROVIDES ONGOING EDUCATION FOR STAFF IN ALL CLINICAL DEPARTMENTS PROVIDES ONGOING EDUCATION FOR STAFF IN ALL DEPARTMENTS ON SAFETY, COMPLIANCE, AND RELATED REGULATORY AND PROFESSIONAL ISSUES INVESTED IN THE FUTURE HEALTH AND WELL-BEING OF THE COMMUNITY THROUGH EDUCATION AND RESEARCH ACTIVITIES

Form and Line Reference	Explanation
PART VI, LINE 6 - AFFILIATED HEALTH CARE SYSTEM	THE READING HOSPITAL MEDICAL GROUP AND READING PROFESSIONAL SERVICES ARE TWO GROUPS IN THE HOSPITALS AFFILIATED HEALTH CARE SYSTEM THAT PROVIDE GENERAL AND SPECIALIZED PRACTICE ASSISTANCE TO RH WHICH IS AN ACUTE CARE HOSPITAL PHYSICIANS IN THESE ENTITIES CAN REFER PATIENTS TO THE ACUTE CARE HOSPITAL FOR FURTHER TREATMENT

Form and Line Reference	Explanation
ADDITIONAL INFORMATION	LINK TO THE READING HOSPITAL COMMUNITY NEEDS ASSESSMENT AND IMPLEMENTATION PLAN HTTPS //WWW READINGHEALTH ORG/~/MEDIA/FILES/ABOUT/COMMUNITY%20HEALTH%20AND %20WELLNESS%20COMMUNITY%20HEALTH%20IMPLEMENTATION%20PLAN PDF

Additional Data

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

990 Schedule H, Supplemental Information

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
FACILITY 1, READING HOSPITAL - PART V, LINE 3	
FACILITY 1, READING HOSPITAL - PART V, LINE 4	ST JOSEPH HOSPITAL READING PA
FACILITY 1, READING HOSPITAL - PART V, LINE 7	LIST OF HEALTH NEEDS THE FACILITY DOES NOT PLAN TO ADDRESS READING HEALTH SYSTEM DOES NOT INTEND TO ADDRESS ACCESS TO HEALTHCARE (I E INSURANCE), ASTHMA, ORAL HEALTH, AND SUBSTANCE ABUSE (I E BINGE DRINKING) IDENTIFICATION AND DESCRIPTION OF HEALTH NEED THE FACILITY DOES NOT INTEND TO MEET AND EXPLAIN WHY ASTHMA CURRENTLY, READING HEALTH SYSTEM DOES NOT HAVE THE RESOURCES TO PROVIDE COMMUNITY WELLNESS PROGRAMS FOCUSED ON ASTHMA WE ARE PROPOSING THAT THIS HEALTH ISSUE BE CHARGED TO THE COMMUNITY COALITION WHICH WILL ENCOMPASS A BROAD RANGE OF EXPERTS TO DEAL WITH THIS ISSUE ORAL HEALTH WHILE THE HOSPITAL IS CURRENTLY PLANNING FOR A DENTAL RESIDENCY PROGRAM, WE FEEL THERE IS A LACK OF EXPERTISE TO SOLVE THE PROBLEM COUNTY-WIDE WE ARE PROPOSING THAT THIS HEALTH ISSUE BE CHARGED TO THE COMMUNITY COALITION WHICH WILL ENCOMPASS A BROAD RANGE OF EXPERTS TO DEAL WITH THIS ISSUE, INCLUDING THE POSSIBILITY OF A MOBILE UNIT SUBSTANCE ABUSE (I E BINGE DRINKING) WHILE THE HOSPITAL TREATS PATIENTS WITH DRUG OVERDOSE, WE DO NOT HAVE THE EXPERTISE OR RESOURCES TO HOLD PREVENTION PROGRAMS IN THIS AREA WE ARE LOOKING TO THE CARON FOUNDATION (A NATIONAL NON-PROFIT ORGANIZATION WHOSE MISSION IS TO PROVIDE TREATMENT TO THOSE AFFECTED BY ALCOHOLISM OR OTHER DRUG ADDICTION) FOR FUTURE COLLABORATIONS INCLUDING GRANT OPPORTUNITIES WHERE WE MIGHT SHARE IN RESOURCES TO DEVELOP PROGRAMMING IN ADDITION, THIS IS ONE OF THE KEY HEALTH ISSUES THAT WILL BE CHARGED TO THE COMMUNITY COALITION TO HELP ADDRESS
FACILITY 1, READING HOSPITAL - PART V, LINE 12I	FAMILY SIZE IS ALSO CONSIDERED
FACILITY 1, READING HOSPITAL - PART V, LINE 14G	INFORMATION REGARDING ELIGIBILITY FOR ASSISTANCE IS PROVIDED ON THE HOSPITAL'S BILLING STATEMENTS AND IN THE PATIENT FINANCIAL BROCHURE THAT IS AVAILABLE TO ALL PATIENTS OPTIONS ARE ALSO REVIEWED WITH PATIENTS WHEN THEY CONTACT THE HOSPITAL'S CALL CENTER THE HOSPITAL CLINICS' PERSONNEL ARE VERSED IN CHARITY CARE POLICY AND THEY WILL DISCUSS THE OPTIONS WITH THE PATIENTS PATIENTS ARE DIRECTED TO THE COUNTY ASSISTANCE OFFICE, OR IN THE CASE OF INPATIENTS AND OUTPATIENTS, ASSIST THEM WITH FILLING OUT THE APPLICATION WITH ONE OF THE HOSPITAL'S FINANCIAL COUNSELORS FOR MEDICAL ASSISTANCE OPTIONS ARE ALSO REVIEWED WITH PATIENTS WHO COME INTO THE CASHIERS OFFICE NEAR THE MAIN LOBBY

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493088002525

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
READING HOSPITAL

Employer identification number
23-1352204

Part I Questions Regarding Compensation

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

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

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

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

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

Part III Supplemental Information

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
SCHEDULE J, PAGE 1, PART I, LINE 4	CLINT MATTHEWS 0 282,273 0 THERESE SUCHER 0 135,907 0 RICHARD W JONES 0 124,150 0 DONNA F WEBER 154,635 0 0

Additional Data

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
CLINT MATTHEWS PRESIDENT & CEO	(I) (II)	910,103	160,000	42,561	282,273	43,043	1,437,980	
ROBERT A BRIGHAM BOARD MEMBER	(I) (II)	641,090	54,992	72,810	35,245	14,023	818,160	
KRISTEN SANDEL MD BOARD MEMBER	(I) (II)	299,561	43,909	263	-52,240	7,602	299,095	
THERESE SUCHER COO	(I) (II)	520,352	108,309	21,350	135,907	42,756	828,674	
RICHARD W JONES CFO	(I) (II)	494,038	80,860	47,182	124,150	31,467	777,697	
CARL SEIDL VICE PRESIDENT	(I) (II)	228,564	39,864	1,419	5,328	13,997	289,172	
MARK MCNASH VICE PRESIDENT	(I) (II)	233,841	32,129	407		13,994	280,371	
MARGARET BLIGH VICE PRESIDENT	(I) (II)	204,525	33,763	2,370	29,513	13,973	284,144	
BRIAN LAHMANN PHYSICIAN	(I) (II)	366,057	30,425	69,442	-15,540	21,193	471,577	
CHARLES F BARBERA PHYSICIAN	(I) (II)	402,744	58,500	1,347	-143,694	19,985	338,882	
JOHN BEYER MD PHYSICIAN	(I) (II)	387,057	21,175	23,901	-81,138	21,193	372,188	
MATTHEW GROVE PHYSICIAN	(I) (II)	359,765	24,475	35,376	-3,262	21,193	437,547	
NEIL GULATI MD PHYSICIAN	(I) (II)	351,964	23,675	32,794		21,193	429,626	
DONNA F WEBER FORMER VP NURSING	(I) (II)	154,635			-99,392		55,243	

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493088002525

Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

Employer identification number
23-1352204

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) ROLAND STOCK LLC (JOHN ROLAND)	PARTNER	192,962	LEGAL SERVICES		No
(2) STEVENS & LEE (C THOMAS WORK)	PARTNER	6,927,178	LEGAL SERVICES		No

Part V Supplemental Information

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

Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493088002525

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
READING HOSPITAL

Employer identification number

23-1352204

Return Reference	Explanation	
	FORM 990 - ORGANIZATION'S MISSION	THE MISSION OF THE READING HOSPITAL IS TO PROVIDE COMPASSIONATE, ACCESSIBLE, HIGH QUALITY, COST EFFECTIVE CARE TO THE COMMUNITY TO PROMOTE HEALTH, TO EDUCATE HEALTHCARE PROFESSION ALS, AND TO PARTICIPATE IN APPROPRIATE CLINICAL RESEARCH ASK SOMEONE TO DEFINE A HOSPITAL 'S ROLE IN THE COMMUNITY, AND MOST OFTEN YOU HEAR ABOUT SERVICES AND DEPARTMENTS, OR ABOUT DOCTORS, NURSES AND OTHER CAREGIVERS IN ADDITION TO ITS PRIMARY ROLE AS A PROVIDER OF DI RECT CARE, READING HEALTH SYSTEM ADDRESSES ISSUES OUTSIDE THAT REALM THAT IMPACT HEALTH AN D WELLNESS IN FACT, A KEY PART OF OUR MISSION MEANS THE REINVESTMENT OF OUR RESOURCES INT O THESE EFFORTS, WHICH ARE COLLECTIVELY KNOWN AS COMMUNITY BENEFIT WE ARE PROUD TO REPORT THAT IN OUR LAST FISCAL YEAR, WE COMMITTED MORE THAN 175 MILLION TO THIS CAUSE. OUR CAREG IVERS AND SUPPORT STAFF PARTICIPATE IN HEALTH EDUCATION, FREE SCREENINGS, AND IMMUNIZATION S THEY SUPPORT ACTIVITIES FOR INDIVIDUALS WITH SERIOUS OR CHRONIC HEALTH CONDITIONS, ADVA NCE SELF-CARE BY INCREASING HEALTHCARE KNOWLEDGE, AND ADDRESS SPECIFIC COMMUNITY NEEDS THR OUGH AN ARRAY OF OTHER EDUCATIONAL, SERVICE AND OUTREACH ACTIVITIES HERE ARE A FEW EXAMPL ES OF WHY THESE PROGRAMS REPRESENT THE BEST OF ALL OF US, WORKING TOGETHER FOR THE HEALTH OF OUR COMMUNITY COMMUNITY HEALTH IMPROVEMENT SERVICES ARE CARRIED OUT TO IMPROVE COMMUNI TY HEALTH THEY EXTEND BEYOND PATIENT CARE ACTIVITIES AND ARE SUBSIDIZED BY READING HEALTH SYSTEM PROGRAMS ARE OFFERED FOR FREE OR AT A VERY NOMINAL FEE TO ALL COMMUNITY MEMBERS READING HEALTH SYSTEM PROVIDES HEALTH EDUCATION PROGRAMS DESIGNED TO EDUCATE AND IMPROVE T HE HEALTH OF THE COMMUNITY FREE COMMUNITY BASED CLINICAL CARE IS OFFERED AT VARIOUS TIMES THROUGH OUT THE YEAR AND INCLUDE FREE FLU SHOTS AND CANCER SCREENINGS, WHICH INCLUDE SKIN , CERVICAL, BREAST, AND ORAL DURING FY 2014 APPROXIMATELY 2,100 FLU VACCINES WERE PROVIDE D TO COMMUNITY MEMBERS FREE OF CHARGE AND OVER 200 FREE CANCER SCREENINGS WERE GIVEN AND 4 7 AUTISM SCREENINGS PRESCRIPTION MEDICATIONS, MEDICAL EQUIPMENT AND TRANSPORTATION WAS AL SO PROVIDED FREE OF CHARGE FOR PATIENTS WHO DEMONSTRATE NEED HEARTSAFE BERKS COUNTY IS AN INNOVATIVE PROGRAM THAT PLACES AUTOMATIC EXTERNAL DEFIBRILLATORS (AEDS) IN KEY INSTITUTIO NS THROUGHOUT THE COUNTY AN AED CAN HELP REVIVE A PERSON WHOSE HEART HAS STOPPED BEFORE E MERGENCY MEDICAL PERSONNEL ARRIVE. DIVERSITY AND CONSUMER ENGAGEMENT POSITION WAS CREATED TO SUPPORT READING HEALTH SYSTEM'S COMMUNITY ENGAGEMENT ENDEAVORS THIS DEPARTMENT WILL BE RESPONSIBLE FOR DELIVERY OF STRATEGIC HEALTH SERVICES FOR UNDERSERVED POPULATION COMMUNI TY BENEFIT TOTAL 175,704,500 (FISCAL YEAR 2014) DIRECT PATIENT CARE UNREIMBURSED MEDICARE 78 6 MILLION THE DIFFERENCE BETWEEN MEDICARE CHARGES AND MEDICARE PAY MENTS AND THE ACTUA L COST OF PROVIDING PATIENT CARE. UNREIMBURSED MEDICAID 53 4 MILLION THE DIFFERENCE BETWE EN MEDICAL ASSISTANCE CHARGES AND MEDICAID PAYMENTS AND THE ACTUAL COST OF PROVIDING PATIE NT CARE. BAD DEBT 5 9 MILLION THE COST OF PROVIDING CARE TO PATIENTS WHOM WE BELIEVE WOUL D QUALIFY FOR FINANCIAL ASSISTANCE UNDER OUR CHARITY CARE POLICY UNCOMPENSATED CHARITY CA RE 15 4 MILLION FREE HEALTH SERVICES PROVIDED TO PERSONS WHO MEET OUR CRITERIA FOR FINANC IAL ASSISTANCE. THIS AMOUNT REFLECTS THE ACTUAL COST OF PROVIDING CARE. COMMUNITY HEALTH I MPROVEMENT SERVICES PATIENT CARE COMMUNITY SERVICES 3 1 MILLION INCLUDES FREE FLU SHOTS, CANCER SCREENINGS, MEDICATIONS, MEDICAL EQUIPMENT AND TRANSPORTATION FOR COMMUNITY MEMBERS , FREE INTERPRETING SERVICES, AND FREE COMMUNITY HELP LINE. COMMUNITY HEALTH EDUCATION 7 MILLION INCLUDES HEALTH EDUCATION PROGRAMS, CPR CLASSES, SUPPORT GROUPS AND FREE WORKSITE HEALTH EDUCATION PROGRAMS THAT IMPROVE COMMUNITY HEALTH CONTRIBUTIONS 0 7 MILLION MONET ARY SUPPORT GIVEN TO THE WEST READING COMMUNITY FINANCIAL AND IN-KIND DONATIONS 1 5 MILL ION CONTRIBUTIONS MADE BY RH AND ITS EMPLOYERS TO COMMUNITY NON-PROFIT ORGANIZATIONS CASH AND IN-KING DONATIONS WERE MADE TO NON-PROFIT ORGANIZATIONS, NOT AFFILIATED WITH READING HEALTH SYSTEM, AND WHOSE PROGRAMS AND OR SERVICES SHARE THE MISSION OF READING HEALTH SYST EMDONATIONS WERE GIVEN TO THE AMERICAN CANCER SOCIETY, CHILDREN'S HOME OF READING, CENTRO HISPANO, BERKS COMMUNITY HEALTH CENTER, MARCH OF DIMES AND OTHER NON-PROFIT ORGANIZATIONS 700 FREE TURKEYS ARE GIVEN TO THE SALVATION ARMY EACH YEAR TO ASSIST NEEDY FAMILIES IN BE RKS COUNTY ALL EMPLOYEES ARE OFFERED THE OPPORTUNITY TO HELP THE COMMUNITY THROUGH THE RE ADING HEALTH SYSTEM'S EMPLOYEE ENGAGEMENT INITIATIVE. READING HEALTH SYSTEM OFFERS A FREE PHONE BASED COMMUNITY HELPLINE TO ASSIST COMMUNITY MEMBERS TO CONNECT WITH SERVICES PROVID ED WITHIN THE HEALTH SYSTEM AND THE COMMUNITY PROFESSIONAL EDUCATION AND CLINICAL RESEARC H MEDICAL EDUCATION FOR PHYSICIANS/MEDICAL STUDENTS 12 MILLION INCLUDES SALARIES AND BENE FITS FOR MEDICAL RESIDENTS, MEDICAL LIBRARY, AND CONTINUING MEDICAL EDUCATION PROGRAMS AVA ILABLE TO ALL PHYSICIANS WITHIN THE COMMUNITY NUR

Return Reference	Explanation	
	FORM 990 - ORGANIZATION'S MISSION	SING AND OTHER HEALTH PROFESSIONAL EDUCATION,INCLUDES NURSING, PARAMEDIC AND PASTORAL CARE EDUCATION THAT RESULT IN A DEGREE, CERTIFICATE OR TRAINING NECESSARY TO BE LICENSED TO PR ACTICE AS A HEALTH PROFESSIONAL INCLUDES CONTINUING MEDICAL EDUCATION PROGRAMS OFFERED TO ALL NURSES IN THE COMMUNITY CONTINUING MEDICAL EDUCATION IS OFFERED TO ALL PHY SICIANS, N URSES AND OTHER HEALTH PROFESSIONALS WITHIN THE COMMUNITY ON SUBJECTS FOR WHICH OUR ORGANI ZATION HAS SPECIAL EXPERTISE CANCER CLINICAL RESEARCH AND TUMOR REGISTRY 2 5 MILLION INC LUDES RESEARCH AND CLINICAL TRIALS IN THE AREAS OF CANCER, AND TUMOR REGISTRY EXPENSES RE ADING HEALTH SY STEM PARTICIPATES IN CANCER CLINICAL HEALTH RESEARCH THAT IS SHARED WITH OT HERS OUTSIDE OF OUR SY STEM BECAUSE OF THE HOSPITAL'S DEDICATION TO CLINICAL RESEARCH AND OUR AFFILIATIONS WITH VARIOUS NATIONAL ORGANIZATIONS, WE ARE ABLE TO PROVIDE PATIENTS, IN OUR COMMUNITY, WITH THE OPPORTUNITY TO PARTICIPATE IN THE SAME RESEARCH STUDIES BEING OFFE RED AT LARGE UNIVERSITY HOSPITALS THROUGHOUT THIS NATION THIS INCLUDES RESEARCH AND CLINI CAL TRIALS IN THE AREA OF CANCER AND INCLUDES TUMOR REGISTRY EXPENSES BASED UPON THE COMM UNITY HEALTH NEEDS ASSESSMENT, READING HEALTH SY STEM IDENTIFIED SEVERAL HIGH-PRIORITY ISSU ES FOR OUR FOCUS, MATERNAL, INFANT AND CHILD HEALTH AND OBESITY TO HELP ORGANIZE OUR EFFO RTS AND KEEP THESE KEY ISSUES IN FRONT OF THE COMMUNITY, READING HEALTH SY STEM DEVELOPED A COMMUNITY HEALTH DEPARTMENT THIS DEPARTMENT WILL FOSTER PARTNERSHIPS WITH COMMUNITY ORGA NIZATIONS SO THAT WE CAN WORK TOGETHER TO DEVELOP, IMPLEMENT, AND EVALUATE PROGRAMS TO IMP ROVE OUR COMMUNITIES HEALTH WE ARE HOPEFUL OUR EFFORTS WILL EMPOWER MORE PEOPLE TO MANAGE THEIR HEALTH BEHAVIORS AND THEREBY EXPERIENCE A BETTER QUALITY OF LIFE.

Return Reference	Explanation
FORM 990, PAGE 1, PART I, LINE 6	1,164 VOLUNTEERS GAVE 64,312 HOURS OF SERVICE AND MADE 44,349 HANDMADE PROJECTS THESE EFFORTS LED TO 199,851 BEING RAISED TO FUND VARIOUS PROGRAMS, SUCH AS HEARTSAFE, PARTNERSHIP FOR HEALTHIER BERKS COUNTY, AND OTHER PATIENT ASSISTANCE PROGRAMS

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

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

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

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

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

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

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

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 11B	THE FORM 990 IS PREPARED BY HOSPITAL STAFF AND REVIEWED BY ITS EXTERNAL TAX ADVISORS

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

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

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

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

Return Reference	Explanation
FORM 990, PART XI, LINE 9	UNREALIZED GAINS 2,149,703 CONTRIBUTIONS CLASSIFIED AS RESTRICTED ASSETS 1,241,237 ASSETS RELEASED FROM RESTRICTION 15,752 INTERCOMPANY ASSET TRANSFERS 45,170,000 PENSION LIABILITY 27,046,181 OTHER INCREASES IS COMPOSED OF UNREALIZED GAINS 2,149,703 RESTRICTED CONTRIBUTIONS 1,241,237 OTHER DECREASES ASSETS RELEASED FROM RESTRICTIONS 15,752 INTERCOMPANY TRANSFERS 45,170,000 PENSION LIABILITY CHANGE 27,046,181

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493088002525

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
READING HOSPITAL

Employer identification number
23-1352204

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

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	(g) No
See Additional Data Table							

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) Disproprtionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) THE READING HOSPITAL SURGICENTER AT SPRING RIDGE LLC 2603 KEISER BLVD WYOMISSING, PA 19610 58-2682467	SURGERY	PA	THE RDG HO	EXCLUDED	3,537,261	1,221,302		No		Yes		50 000 %

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

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

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

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

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

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

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

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

Part VII Supplemental Information

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

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

Additional Data

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

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(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) READING HEALTH SYSTEM SIXTH AVE SPRUCE ST WEST READING, PA 19611 23-2201344	SUPPORTING	PA	501C3	11C	NA		No
(1) THE FRIENDS OF THE READING HOSPITAL SIXTH AVE SPRUCE ST WEST READING, PA 19611 23-6026108	SUPPORTING	PA	501C3	11B	RHS	Yes	
(2) THE RDG HOSPITAL & MED CENTER SELF- SIXTH AVE SPRUCE ST WEST READING, PA 19611 23-2087514	TRUST FUND	PA	501C3	11B	RHS	Yes	
(3) THE RDG HOSPITAL & MED CENTER WORKE SIXTH AVE SPRUCE ST WEST READING, PA 19611 22-3054717	TRUST FUND	PA	501C3	11B	RHS	Yes	
(4) READING PROFESSIONAL SERVICES SIXTH AVE SPRUCE ST WEST READING, PA 19611 23-2266054	HEALTHCARE	PA	501C3	3	RHS	Yes	
(5) THE RDG HOSPITAL MEDICAL GROUP SIXTH AVE SPRUCE ST WEST READING, PA 19611 20-5095905	HEALTHCARE	PA	501C3	3	RHS	Yes	
(6) THE HIGHLANDS AT WYOMISSING 2000 CAMBRIDGE AVE WYOMISSING, PA 19610 22-2790840	RETIREMENT	PA	501C3	9	RHS	Yes	
(7) READING HEALTH PARTNERS SIXTH AVE SPRUCE ST WEST READING, PA 196126052 46-3459501	HEALTHCARE	PA	501C3	3	RHS	Yes	

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
READING PROFESSIONAL SERVICES	A	1,307,618	G/L TRANSACTION
READING PROFESSIONAL SERVICES	R	38,385,709	G/L TRANSACTION
THE HIGHLANDS AT WYOMISSING	Q	2,882,121	G/L TRANSACTION
READING HEALTH SYSTEM	E	21,613,055	G/L TRANSACTION
READING HEALTH SYSTEM	R	11,333,055	GL TRANSACTION
THE READING HOSPITAL MEDICAL GROUP	R	15,280,735	GL TRANSACTION
THE READING HOSPITAL MEDICAL GROUP	J	468,290	G/L TRANSACTION

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493088002525

TY 2013 GeneralDependencySmall

Name: READING HOSPITAL

EIN: 23-1352204

Business Name or Person Name:

Taxpayer Identification Number:

Form, Line or Instruction Reference:

Regulations Reference:

Description: WAIVE NOL CARRYBACK

Attachment Information:

READING HEALTH SYSTEM AND SUBSIDIARIES

Consolidated Financial Statements and
Supplementary Consolidating Information

June 30, 2014

(With Independent Auditors' Report Thereon)

READING HEALTH SYSTEM AND SUBSIDIARIES

June 30, 2014

Table of Contents

KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

Independent Auditors' Report

The Board of Directors of
Reading Health System

We have audited the accompanying consolidated financial statements of Reading Health System and Subsidiaries, which comprise the consolidated balance sheet as of June 30, 2014, 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 Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U S generally accepted accounting principles, 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 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 auditors' 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 opinion.

Opinion

In our opinion, the 2014 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Reading Health System and Subsidiaries as of June 30, 2014, and the results of their operations and their cash flows for the year then ended in accordance with U S generally accepted accounting principles

Other Matter

As part of our audit of the 2014 consolidated financial statements, we also audited the adjustments described in Note 15 that were applied to restate net assets as of June 30, 2013 Reading Health System and Subsidiaries' previously issued consolidated financial statements were audited by other auditors In our opinion, such adjustments are appropriate and have been properly applied

KPMG LLP

Philadelphia, Pennsylvania
November 24, 2014

READING HEALTH SYSTEM AND SUBSIDIARIES

Consolidated Balance Sheet

June 30, 2014

(Dollars in thousands)

Assets

Current		
Cash and cash equivalents	$	9,033
Patient accounts receivable, less allowance for uncollectible accounts of $69,031		122,508
Other receivables		34,586
Receivable from affiliates		850
Inventories		14,501
Estimated third-party payor receivables		8,729
Prepaid expenses and other current assets		16,034
Assets whose use is limited – required for current liabilities		
Self-insurance funding arrangements		10,722
Revenue bond indentures – debt service requirements		3,107
By board for capital improvements and under regulatory requirements		9,177
Total current assets		229,247
Assets whose use is limited		
Self-insurance funding arrangements		18,167
Under regulatory requirements		3,071
By board for capital improvements		1,032,282
Total assets whose use is limited, net of current portion		1,053,520
Restricted investments		24,362
Temporarily restricted funds		667
Property, plant and equipment, net		698,291
Deferred financing costs, net		4,641
Deferred compensation fund		2,352
Other assets		13,644
Total assets	$	2,026,724

(Continued)

READING HEALTH SYSTEM AND SUBSIDIARIES

Consolidated Balance Sheet

June 30, 2014

(Dollars in thousands)

Liabilities and Net Assets

Current		
Current installments of long-term debt	$	7,074
Accounts payable		36,855
Estimated third-party payor settlements		3,841
Current portion of estimated self-insurance costs		35,722
Accrued expenses		40,164
Accrued vacation		24,555
Advances from third-party payor		3,832
Other current liabilities		10,049
Total current liabilities		162,092
Long-term debt, net of current portion and unamortized discount/premium		589,739
Accrued pension liabilities		136,577
Deferred revenue		37,100
Deferred compensation		2,694
Gift annuities		488
Estimated self-insurance costs, net of current portion		39,759
Swap contracts		52,550
Total liabilities		1,020,999
Net assets		
Unrestricted (note 15)		982,453
Temporarily restricted		667
Permanently restricted		22,605
Total net assets		1,005,725
Total liabilities and net assets	$	2,026,724

See accompanying notes to consolidated financial statements

READING HEALTH SYSTEM AND SUBSIDIARIES

Consolidated Statement of Operations

Year Ended June 30, 2014

(Dollars in thousands)

Unrestricted revenues and other support	
Net patient service revenue	$ 879,264
Provision for uncollectible accounts	(30,334)
Net patient service revenue less provision for uncollectible accounts	848,930
Residential revenue	20,200
Other revenue	31,953
Total revenues and other support	901,083
Expenses:	
Salaries and benefits	499,572
Supplies	141,614
Utilities	15,939
Interest	14,644
Depreciation	90,704
Purchased services	79,494
Repairs and maintenance	33,989
Other	55,381
Total expenses	931,337
Loss from operations	(30,254)
Nonoperating gains (losses)	
Investment income	63,121
Change in fair value of swap contracts and net settlement payments	(4,250)
Other losses	(4,144)
Nonoperating gains (losses), net	54,727
Excess of revenues, gains and other support over expenses	$ 24,473

See accompanying notes to consolidated financial statements

READING HEALTH SYSTEM AND SUBSIDIARIES

Consolidated Statement of Changes in Net Assets

Year Ended June 30, 2014

(Dollars in thousands)

Unrestricted net assets		
Excess of revenues, gains and other support over expenses	$	24,473
Change in unrealized gains on investments, net		61,546
Change in pension liability		(27,025)
Other		(28)
Increase in unrestricted net assets		58,966
Temporarily restricted net assets		
Contributions		17
Change in unrealized gains on investments, net		1,942
Realized gains on investments		9
Net assets released from restrictions – for operations		(20)
Increase in temporarily restricted net assets		1,948
Permanently restricted net assets		
Contributions		1,241
Change in beneficial interest in trusts		592
Increase in permanently restricted net assets		1,833
Change in net assets		62,747
Net assets		
Beginning of year (note 15)		942,978
End of year	$	1,005,725

See accompanying notes to consolidated financial statements

READING HEALTH SYSTEM AND SUBSIDIARIES

Consolidated Statement of Cash Flows

Year Ended June 30, 2014

(Dollars in thousands)

Cash flows from operating activities		
Change in net assets	$	62,747
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Change in unrealized gains on investments		(64,080)
Change in fair value of swap contracts		4,250
Amortization of bond discount		78
Amortization of bond premium		(212)
Amortization of deferred financing costs		174
Change in pension liability, net		23,625
Depreciation		90,704
Amortization of entrance fees		(4,519)
Proceeds from entrance fees and deposits		6,228
Provision for uncollectible accounts		30,334
Realized gains on investments		(63,121)
Equity in earnings of affiliates		(5,500)
Restricted contributions		(1,258)
Change in cash due to changes in operating assets and liabilities		
Receivable from patients and others		(50,594)
Receivable from affiliates		(172)
Inventories		321
Prepaid expenses and other assets		1,139
Accounts payable and other liabilities		(20,928)
Estimated self-insurance costs		20,908
Deferred compensation		12
Gift annuities		(91)
Deferred revenue		1,434
Third-party payor settlements		(1,244)
Net cash provided by operating activities		30,235
Cash flows from investing activities		
Acquisition of property, plant and equipment		(92,300)
Distribution from equity investees		4,942
Investment in affiliate		(1,000)
Sales of investments and assets whose use is limited, net		282,170
Purchases of investments and assets whose use is limited, net		(261,169)
Net settlement payments on swap contracts		(11,559)
Net cash used in investing activities		(78,916)
Cash flows from financing activities		
Restricted contributions and investment income received		1,258
Payments of long-term debt		(6,735)
Refunds of entrance fees and deposits		(1,003)
Net cash used in financing activities		(6,480)
Net decrease in cash and cash equivalents		(55,161)
Cash and cash equivalents		
Beginning of year		64,194
End of year	$	9,033
Supplemental cash flow information		
Cash paid during the year for interest, net of capitalized interest of $2,800	$	14,926
Fixed asset additions included in accounts payable and other liabilities		14,997

See accompanying notes to consolidated financial statements

(1) Organizational Structure and Nature of Operations

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

(a) Subsidiaries of the Parent Include:

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

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

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

The Reading Hospital Medical Group (TRHMG), a not-for-profit entity to assure access to high quality primary care physicians and specialty physicians in sufficient numbers to meet the community need, and providing physician billing

The Highlands at Wyomissing (Highlands), a not-for-profit corporation, is a fully controlled entity of The Reading Hospital The purpose of the Highlands is to operate a continuing care retirement community including residential, recreational and health care facilities and services specially designed to meet the physical, social and psychological needs of elderly persons The Highlands facility is located in Wyomissing, Pennsylvania, and its residents are principally from the Wyomissing and Reading, Pennsylvania, area The facility contains 287 residential living units, an 80-bed skilled nursing unit, and 66 personal care units Certain members of the Board of Directors from the Hospital are also members of the Board of Directors of the Highlands

Reading Health Partners (RHP), a (Pennsylvania) limited liability company, established on December 12, 2012, was formed to develop a physician network working in conjunction with the Reading Health System to implement a clinical integration program Clinical integration is the implementation of an active and ongoing program to evaluate and modify practice patterns by the network's physician participants and create a high degree of interdependence and cooperation among the physicians to control costs and improve the quality and efficiency of health care in the community

(b) Other Noncontrolled Related Entities Include:

Berkshire Health Partners (BHP) is licensed by the Commonwealth of Pennsylvania as a fully integrated, nonrisk bearing preferred provider organization A not-for-profit corporation in Pennsylvania, BHP was established by hospitals and physicians and offers a provider network of physicians, hospitals and ancillary providers and services Certain members of the Hospital's Board of Directors are directors of BHP In September 2011, BHP entered into a membership repurchase

agreement giving the Parent full ownership of the hospital operations of BHP The other 50% is owned by Reading Physicians Organization

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

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

The Reading Hospital Surgicenter at Springridge, LLC (Springridge LLC), a limited liability company, was established to provide ambulatory surgery services to the surrounding community. The Hospital maintains a 50% ownership under the equity method of accounting In FY 2014, Reading Hospital received a distribution of $4,167 This interest is included in other assets on the accompanying consolidated balance sheet.

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

The Parent's ownership of Central Pennsylvania Homecare, Inc (d b a Affilia Home Health, AHH) is 44 1% AHH provides visiting home nursing services to outpatients of the Hospital and other healthcare providers in the surrounding community This investment is recorded under the equity method of accounting and is included in other assets on the accompanying consolidated balance sheet

The Parent is a 20% owner of Quest Behavioral Health, Inc (Quest) Quest is a not-for-profit corporation providing full service managed behavioral healthcare This investment is recorded under the equity method of accounting and is included in other assets on the accompanying consolidated balance sheet

Horizon is a for-profit limited liability partnership of which Reading Hospital is a 25% owner Reading Hospital received a distribution of $775 The investment is recorded under the equity method of accounting and is included in other assets on the accompanying consolidated balance sheet

AllSpire Health Partners, LLC is an alliance of seven systems in New Jersey and Pennsylvania for which the Parent is a 14% owner The consortium will carry out joint activities in traditional areas of patient care services, research and education to enhance the value of health care that communities receive

(2) Summary of Significant Accounting Policies

Basis of Accounting

These consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U S GAAP) The significant accounting policies followed by Reading Health System and Subsidiaries (the System) are as follows

(a) Principles of Consolidation

The consolidated financial statements of the System include the accounts of the Parent, the Hospital, RPS, TRHMG, Highlands, RHP and MC Realty All significant intercompany balances and transactions have been eliminated

(b) Use of Estimates

The preparation of the consolidated financial statements in conformity with U S GAAP 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 These significant estimates include the accounts receivable allowance for uncollectible accounts, contractual allowances, estimated third-party payor settlements, investments, accrued pension liabilities, swap liabilities, accrued retirement costs and accrued insurance costs Actual results could differ from those estimates.

(c) Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less At June 30, 2014, the System had cash balances in financial institutions that exceeded federal depository insurance limits Management believes that the credit risk related to these deposits is minimal

(d) Net Patient Service Revenue and Patient Accounts Receivable

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

The System recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered For uninsured patients who do not qualify for charity care, the System recognizes revenue based on established rates, subject to certain discounts as determined by the Hospital An estimated provision for uncollectible accounts is recorded that results in net patient service revenue being reported at the net amount expected to be received The System has determined that patient service revenue primarily is recorded prior to assessing the patient's ability to pay, and, as such, the entire provision for uncollectible accounts related to patient revenue is recorded as a deduction from patient service revenue in the accompanying consolidated statement of operations and changes in net assets Patient service revenue, net of contractual allowances and discounts (but before the provision for uncollectible accounts), for the year ended 2014 from its major payor sources are as follows

	Third-party payors	Self-pay	Total
Patient service revenue (net of contractual allowances and discounts)	94%	6%	100%

Revenue from the Medicare and Medicaid programs accounted for approximately 32% and 9%, respectively, of the Hospital's net patient service revenue for the year ended June 30, 2014 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.

Accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectability of accounts receivable, the System analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for uncollectible accounts Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts For receivables associated with services provided to patients who have third-party coverage, the System analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for uncollectible accounts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely) For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), The System records a significant provision for uncollectible accounts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible The difference between the standard rates (or the discounted rates, if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts

(e) Residential Revenue and Deferred Revenue

Entrance fees paid by residents of the Highlands' independent living units are recorded as deferred revenue. Entrance fees are amortized to income using the straight-line method over the estimated remaining life expectancy of the resident. In addition, for all contracts entered into prior to January 1, 2005, a portion equal to 30% of the entrance fee, referred to as the health fund is reserved to be accounted for individually for each resident/couple and is refundable to the extent not amortized. Amortization of the health fund occurs when a resident utilizes health services (Nursing or Personal Care).

The Highlands' entrance fees are refundable for a period of time up to 50 months. During this time, for refund purposes only, a resident's entrance fee is amortized at the rate of 2% per month for 50 months beginning on the date of occupancy. The Highlands has deferred revenue pertaining to entrance fees of $34,010 at June 30, 2014. The amount of entrance fees, which is refundable to residents at June 30, 2014 under contractual refund provisions, was approximately $11,000.

(f) Other Revenue

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

(g) Donor Restricted Gifts

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

Contributions are reported as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated statement of operations.

(h) Accrued Vacation

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

(i) Excess of Revenue, Gains and Other Support Over Expenses

The consolidated statement of operations include the excess of revenues, gains and other support over expenses. Changes in unrestricted net assets that are excluded from this performance indicator, consistent with industry practice, include changes in unrealized gains and losses on marketable securities classified as other than trading securities, adjustments for defined benefit and other

(Continued)

(Dollars in thousands)

postretirement benefits, and contributions of long-lived assets (including assets acquired using contributions, which by donor-restriction were to be used for the purposes of acquiring such assets)

(j) Assets Whose Use is Limited

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

Assets whose use is limited includes cash and cash equivalents, marketable securities (including U S government and government agencies, corporate, state and local government), marketable equity securities (including common, preferred, and foreign stock), exchange traded/listed mutual funds (including fixed income funds), hedge funds, private equity funds, and limited partnerships

The Pennsylvania Continuing Care Provide Registration and Disclosure Act requires a statutory reserve equivalent to the greater of the total of debt service payments due during the next 12 months on account of any loan, or 10% of the projected annual operating expenses of the facilities exclusive of depreciation, computed only on the proportional share of financing or operating expenses that is applicable to residents under entrance agreement contracts For the System, this statutory requirement applies only to The Highlands This statutory reserve requirement is considered to be fulfilled from board-designated funds included within assets limited as to use under regulatory requirements

The calculation of the 10% of the annual operating expenses for the fiscal year ended June 30, 2015 is as follows

Budgeted operating expenses for fiscal year ended June 30, 2015	$	24,748
Less Budgeted depreciation and amortization expense		(3,461)
Net budgeted operating expenses for fiscal year ended June 30, 2015		21,287
Required reserve as of July 1, 2014 (10%)	$	2,129

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

Principal due	$	1,522
Interest due		1,303
Required reserve as of July 1, 2014	$	2,825

(k) Property, Plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation Expenditures that substantially increase the useful lives of existing assets are capitalized Routine maintenance and

repairs are expensed as incurred Depreciation is computed using the straight-line method over the estimated useful lives of each class of depreciable asset Useful lives range as follows

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

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

(l) Temporarily and Permanently Restricted Net Assets

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

(m) Inventories

Inventories are stated at lower of cost determined by the first-in, first-out method or market Physical inventory counts are conducted semi-annually and adjustments recorded

(n) Investments and Investment Income

Investment income earned on securities (interest and dividends) is reported in the nonoperating gains/(losses) section of the consolidated statement of operations within Investment income Realized gains or losses related to the sale of investments, other than temporary impairments on other than trading investments, and unrealized gains or losses on alternative investments, are included in the nonoperating gains/(losses) section of the consolidated statement of operations in Investment income unless the income or loss is restricted by donor or law

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value in the consolidated balance sheet These securities have been classified as other than trading, and changes in unrealized gains on these instruments are included in the consolidated statement of changes in net assets Unrealized losses are included in the consolidated statement of operations within nonoperating gains/(losses)

The fair value option for financial assets and liabilities permits the System to elect to measure eligible items at fair value on an instrument by instrument basis If elected, this option requires the System to report the unrealized gains and losses on these instruments as part of the performance indicator Once elected, the fair value option is irrevocable for that instrument Alternative investments include investments in managed funds, which include hedge funds, private equities, limited partnerships and other investments that do not have readily determinable fair values and may be subject to withdrawal restrictions Investments in hedge funds, private equities, limited partnerships, and other investments in managed funds (collectively alternative investments) are accounted for using the fair value option The unrealized gains or losses from these alternative investments are included in the consolidated statement of operations as part of nonoperating gains/(losses) within Investment income

(o) Fair Value Measurements

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

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

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

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

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

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

Where quoted prices are available in an active market, investments are classified in Level 1 of the valuation hierarchy. Investments in Level 1 include cash, exchange-traded equity securities and mutual funds with a published daily net asset value or its equivalent (NAV). Investments in Level 2 include financial instruments valued based on quoted market prices for identical securities in markets that are not active, quoted prices for similar securities in markets that are active, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. If quoted prices are not available, other accepted valuation methodologies, such as interest rates, observable yield curves and spreads may be used to determine fair value. Level 2 includes auction rate securities, investments in marketable corporate debt securities, U.S. government and agency debt securities, and certain mutual funds that permit daily redemptions but whose NAV is not published. Auction rate securities are estimated using the income approach. This approach uses estimation techniques to determine the estimated future cash flows of the respective asset or liability expected by a market participant and discounts those cash flows back to present value. Level 2 also includes investments in certain private entities that calculate NAV per share, or its equivalent, if the System has the ability to redeem its investment with the investee at the stated NAV at the measurement date or shortly thereafter. Investments in Level 3 include other nonreadily marketable alternative investments, such as investments in private equity funds and hedge funds where the System's investments are subject to lock up periods and other longer-term liquidity restrictions and are reported at fair value based on the use of inputs that are unobservable in the public market.

The fair values of Level 3 investments have been estimated by management based on all available data, including information provided by third-party pricing vendors, fund managers and general partners. Alternative investments are recorded at fair value based on the NAV as a practical expedient, as provided by the respective general partner or fund administrator of the individual alternative investment funds. The System believes the fair value of alternative investments in the consolidated balance sheet is a reasonable estimate of its ownership interest in the alternative investment funds. As part of the System's overall valuation process, management evaluates these third-party methodologies to ensure that they are representative of exit prices in the security's principal markets.

These valuation methods may produce a fair value estimate that may not be reflective of future fair values. Furthermore, while the System believes that its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value could result in a materially different estimate of fair value at the reporting date. See note 4 for additional details related to the System's investments.

(p) Deferred Financing Costs

Deferred financing costs are amortized over the period the debt is outstanding using the straight-line method, which approximates the effective interest method. Amortization of deferred financing costs totaled $174 at June 30, 2014. Accumulated amortization totaled $503 as of June 30, 2014.

(Continued)

(q) Bond Premiums/(Discounts)

Bond premiums/(discounts) are amortized to interest and expense as direct additions/(reductions) of the carrying values of the related debt instruments from which the discounts or premiums arose. Bond premiums/(discounts) are amortized to interest expense over the period during which the debt is outstanding using the straight-line method, which approximates the effective interest method.

(r) Estimated Self-Insurance Costs

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

(s) Derivative Instruments

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

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

The interest rate swap agreements entered into by the System are adjusted to market value monthly at the close of the accounting period based upon quotations from the counter parties. The change in market value is recorded in the consolidated statement of operations within excess of revenues, gain and other support over expenses.

(t) Income Taxes

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

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

(u) Deferred Compensation

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

(v) Uncompensated Care and Community Service

The System provides services to patients who meet the criteria of its charity service policy without charge or at amounts less than the established rates Criteria for charity care consider the patient's family income, family size and ability to pay Individuals who qualify for charity care do not have insurance or other coverage

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

Charges foregone for uncompensated care as determined in accordance with the System's policies were approximately $16,190 in 2014 Direct and indirect costs to provide these services were approximately $5,828 for the year ended 2014 The estimated costs were based on a calculation, which multiplied the cost to charge ratio by the gross charges associated with providing uncompensated care to patients The cost to charge ratio was obtained from our most recently filed Medicare Cost report

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

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

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

(w) Future service obligations

The Highlands' annually calculates the present value of the net cost of future services using a discount rate of 5.5% and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from entrance fees, a liability would be recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. As a result of the calculation, the present value of the net cost of future services did not exceed deferred revenue, accordingly, no obligation was recorded at June 30, 2014.

(3) Net Patient Service Revenue

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

(a) Medicare

Inpatient acute care and rehabilitation services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Outpatient services are reimbursed by Medicare under the Ambulatory Payment Classification System. The System is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the System and audits thereof by the Medicare fiscal intermediary. The System's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with Medicare. The System's Medicare cost reports have been closed and settled by the Medicare fiscal intermediary through June 30, 2010.

(b) Medicaid

On December 29, 2010, the Pennsylvania Department of Public Welfare (DPW) received approval from the Centers for Medicare & Medicaid Services for the state plan amendments pursuant to Act 49 of 2010, passed by the Pennsylvania General Assembly on July 3, 2010, which established a new inpatient hospital fee for service payment system, new supplemental payments and the waiver to establish the statewide Quality Care Assessment. DPW also received approval on final language for the DPW contracts with managed care organizations. The estimated net impact on the System for the year ended June 30, 2014, was $8,203 (based on total payment increases of $21,942 offset by assessments of $13,739).

(c) Non-Governmental Payers

Inpatient services rendered by non-governmental payers are reimbursed at negotiated rates The System continues to be reimbursed for outpatient services at a negotiated percentage of covered charges

(d) Workers' Compensation

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

(e) Other Contractual Arrangements

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

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

(Dollars in thousands)

(4) Assets Whose Use is Limited and Investments

Assets whose uses are limited and that are required for obligations classified as current liabilities are reported as current assets. The composition of assets whose uses are limited at June 30, 2014, is set forth in the following tables.

Self-insurance funding arrangements		
Professional liability		
Cash and cash equivalents	$	7,351
U.S. Government securities		5,745
Corporate bonds		5,505
Mutual funds		77
Total professional liability		18,678
Workers' compensation		
Cash and cash equivalents		593
U.S. Government securities		3,676
Corporate bonds		4,172
Mutual funds		1,770
Total workers' compensation		10,211
Total assets whose use is limited under self-insurance funding arrangements	$	28,889
Revenue bond indentures – debt service requirements		
Cash and cash equivalents	$	3,107
Total assets whose use is limited under revenue bond indentures - debt service requirements	$	3,107
By board for capital improvements and under regulatory requirements		
Cash and cash equivalents	$	8,526
State and municipal government securities		9,618
Corporate and foreign bonds		70
Common, foreign, and preferred stock		5,465
Mutual funds		485,627
Fixed income securities		349,698
Hedge, private equity, common collective trust funds		185,526
Total assets whose use is limited by the board for capital improvements and under regulatory requirements	$	1,044,530

(Continued)

(Dollars in thousands)

Temporarily restricted funds		
Cash and cash equivalents	$	667
Total temporarily restricted funds		667
Restricted investments		
Cash and cash equivalents	$	140
U S Government securities		1,920
Corporate and foreign bonds		713
Common, foreign, and preferred stock		6,016
Mutual funds		485
Beneficial interest in trusts		15,088
Total restricted investments	$	24,362

A summary of the System's total investment return for the year ended 2014 as reflected in the consolidated statement of operations and changes in net assets is as follows

Interest, dividends, and realized gains (losses) on investments	$	35,832
Change in unrealized gains on non-alternative investments		64,080
Change in unrealized gains on alternative investments		27,289

The System's investments include a variety of financial instruments, the related values as presented in the consolidated financial statements are subject to various market fluctuations, which include changes in the equity markets, interest rate environment and general economic conditions

The System performs an annual impairment analysis of its investments On June 30, 2014, there were twelve investments with a fair value of $57 9 million that were in an unrealized loss position totaling $2 9 million The unrealized losses on these investments were caused by general market conditions These twelve investments were written down in an other-than-temporary-impairment and this $2 9 million loss is shown as an offset to investment income on the consolidated statement of operations

(Dollars in thousands)

The following table presents cost and fair value of assets whose use is limited and investments for June 30, 2014

		Fair value	Cost
Cash and cash equivalents	$	20,384	20,307
State and municipal government securities		9,618	9,736
Corporate and foreign bonds		10,460	10,530
Common, preferred, and foreign stock		11,481	6,632
U S Government securities		11,341	11,005
Mutual funds		487,959	403,129
Fixed income securities		349,698	344,681
Hedge, private equity, and common collective trust funds		185,526	161,066
Beneficial interest in trusts		15,088	12,581
Total	$	1,101,555	979,667

The following table represents the fair value measurement levels for all assets and liabilities, which the System has recorded at fair value.

		Fair value June 30, 2014	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)
Assets					
Cash and cash equivalents	$	20,384	20,384	—	—
State and municipal government securities		9,618	—	9,618	—
Corporate and foreign bonds		10,460	—	10,460	—
Common, preferred, and foreign stock		11,481	11,481	—	—
U S Government securities		11,341	—	11,341	—
Mutual funds		487,959	442,462	45,497	—
Fixed income securities		349,698	345,997	3,701	—
Hedge, private equity, and common collective trust funds		185,526	—	6,220	179,306
Beneficial interest in trusts		15,088	—	—	15,088
Total investments	$	1,101,555	820,324	86,837	194,394
Liabilities					
Swap contracts	$	52,550	—	52,550	—

(Continued)

(Dollars in thousands)

Following is the summary of the inputs and valuation techniques as of the year ended 2014 for valuing Level 2 and Level 3 financial instruments

Financial instrument	Input	Valuation technique
State and municipal government securities	Broker/dealer	Market
Corporate and foreign bonds	Broker/dealer	Market
U S Government securities	Broker/dealer	Market
Mutual funds	NAV	Market/income
Auction rate securities	Broker/dealer	Income
Hedge funds, private equity, and common collective trust funds	NAV	Market/income
Swap contracts	Broker/dealer	Market

The following table represents the change in fair value for which fair value was measured under Level 3:

		Hedge funds, private equity, and common collective trust funds	Beneficial interests in trusts	State and municipal government securities	Private equity securities
Fair value at June 30, 2013	$	143,339	13,289	9,717	40,150
Purchases		29,142	—	—	8,607
Sales		(54,464)	—	(250)	(9,251)
Realized gains		7,061	—	—	—
Net change in unrealized gains (losses)		5,733	1,799	151	8,989
Transfer		—	—	(9,618)	—
Fair value at June 30, 2014	$	130,811	15,088	—	48,495

Transfers between levels occur when there is a change in the observability of significant inputs A transfer between Level 1 and Level 2 generally occurs when the availability of quoted prices changes or when market activity of an investment significantly changes to active or inactive. A transfer between Level 2 and Level 3 generally occurs when the underlying inputs become, or can no longer be, corroborated with market observable data Transfers between levels are recognized on the date they occur For the year ended June 30, 2014, there were no transfers out of Level 1 During FY2014, investments held in Auction Rate Securities in the amount of $9,618 which were previously classified as Level 3 were transferred to Level 2

Disclosure – Fair Value Measurements of Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent) as of June 30, 2014, and do not have a readily determinable value

	Fair value	Unfunded commitments	Redemption frequency (if eligible)	Redemption notice period
	(in millions)			
a - Equity long/short hedge funds	$ 88	—	Quarterly, annually	30-90 days
b - Event driven hedge funds	12 2	—	Quarterly, annual rolling	60 days
c - Global opportunities hedge fund	3 1	—	Quarterly	45 days
d - Multi-strategy hedge funds	72 2	—	Quarterly, semi-annually, annually, bi-annually on anniversary	60 – 120 days
e - Real assets	6 4	—	Annually	90 days
f - Real estate funds	37 7	6 0	N/A	N/A
g - Private equity funds	38 9	17 0	N/A	N/A
Total	$ **179.3**	**23.0**		

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

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

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

d This class invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility The fair values of the investments in this class have been estimated using the net asset value per share of the investments as a practical expedient Investments representing approximately 23% of the value of the investments in this class are bi-annually redeemed and sell orders have been placed These will

(Continued)

(Dollars in thousands)

be redeemed in September 2014 and May 2015 The remaining restriction period for these investments ranges from quarterly to annually

e This class includes a fund with direct investments in base and precious metals and investment securities of miners and associated mining equipment. This fund has a 90-day redemption notice period, which whereby 1/3 of the fund will pay out with the remaining 2/3 paying out in the second and third year, respectively A sale order has been placed on this fund and the first 1/3 payout occurred in September 2014

f This class includes real estate funds that invest in U S and non-U S residential and commercial properties as well as distressed real estate The fair values of the investments in this class have been estimated using the net asset value of the System's ownership interest in partners' capital as a practical expedient $16 9 million of these funds have a 90-day redemption notice, but the fund manager can only accommodate redemption requests as liquid assets allow The remaining funds will receive distributions from each fund as the underlying investments of the funds are liquidated It is estimated that the underlying assets of these funds will be liquidated over the next 7 to 10 years, although these funds may liquidate early in the event of purchase by a third party or initial public offering

g This class includes private equity funds These investments cannot be redeemed with the funds Instead, the nature of the investments in this class is that distributions are received through the liquidation of the underlying assets of the fund. These funds are managed by two of the System's advisors with particular private equity experience in secondary market dealing These funds could be subject to redemption to a third party buyer, but at June 30, 2014, no funds were currently being evaluated this way The fair values of the investments in this class have been estimated using the net asset value of the System's ownership interest in partners' capital as a practical expedient

(5) Property, Plant and Equipment

Property, plant and equipment and related accumulated depreciation at June 30, 2014,

Land and land improvements	$	65,623
Buildings and improvements		567,804
Fixed equipment		271,127
Movable equipment		432,109
Construction in progress		97,547
Property, plant and equipment before depreciation and amortization		1,434,210
Less Accumulated depreciation and amortization		(735,919)
Property, plant and equipment, net	$	698,291

Depreciation expense was $90,704 for the year ended June 30, 2014

(Dollars in thousands)

In August 2013, the Board of Directors of the System approved construction of a clinical building. The building sets forth plans for capital expenditures of more than $330,000 over a three year period, and includes significant capital improvements to the Reading Hospital's West Reading campus. 24 surgical suites, including six hybrid operating rooms, eight minor procedure rooms, and reception and recovery areas for individuals. As of June 30, 2014, the remaining commitments on construction contracts is approximately $316,000.

(6) Long-term Debt

Long-term debt at June 30, 2014 consists of:

	Carrying value	Fair value (Level 2)
Berks County Municipal Authority Hospital Revenue Bond Series of 2012, net of unamortized discount and premium	$ 478,070	485,381
Berks County Municipal Authority Hospital Revenue Bond Series of 2009, net of unamortized discount	114,308	132,132
Berks County Municipal Authority Hospital Revenue Bond Series of 1993	2,450	2,518
Term loans	1,985	1,985
Total long-term debt	596,813	622,016
Less Amounts due within one year	(7,074)	
Long-term debt, net of current portion	$ 589,739	

Under the terms of the various debt agreements, the System is required to maintain certain deposits with a trustee. Such deposits are included with assets whose use is limited in the consolidated balance sheet. The various agreements also place limits on the incurrence of additional borrowings and require that the System satisfy certain measures of financial performance as long as the debt is outstanding. The System was in compliance with these covenants at June 30, 2014.

(Continued)

(Dollars in thousands)

Scheduled principal repayments on long-term debt are as follows for the year ending 2014.

2015	$	7,074
2016		5,274
2017		5,529
2018		5,751
2019		6,440
Thereafter		562,261
Total long-term debt		592,329
Plus Unamortized net premium/discounts		4,484
Long-term debt, net of unamortized premiums/discount	$	596,813

The Parent and the Hospital (the Obligated Group) have borrowed funds through revenue bonds issued by the Berks County Municipal Authority The proceeds were used in part to finance certain facilities of the Obligated Group The revenue bonds are secured by a pledge of revenue of the Obligated Group For account purposes, the revenue bonds are treated as though they are the debt of the entity which received the proceeds

(a) Berks County Municipal Authority Hospital Revenue Bond Series of 2012

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

The Authority issued $160,065 of Fixed Rate Serial Revenue Bonds (2012 A) for the purpose of refunding the Dauphin Country General Authority Hospital Revenue Bond Series 1994A, Berks County Bond Series 1998 and 2008 Mandatory annual principal redemptions by the System for the 2012 A bonds due November 1, 2039, through November 1, 2044, range from $7,590 to $33,555 with final maturity on November 1, 2044 Effective interest rate of the bonds range from 4 23% to 4 50%

The Authority issued $91,775 of Variable Rate Serial Revenue bonds (2012 B) for the purpose of refunding the Authority Series 2009 A-5 Mandatory annual principal redemptions by the System for the 2012 B bonds due November 1, 2035, through November 1, 2039, range from $3,225 to $24,955 with final maturity on November 1, 2039 Interest on these bonds is calculated on a SIFMA Municipal Index rate plus a fixed spread of 1.50%. The SIFMA rate at June 30, 2014, was 0.06%.

The Authority issued a $47,235 Floating Rate Bond (2012 C) used to refund the Series 2009 A-4 and a $174,000 Floating Rate Bond (2012 D) used to Refund the Series 2009 A-1 and A-2 Both Series 2012 C and 2012 D were privately placed with commercial banks Mandatory monthly principal redemptions by the System for the 2012 C bonds commenced on August 1, 2012, through July 1, 2022, and range from $39 to $129 with final maturity date on July 1, 2022 Interest on these bonds is calculated using a one-month London Interbank Offered Rate Index rate (LIBOR) plus a fixed spread of 1 20% multiplied by an Applicable Factor of 70 0% The one-month LIBOR rate at June 30, 2014, was .15%

Mandatory annual principal redemptions by the System for the 2012 D bonds due November 1, 2022, through November 1, 2035, range from $8,625 to $21,120 with final maturity on November 1, 2035 Interest on these bonds is calculated on a SIFMA Municipal Index rate plus a fixed spread of 0 70% The SIFMA rate at June 30, 2014, was 06%

(b) Berks County Municipal Authority Hospital Revenue Bond Series of 2009

Series 2009 A-1, A-2, A-4, and A-5 were refunded on June 28, 2012, with the aforementioned Bond Series 2012 The 2009 A-3 bond remains outstanding

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

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

(c) Berks County Municipal Authority Hospital Revenue Bond Series of 1993

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

Remaining mandatory annual principal redemptions by the Hospital for the 1993 Bonds are $2,450 in FY2015 when the Bond matures on October 1, 2014 A bond fund held at the bond trustee is fully funded to pay for the maturity All mandatory redemptions are at par value. The Hospital granted to the Authority a security interest in certain assets and substantially all revenues as collateral for its obligation under the indenture

The stated interest rates of the remaining 1993 Bonds at June 30, 2014, is 5 7%

(d) Term Loans

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

Mandatory annual principal redemptions by the Hospital for the notes for the 2015-2019 period range from $282 to $407 in 2019. The interest rate is calculated based upon the one-month LIBOR plus a spread of 1.70%. This LIBOR rate was .15% at June 30, 2014.

(e) Line of Credit

At June 30, 2014, the Hospital has an unused line of credit in the amount of $10,000. Letter of credit draws or direct borrowing from this facility is charged an interest rate of 1-month LIBOR plus 1.50%. A separate line of credit in the amount of $500 is open between M&T and The Highlands of Wyomissing. This amount is undrawn at June 30, 2014. Draws on this letter of credit are at the bank's prime rate plus 2.0%. Total combined open and undrawn lines at June 30, 2014 amounted to $3,595. During FY2014, the System closed several letters of credit and opened a new letter of credit for the Hospital facilities expansion that broke ground in FY2014.

(7) Interest Rate Swaps

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

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

The System has classified its interest rate swaps in Level 2 of the fair value hierarchy, as the significant inputs to the overall valuations are based on market-observable data or information derived from or corroborated by market-observable data. For over-the-counter derivatives that trade in liquid markets such as interest rate swaps, model inputs (i.e., contractual terms, market prices, yield curves, credit curves, and measures of volatility) can generally be verified, and model selection does not involve significant management judgment.

(Continued)

(Dollars in thousands)

The fair market value of the swap contracts were as follows as of June 30, 2014.

Classification of derivatives included in liabilities on the consolidated balance sheet		Fair market value
Derivatives not designated as hedging instrument.		
2008 bond issuance	$	419
2005 bond issuance		4,230
2002 bond issuance		20,203
2001 bond issuance		25,981
1997 bond issuance		280
1992 bond issuance		1,057
Term loans		380
Total swap contracts	$	52,550

Changes in fair value of swap contracts in the consolidated statement of operations totaled $7,309 for the year ended June 30, 2014 The net amount paid or received under the swap contracts is recorded in the consolidated statement of operations as net cash settlement payments and totaled $11,559 for the year ended June 30, 2014

In connection with the 2008 bond issuance, the System entered into two basis swaps by which the System pays SIFMA and receives an average of 0 85% of three-month LIBOR Notional amount of these basis swaps is $171 2 million and the three-month LIBOR rate at June 30, 2014, was 0 23%

In connection with the 2005 bond issuance, the System entered into an interest rate swap agreement with a third party The swap economically converts the variable rate obligation of the 2005 bonds to a fixed rate of 3 584% Notional amount of the swap is $36 million

In connection with the 2001 and 2002 bonds issuances, the System entered into two interest rate swap agreements with a third party The swaps economically convert the variable rate obligations of the 2001 and 2002 bonds to a fixed rate of 4 30% and 4 69%, respectively Notional amounts of the swaps are $137 1 million and $72 8 million

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

In connection with the 2002 bond issuance, the System entered into two interest rate swap agreements The swaps effectively convert the variable rate obligation of the Series A and B Bonds to fixed rates of 4 69% and 6 28%, respectively Notional amounts of the swaps are $4 5 million and $6 7 million

In connection with the 1997 bond issuance, the System entered into an interest rate swap agreement that was effective as of May 26, 2005 The swap effectively converts the variable rate obligation of the Bonds to a fixed rate of 3 397% Notional amount of the swap is $4 8 million

In connection with the 1992 bond issuance, the System entered into an interest rate swap agreement, which was effective as of May 26, 2005 The swap effectively converts the variable rate obligation of the Bonds to a fixed rate of 3 607% Notional amount of the swap is $7 5 million

In connection with the term loans, the System assumed two interest rate swap agreements with a third party. The swaps effectively convert the variable obligations to fixed rates of 9 13% for the $2,100 note and 9 06% for the $2,000 note The fair value of the interest rate swap agreements is the amount at which they would be settled based on estimates of market rates, which was a liability of $380 at June 30, 2014

The change in the fair value of the interest rate swap agreements and the interest expense associated with these swaps are recorded in other nonoperating gains(losses) on the consolidated statement of operations

(8) Retirement Plans

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

(Continued)

(Dollars in thousands)

The System is transitioning the current defined benefit plan structure into a defined contribution plan Employees hired on or after July 1, 2013 are enrolled in the defined contribution plan Current defined benefit participants will continue to accrue benefits in the existing defined benefit plan until June 30, 2016 On July 1, 2016, the participant benefits will remain accrued and all employees will then convert to and begin to accumulate funds under the defined contribution plan

Obligations and Funded Status at June 30, 2014 for the Plan.

Change in projected benefit obligation		
Benefit obligation at beginning of year	$	430,536
Service cost		17,114
Interest cost		22,555
Actuarial loss		37,869
Benefits paid		(12,958)
Benefit obligation at end of year	$	495,116
Change in plan assets		
Fair value of plan assets at beginning of year	$	317,908
Actual return on assets		35,380
Employer contributions		18,209
Benefits paid		(12,958)
Fair value of plan assets at end of year	$	358,539

The accumulated benefit obligations for the Plan totaled $491,095 for 2014

Amounts recognized in the consolidated balance sheet consist of

		2014
Accrued pension	$	136,577
Total accrued liability	$	136,577
Amounts recognized in net assets consist of		
Net actuarial loss	$	108,894
Pension cost charged to net assets	$	108,894

(Continued)

(Dollars in thousands)

Net periodic benefit cost components include the following.

		2014
Service cost – benefits earned during the period	$	17,114
Interest cost on projected benefit obligation		22,555
Expected return on plan assets		(25,681)
Amortization of net gain		1,146
Net periodic pension cost charged to operations	$	15,134

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

		2014
Net loss	$	31,573
Amortization of net loss		(1,146)
Total recognized in unrestricted net assets	$	30,427
Total recognized in net periodic benefit cost and unrestricted net assets	$	45,561

The amounts expected to be amortized from unrestricted net asset to net periodic pension costs during fiscal year 2015 are a net loss of $1,903 and a prior service cost of $0

Weighted average assumptions used to determine benefit obligations at June 30, 2014

Discount rate	4 80%
Rate of compensation increase	3 00%
Measurement date	6/30/2014

Weighted-average assumptions used to determine net periodic benefit cost for years ended June 30, 2014

Discount rate	5 32%
Expected long-term return on plan assets	8 00%
Rate of compensation increase	3 00%

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

(Continued)

(Dollars in thousands)

(a) Plan Assets

Reading Hospital Pension Plan weighted average actual asset allocations and target allocations as of June 30, 2014 by asset category are as follows

Asset category	Target	Actual
Cash and cash equivalents	0.0%	2.0%
Mutual funds	0.0%	34.0%
Fixed income	27.5%	6.0%
Equity investments	50.0%	3.0%
Alternate investments	22.5%	55.0%
	100.0%	100.0%

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

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

	Fair value June 30, 2014	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)
Assets				
Cash and cash equivalents	$ 6,729	6,729	—	—
State and local government securities	7,709	—	7,709	—
Mutual funds	120,353	120,353	—	—
Equities	13,311	13,311	—	—
Fixed income securities	12,884	12,884	—	—
Hedge, private equity, and common collective trust funds	197,553	—	66,532	131,021
Total investments	$ 358,539	153,277	74,241	131,021

(Continued)

(Dollars in thousands)

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

	Hedge funds, private equity, and common collective trust funds	State and municipal government securities
Fair value at July 1, 2013	$ 131,529	8,875
Purchases	42,869	—
Sales	(53,870)	(300)
Realized gains	4,110	—
Net change in unrealized gains/(losses)	6,383	(866)
Transfers	—	(7,709)
Fair value at June 30, 2014	$ 131,021	—

Transfers between levels occur when there is a change in the observability of significant inputs. A transfer between Level 1 and Level 2 generally occurs when the availability of quoted prices changes or when market activity of an investment significantly changes to active or inactive. A transfer between Level 2 and Level 3 generally occurs when the underlying inputs become, or can no longer be, corroborated with market observable data Transfers between levels are recognized on the date they occur For the year ended June 30, 2014, there were no transfers out of Level 1 During FY2014 investments held in Auction Rate Securities in the amount of $7,709 which were previously classified as Level 3 were transferred to Level 2

(b) Contributions

The Reading Hospital expects to contribute the minimum required contribution during the 2015 fiscal year to the Plan, which is estimated to be $ 24,082

(c) Estimated Future Benefit Payments

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

Years ending June 30:	
2015	$ 14,416
2016	16,070
2017	18,548
2018	20,507
2019	22,231
2020–2024	138,133

(Continued)

(Dollars in thousands)

(9) Related Party Transactions

Other receivables from affiliated organizations at June 30, 2014 consist of

Springridge, LLC	$	639
Berkshire Health Partners		204
Central Pennsylvania Homecare Inc		7
Total receivables from affiliated organizations	$	850

These amounts are all noninterest bearing with no stated repayment terms

Included in other assets are the following investments in affiliates at June 30, 2014 consist of:

CPAL	$	350
Quest		71
Springridge, LLC		1,221
RBPT		224
Horizon		542
Affilia Home Health (formerly VNA Community Care Services)		7,709
BHP		1,044
Allspire		1,000
Total investments in affiliated organizations	$	12,161

(10) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at fair value are available for the following purposes at June 30, 2014

Various health care services	$	667

Permanently restricted net assets at fair value at June 30, 2014 are restricted to

Permanent endowment funds, the interest and dividend income from which is expendable to support health care services	$	7,517
Funds held in trust by others		15,088
Total permanently restricted net assets	$	22,605

(11) Insurance Arrangements

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

(Continued)

(Dollars in thousands)

The System established a self-insurance trust fund to provide protection against professional liability claims The trust is actuarially funded on an annual basis to provide single limit professional liability coverage of $500 per occurrence and $2,500 in the annual aggregate for the Hospital and certain employees For incidents occurring since April 30, 2009, the System purchased commercial insurance to provide coverage on a claims-made basis in an amount up to $25,000 in excess of a total retention of $3,000, $500 primary, $500 Mcare excess and a $2,000 self-insured buffer The adoption of the ASU 2010-24 *Presentation of Insurance Claims and Related Insurance Recoveries*, had no impact on the System's financial performance or cash flows Claim liabilities are no longer netted by insurance recoveries For the year ended June 30, 2014, the insurance recoverable amount was $27,750, which is included in other assets on the consolidated balance sheet Funding requirements of the plan are subject to increase depending on the plan's claim experience Premium payments for the Mcare Fund are based upon each individually licensed healthcare provider's rating with the Joint Underwriters Association and the amount of the surcharge to be assessed is determined by the Mcare Fund on an annual basis The System's annual surcharge premium for participation in the Mcare Fund was $2,122 for the year ended June 30, 2014

Additionally, the System self-insures its workers' compensation and minor general liability risks The System's self-insurance plan has been reviewed and approved by the Commissioner of Insurance of Pennsylvania The System purchases excess workers' compensation insurance for all controlled entities of the hospital with statutory limits over a self-retention of $1,000 per occurrence subject to a policy maximum of $1,000 for the policy period. The System has established a trust fund for the payment of workers' compensation benefits

Reserves for self-insurance claims at June 30, 2014 are summarized as follows

Professional liability claims payable	$	61,214
Workers' compensation		14,267
Total self-insurance claims reserve		75,481
Less Current portion		35,722
Self-insurance claims reserve, net of current portion	$	39,759

(12) Commitment and Contingencies

(a) Operating Leases

The System leases equipment and facilities under operating leases expiring at various dates through May 2026. Total rental expense under all operating leases was $7,951 for the year ended 2014

(Continued)

(Dollars in thousands)

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

Years ending June 30		
2015	$	6,570
2016		4,727
2017		3,726
2018		2,879
2019 and thereafter		15,418

(b) Obligation to Provide Future Services

The Highlands annually calculates the present value of the estimated net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred entrance fee revenue If the present value of the net cost of future services and use of facilities exceeds the deferred revenue, a liability is recorded with the corresponding charge to income For the year ended 2014, the estimated present value of the net cost of future services and use of facilities is less than the deferred entrance fee revenue, thus, no liability has been recorded

(c) Litigation

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

(d) Regulatory Compliance

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation The System believes that it is in compliance with all applicable laws and regulations through the year ended 2014 Compliance with such laws and regulations can be subject to government review and interpretation as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs

(13) Concentrations of Credit Risk

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

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

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

(Dollars in thousands)

The System grants credit to its patients and other third-party payors, primarily Medicare, Medical Assistance, Blue Cross, and various commercial insurance companies The System maintains reserves for potential credit losses and such losses have historically been within management's expectations. The mix of receivables from patients and third-party payors as of June 30, 2014 was as follows

Medicare	25%
Medical assistance	10%
Blue Cross	31%
Commercial insurance	21%
Self-pay	7%
Other	6%
	100%

The activity in the allowance for uncollectible accounts is summarized as follows for the year ended June 30, 2014

Beginning balance (as restated)	$	59,866
Provision for uncollectible accounts		30,334
Write-offs		(21,169)
Ending balance	$	69,031

(14) Functional Expenses

The System considers health program services and general/administrative to be its primary functional categories for purposes of expense classification General/administrative includes information systems, general corporate management, advertising and marketing Functional categories of expenses for the year ended June 30, 2014 are as follows

Health program services	$	854,725
General/administrative		76,612
Total functional expenses	$	931,337

(Continued)

(15) Beginning Net Assets Adjustment

During 2014, management discovered an error of $56,333 relating to the valuation of patient accounts as of June 30, 2013. The performance indicator, excess of revenue, gains and other support over expenses for the year ended June 30, 2013 was overstated by $56,333. The 2014 consolidated financial statements reflect this adjustment as a reduction in amounts previously reported as beginning unrestricted net assets as of June 30, 2013.

(16) Subsequent Events

The Company has evaluated subsequent events through November 24, 2014, the date the consolidated financial statements were available to be issued. Management reviews and identifies subsequent events through participation at meetings of the Board of Directors and their subcommittees.

On August 1, 2014, Reading Hospital purchased the remaining 60% interest of Reading Berks Physical Therapy, LLC ("RBPT"). The purchase price was $1,895. All Reading Berks Physical Therapy locations will now be consolidated into Reading Hospital Outpatient Therapy. This acquisition will allow patients to experience a wider variety of services at a total of nine Reading Hospital Outpatient Therapy locations around Berks County.

SUPPLEMENTARY CONSOLIDATING INFORMATION

KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

Independent Auditors' Report on Supplemental Information

The Board of Directors of
Reading Health System

We have audited the consolidated financial statements of Reading Health System and Subsidiaries as of and for the year ended June 30, 2014, and have issued our report separately herein dated November 24, 2014 which contained an unmodified opinion on those consolidated financial statements Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole We have not performed any procedures with respect to the audited consolidated financial statements subsequent to November 24, 2014

The supplementary information included in the Supplementary Consolidating Information is presented for the 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

KPMG LLP

Philadelphia, Pennsylvania
November 24, 2014

READING HEALTH SYSTEM AND SUBSIDIARIES

Consolidating Balance Sheet Information

June 30, 2014

(Dollars in thousands)

	Parent	Hospital	RHP	RPS	TRHMG	Highlands	Consolidating and eliminating entries	Reading Health System Consolidated
Current assets								
Cash and cash equivalents	$ —	7,327	—	1	31	1,674	—	9,033
Patient accounts receivable, less allowance for uncollectible accounts of $69,031	—	111,556	—	5,164	2,661	3,127	—	122,508
Other receivables	6	33,551	15	922	91	1	—	34,586
Receivable from affiliates	5,919	4,615	—	—	—	—	(9,684)	850
Inventories	—	14,219	—	—	—	282	—	14,501
Estimated third-party payor receivables	—	8,729	—	—	—	—	—	8,729
Prepaid expenses and other current assets	—	15,471	—	—	299	264	—	16,034
Assets whose use is limited – required for current liabilities								
Self-insurance funding arrangements	—	10,722	—	—	—	—	—	10,722
Revenue bond indentures – debt service requirements	219	2,888	—	—	—	—	—	3,107
By board for capital improvements	9,177	—	—	—	—	—	—	9,177
Total current assets	15,321	209,078	15	6,087	3,082	5,348	(9,684)	229,247
Assets whose use is limited								
Self-insurance funding arrangements	—	18,167	—	—	—	—	—	18,167
Under regulatory requirements	—	—	—	—	—	3,071	—	3,071
By board for capital improvements	985,375	142	—	—	—	46,765	—	1,032,282
Total assets whose use is limited, net of current portion	985,375	18,309	—	—	—	49,836	—	1,053,520
Investments	—	24,362	—	—	—	—	—	24,362
Temporarily restricted funds	—	621	—	—	—	46	—	667
Long-term receivables from affiliates	517,574	—	—	—	—	—	(517,574)	—
Property, plant and equipment, net	40,207	597,628	—	2,323	6,792	51,341	—	698,291
Deferred financing costs, net	4,641	—	—	—	—	—	—	4,641
Deferred compensation fund	—	2,352	—	—	—	—	—	2,352
Other assets	10,716	2,928	—	—	—	—	—	13,644
Total assets	$ 1,573,834	855,278	15	8,410	9,874	106,571	(527,258)	2,026,724

(Continued)

Schedule I

READING HEALTH SYSTEM AND SUBSIDIARIES

Consolidating Balance Sheet Information

June 30, 2014

(Dollars in thousands)

	Parent	Hospital	RHP	RPS	TRHMG	Highlands	Consolidating and eliminating entries	Reading Health System Consolidated
Current liabilities								
Current installments of long-term debt	$ 4,342	2,732	—	—	—	—	—	7,074
Accounts payable	219	33,350	—	1,222	796	1,268	—	36,855
Estimated third-party settlements	—	3,841	—	—	—	—	—	3,841
Current portion of estimated self-insurance costs	—	35,722	—	—	—	—	—	35,722
Accrued expenses	2,371	24,969	14	9,098	3,015	697	—	40,164
Accrued vacation	—	18,314	115	4,539	1,093	494	—	24,555
Advance from third-party payor	—	3,832	—	—	—	—	—	3,832
Current installments of long-term affiliated payables	—	4,342	—	12	33	5,297	(9,684)	—
Other current liabilities	—	9,377	—	—	3	669	—	10,049
Total current liabilities	6,932	136,479	129	14,871	4,940	8,425	(9,684)	162,092
Long-term debt, net of current portion and unamortized discount/premium	588,037	1,702	—	—	—	—	—	589,739
Accrued pension liabilities	—	136,577	—	—	—	—	—	136,577
Deferred revenue	—	2,661	—	—	—	34,439	—	37,100
Deferred compensation	—	2,694	—	—	—	—	—	2,694
Gift annuities	—	—	—	—	—	488	—	488
Estimated self-insurance costs, net of current portion	—	39,759	—	—	—	—	—	39,759
Swap contracts	52,170	380	—	—	—	—	—	52,550
Long-term affiliates payables, net of current portion	—	481,034	—	—	—	36,540	(517,574)	—
Total liabilities	647,139	801,286	129	14,871	4,940	79,892	(527,258)	1,020,999
Net assets								
Unrestricted	926,695	30,766	(114)	(6,461)	4,934	26,633	—	982,453
Temporarily restricted	—	621	—	—	—	46	—	667
Permanently restricted	—	22,605	—	—	—	—	—	22,605
Total net assets (deficit)	926,695	53,992	(114)	(6,461)	4,934	26,679	—	1,005,725
Total liabilities and net assets (deficit)	$ 1,573,834	855,278	15	8,410	9,874	106,571	(527,258)	2,026,724

See accompanying independent auditors' report

Schedule II

READING HEALTH SYSTEM AND SUBSIDIARIES

Consolidating Statement of Operations Information

Year ended June 30, 2014

(Dollars in thousands)

	Parent	Hospital	RHP	RPS	TRHMG	Highlands	Consolidating and eliminating entries	Reading Health System Consolidated
Unrestricted revenues								
Net patient service revenue	$ —	777,416	—	53,165	44,414	4,269	—	879,264
Provision for uncollectible accounts	—	(26,182)	—	(3,351)	(736)	(65)	—	(30,334)
Net patient service revenue less provision for uncollectible accounts	—	751,234	—	49,814	43,678	4,204	—	848,930
Residential revenue	—	—	—	—	—	20,200	—	20,200
Other revenue	1,917	28,076	88	2,960	2,187	867	(4,142)	31,953
Total revenues and other support	1,917	779,310	88	52,774	45,865	25,271	(4,142)	901,083
Expenses								
Salaries and benefits	—	365,375	734	73,397	48,467	11,599	—	499,572
Supplies	—	134,419	—	1,822	3,268	2,105	—	141,614
Utilities	—	13,600	—	168	1,042	1,129	—	15,939
Interest	—	13,288	—	—	—	1,356	—	14,644
Depreciation	—	85,545	—	456	1,355	3,348	—	90,704
Purchased services	1,988	64,938	157	10,895	1,202	2,121	(1,807)	79,494
Repairs and maintenance	—	32,807	289	136	222	535	—	33,989
Other	—	44,245	55	6,641	4,701	2,074	(2,335)	55,381
Total expenses	1,988	754,217	1,235	93,515	60,257	24,267	(4,142)	931,337
Income (loss) from operations	(71)	25,093	(1,147)	(40,741)	(14,392)	1,004	—	(30,254)
Nonoperating gains (losses)								
Investment income	59,192	1,286	—	—	—	2,643	—	63,121
Change in fair value of swap contracts and net settlement payments	(4,216)	(34)	—	—	—	—	—	(4,250)
Other (losses) gains	(2,886)	(1,423)	—	—	—	165	—	(4,144)
Nonoperating gains(losses), net	52,090	(171)	—	—	—	2,808	—	54,727
Excess (deficiency) of revenues, gains, and other support over expenses	$ 52,019	24,922	(1,147)	(40,741)	(14,392)	3,812	—	24,473

See accompanying independent auditors' report